

# California State University San Marcos Foundation

Financial Statements and Supplemental Information

Years Ended June 30, 2020 and 2019



**CALIFORNIA STATE UNIVERSITY SAN MARCOS FOUNDATION**  
**Financial Statements and Supplemental Information**  
Years Ended June 30, 2020 and 2019

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## INDEPENDENT AUDITORS' REPORT

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

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, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### **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.

### **Auditors' 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from 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.

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

### **Opinion**

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, 2020 and 2019 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.

## INDEPENDENT AUDITORS' REPORT, CONTINUED

### Emphasis-of-Matter Regarding COVID-19

As described in Note 1 to the financial statements, on March 11, 2020 the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The ultimate financial impact and duration of these events cannot be reasonably estimated at this time. Our opinion is unmodified with respect to that matter.

### Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included on pages 21-28 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.

*Aldrich CPAs + Advisors LLP*

San Diego, California  
September 29, 2020

**CALIFORNIA STATE UNIVERSITY SAN MARCOS FOUNDATION****Statements of Financial Position**

June 30, 2020 and 2019

<b>ASSETS</b>	<u>2020</u>	<u>2019</u>
Current Assets:		
Cash and cash equivalents	\$ 1,078,539	\$ 1,036,168
Other receivables	25,583	149,545
Due from related parties	99,681	154,088
Current portion of pledges receivable	1,487,743	1,767,521
Current portion of investments	<u>608,425</u>	<u>2,666,451</u>
Total Current Assets	3,299,971	5,773,773
Pledges receivable, less current portion, net of discount and allowance	1,257,776	2,891,259
Investments, less current portion	36,266,804	33,704,388
Student loans receivable	<u>50,000</u>	<u>50,000</u>
Total Assets	<u>\$ 40,874,551</u>	<u>\$ 42,419,420</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities:		
Accounts payable	\$ 179,840	\$ 205,497
Due to related parties	<u>369,618</u>	<u>601,274</u>
Total Current Liabilities	549,458	806,771
Net Assets:		
Without Donor Restrictions:		
Undesignated	9,138,343	10,180,586
Board designated	<u>2,671,062</u>	<u>1,149,253</u>
Total Without Donor Restrictions	11,809,405	11,329,839
With Donor Restrictions:		
Time restricted	2,745,519	4,658,780
Purpose restricted	3,171,674	3,876,776
Perpetual in nature	<u>22,598,495</u>	<u>21,747,254</u>
Total With Donor Restrictions	<u>28,515,688</u>	<u>30,282,810</u>
Total Net Assets	<u>40,325,093</u>	<u>41,612,649</u>
Total Liabilities and Net Assets	<u>\$ 40,874,551</u>	<u>\$ 42,419,420</u>

See accompanying notes to financial statements.

**CALIFORNIA STATE UNIVERSITY SAN MARCOS FOUNDATION****Statement of Activities**

Year Ended June 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and Other Support:			
Contributions	\$ 1,890,523	\$ 877,241	\$ 2,767,764
Campus programs	620,394	-	620,394
Investment return	514,297	213,839	728,136
Net assets released from restriction satisfaction of program restrictions	<u>2,858,202</u>	<u>(2,858,202)</u>	<u>-</u>
Total Revenue and Other Support	5,883,416	(1,767,122)	4,116,294
Expenses:			
Program services:			
Campus programs	3,117,791	-	3,117,791
Student scholarships	<u>1,690,496</u>	<u>-</u>	<u>1,690,496</u>
Total Program Services	4,808,287	-	4,808,287
Supporting services:			
Management and general	506,278	-	506,278
Fundraising	<u>89,285</u>	<u>-</u>	<u>89,285</u>
Total Supporting Services	<u>595,563</u>	<u>-</u>	<u>595,563</u>
Total Expenses	<u>5,403,850</u>	<u>-</u>	<u>5,403,850</u>
Increase (Decrease) in Net Assets	479,566	(1,767,122)	(1,287,556)
Net Assets, beginning	<u>11,329,839</u>	<u>30,282,810</u>	<u>41,612,649</u>
Net Assets, ending	<u>\$ 11,809,405</u>	<u>\$ 28,515,688</u>	<u>\$ 40,325,093</u>

**CALIFORNIA STATE UNIVERSITY SAN MARCOS FOUNDATION****Statement of Activities**

Year Ended June 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and Other Support:			
Contributions	\$ 2,052,361	\$ 5,005,492	\$ 7,057,853
Campus programs	1,182,517	-	1,182,517
Investment return	586,901	1,040,427	1,627,328
Net assets released from restriction satisfaction of program restrictions	<u>5,978,653</u>	<u>(5,978,653)</u>	<u>-</u>
Total Revenue and Other Support	9,800,432	67,266	9,867,698
Expenses:			
Program services:			
Campus programs	3,881,514	-	3,881,514
Student scholarships	<u>1,382,297</u>	<u>-</u>	<u>1,382,297</u>
Total Program Services	5,263,811	-	5,263,811
Supporting services:			
Management and general	562,263	-	562,263
Fundraising	<u>184,121</u>	<u>-</u>	<u>184,121</u>
Total Supporting Services	<u>746,384</u>	<u>-</u>	<u>746,384</u>
Total Expenses	<u>6,010,195</u>	<u>-</u>	<u>6,010,195</u>
Increase in Net Assets	3,790,237	67,266	3,857,503
Net Assets, beginning	<u>7,539,602</u>	<u>30,215,544</u>	<u>37,755,146</u>
Net Assets, ending	<u>\$ 11,329,839</u>	<u>\$ 30,282,810</u>	<u>\$ 41,612,649</u>

**CALIFORNIA STATE UNIVERSITY SAN MARCOS FOUNDATION**

**Statement of Functional Expenses**

Year Ended June 30, 2020

	Program Services			Supporting Services			Total
	Campus Programs	Student Scholarships	Total Programs	Management and General	Fundraising	Total Supporting	
Bank fees	\$ 16,304	\$ -	\$ 16,304	\$ 21,596	\$ -	\$ 21,596	\$ 37,900
Benefits	122,839	-	122,839	-	-	-	122,839
Business service fees	-	-	-	233,012	-	233,012	233,012
Contractual services	336,203	-	336,203	50,700	-	50,700	386,903
Hospitality and events	350,484	-	350,484	18,875	-	18,875	369,359
Information technology	47,944	-	47,944	-	-	-	47,944
Library acquisitions	77,139	-	77,139	-	-	-	77,139
Membership and dues	3,925	-	3,925	11,297	-	11,297	15,222
Other	187,724	-	187,724	133,350	89,285	222,635	410,359
Related party transactions	774,950	-	774,950	-	-	-	774,950
Salaries and wages	727,868	-	727,868	30,000	-	30,000	757,868
Scholarships	-	1,690,496	1,690,496	-	-	-	1,690,496
Stipends and awards	58,764	-	58,764	-	-	-	58,764
Supplies and services	334,474	-	334,474	6,586	-	6,586	341,060
Travel	79,173	-	79,173	862	-	862	80,035
	<u>\$ 3,117,791</u>	<u>\$ 1,690,496</u>	<u>\$ 4,808,287</u>	<u>\$ 506,278</u>	<u>\$ 89,285</u>	<u>\$ 595,563</u>	<u>\$ 5,403,850</u>

See accompanying notes to financial statements.



**CALIFORNIA STATE UNIVERSITY SAN MARCOS FOUNDATION**

**Statement of Functional Expenses**

Year Ended June 30, 2019

	Program Services			Supporting Services			Total
	Campus Programs	Student Scholarships	Total Programs	Management and General	Fundraising	Total Supporting	
Bank fees	\$ 14,633	\$ -	\$ 14,633	\$ 22,833	\$ -	\$ 22,833	\$ 37,466
Benefits	269,046	-	269,046	-	-	-	269,046
Business service fees	-	-	-	215,673	-	215,673	215,673
Contractual services	708,277	-	708,277	45,750	3,375	49,125	757,402
Hospitality and events	742,757	-	742,757	22,695	110,863	133,558	876,315
Information technology	21,517	-	21,517	-	-	-	21,517
Library acquisitions	106,894	-	106,894	-	-	-	106,894
Membership and dues	14,099	-	14,099	11,058	-	11,058	25,157
Other	100,518	-	100,518	206,918	20,095	227,013	327,531
Related party transactions	168,472	-	168,472	-	-	-	168,472
Salaries and wages	894,019	-	894,019	30,000	-	30,000	924,019
Scholarships	-	1,382,297	1,382,297	-	-	-	1,382,297
Stipends and awards	169,360	-	169,360	-	-	-	169,360
Supplies and services	490,162	-	490,162	6,571	49,788	56,359	546,521
Travel	181,760	-	181,760	765	-	765	182,525
	<u>\$ 3,881,514</u>	<u>\$ 1,382,297</u>	<u>\$ 5,263,811</u>	<u>\$ 562,263</u>	<u>\$ 184,121</u>	<u>\$ 746,384</u>	<u>\$ 6,010,195</u>

See accompanying notes to financial statements.

**CALIFORNIA STATE UNIVERSITY SAN MARCOS FOUNDATION****Statements of Cash Flows**

Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities:		
Increase (decrease) in net assets	\$ (1,287,556)	\$ 3,857,503
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Contributions restricted for long-term investment	(877,241)	(970,242)
Net realized and unrealized gain on investments	(146,704)	(1,005,701)
Provisions for pledges receivable doubtful accounts	24,054	10,000
Changes in operating assets and liabilities:		
Other receivables	123,962	19,638
Due from related parties	54,407	7,821
Pledges receivable, net of discount	1,889,207	(114,158)
Accounts payable	(25,657)	(11,141)
Due to related parties	(231,656)	156,996
Net Cash Provided (Used) by Operating Activities	(477,184)	1,950,716
Cash Flows from Investing Activities:		
Purchases of investments	(13,787,674)	(18,731,260)
Proceeds from sale of investments	13,429,988	16,158,026
Net Cash Used by Investing Activities	(357,686)	(2,573,234)
Cash Flows Provided by Financing Activities:		
Contributions restricted for long-term investment	877,241	970,242
Net Increase in Cash and Cash Equivalents	42,371	347,724
Cash and Cash Equivalents, beginning	1,036,168	688,444
Cash and Cash Equivalents, ending	\$ <u>1,078,539</u>	\$ <u>1,036,168</u>

# CALIFORNIA STATE UNIVERSITY SAN MARCOS FOUNDATION

## Notes to Financial Statements

Years Ended June 30, 2020 and 2019

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### Note 1 – Organization and Summary of Significant Accounting Policies

#### Nature of Activities

California State University San Marcos Foundation (Foundation) is a nonprofit California corporation and an auxiliary organization of California State University San Marcos (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 Pronouncement

In June 2018, the Financial Accounting Standard Board (FASB) issued Accounting Standards Update (ASU) No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*. This standard update clarifies and improves the scope and the accounting guidance for contributions received and contributions made under U.S. GAAP. Effective January 1, 2019, the Foundation adopted ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*. The Foundation has analyzed the provisions of ASU 2018-08 and concluded that no changes were necessary to conform with the new standard.

#### Related Parties

The Foundation is related to other auxiliaries of the University, include 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.

#### 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.

# CALIFORNIA STATE UNIVERSITY SAN MARCOS FOUNDATION

## Notes to Financial Statements

Years Ended June 30, 2020 and 2019

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### 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, 2020 and 2019, 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.

#### 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.

#### 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.

#### 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.

#### Revenue Recognition

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

# CALIFORNIA STATE UNIVERSITY SAN MARCOS FOUNDATION

## Notes to Financial Statements

Years Ended June 30, 2020 and 2019

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### Note 1 – Organization and Summary of Significant Accounting Policies, continued

#### Revenue recognition, continued

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.

Revenue from grants and contracts is recognized to the extent of eligible costs incurred up to an amount not to exceed the total grant or contract authorized. Deferred revenue results from grant awards and contracts received (or in accounts receivable) that are applicable to the subsequent period.

#### Future Accounting Standards

FASB has issued two substantial ASUs which will become effective in future years.

The amendments in ASU 2014-09 *Revenue from Contracts with Customers* and subsequent updates require that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Adoption of the new standard is to be applied on a full retrospective basis or modified retrospective basis. The Foundation is in the process of assessing how this new ASU and subsequent updates will affect the Foundation's reporting of revenues, effective July 1, 2020. This assessment includes determining the effect of the new standard on the Foundation's financial statements, accounting systems, business processes, and internal controls. Based on its assessment to date, the Foundation does not currently expect adoption to have a material effect on its revenues. Adoption of ASU 2014-09 will also require enhanced financial statement disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

In February 2016, the FASB issued ASU No. 2016-02 *Leases*. The primary change in U.S. GAAP addressed by ASU 2016-02 is the requirement for a lessee to recognize on the balance sheet a liability to make lease payments ("lease liability") and a right-of-use asset representing its right to use the underlying asset for the lease term. ASU 2016-02 also requires qualitative and quantitative disclosures to enable users of the financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. ASU 2016-02 is effective for fiscal years beginning after December 15, 2020. In May 2020, FASB voted to propose delaying the effective date until years beginning after December 15, 2021. Lessees must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The Foundation is evaluating the effect that the provisions of ASU 2016-02 will have on its financial statements and related disclosures.

#### Subsequent Events

The Foundation has evaluated subsequent events through September 29, 2020, which is the date the financial statements were available to be issued.

As of the date through which the Foundation has evaluated events occurring subsequent to June 30, 2020, the Foundation has assessed the impact and risks associated with COVID-19, the worldwide pandemic that has caused varying levels of business disruption worldwide. The related financial impact and duration cannot be reasonably estimated at this time. However, based on its assessment, the Foundation does not expect a significant change in operations.

# CALIFORNIA STATE UNIVERSITY SAN MARCOS FOUNDATION

## Notes to Financial Statements

Years Ended June 30, 2020 and 2019

### 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:

	<u>2020</u>	<u>2019</u>
Quasi-endowment	\$ 2,321,062	\$ 799,253
Liquidity reserve	<u>350,000</u>	<u>350,000</u>
	<u>\$ 2,671,062</u>	<u>\$ 1,149,253</u>

#### 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.

	<u>2020</u>	<u>2019</u>
Financial assets available to be used within one year:		
Cash and cash equivalents	\$ 1,078,539	\$ 1,036,168
Other receivables	25,583	149,545
Due from related parties	99,681	154,088
Pledges receivable, net	1,487,743	1,767,521
Investments	<u>608,425</u>	<u>2,666,451</u>
Total financial assets	3,299,971	5,773,773
Less amounts not available for general use within one year:		
Restricted by donor with purpose restrictions (scholarships)	(346,771)	(510,538)
Board designation:		
Amounts set aside for liquidity reserve	<u>(350,000)</u>	<u>(350,000)</u>
Financial assets available to meet cash needs		
for general expenditure within one year	<u>\$ 2,603,200</u>	<u>\$ 4,913,235</u>

# CALIFORNIA STATE UNIVERSITY SAN MARCOS FOUNDATION

## Notes to Financial Statements

Years Ended June 30, 2020 and 2019

### Note 3 – Financial Assets and Liquidity Resources, continued

#### Liquidity, continued

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 \$350,000 as of June 30, 2020 and 2019. 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:

	<u>2020</u>	<u>2019</u>
Due in less than one year	\$ 1,487,743	\$ 1,767,521
Due in one to five years	<u>1,355,553</u>	<u>3,104,059</u>
Gross pledges receivable	2,843,296	4,871,580
Less provisions for doubtful accounts	(24,054)	(10,000)
Less unamortized present value discount at rates ranging from 2.62% to 3.14%	<u>(73,723)</u>	<u>(202,800)</u>
Pledges receivable, net	<u>\$ 2,745,519</u>	<u>\$ 4,658,780</u>

### 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.

# CALIFORNIA STATE UNIVERSITY SAN MARCOS FOUNDATION

## Notes to Financial Statements

Years Ended June 30, 2020 and 2019

### Note 5 – Investments and Fair Value Measurement, continued

#### Fair Value Measurements, continued

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.

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, 2020 and 2019.

Mutual funds, bonds 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, 2020:

	Quoted Prices in Active Markets for Identical Assets <u>Level 1</u>	Significant Other Observable Inputs <u>Level 2</u>	Significant Unobservable Inputs <u>Level 3</u>	Net Asset Value <u>NAV</u>	<u>Total</u>
<b>Current portion</b>					
Core fixed income institutional mutual funds	\$ 608,425	\$ -	\$ -	\$ -	\$ 608,425
<b>Long term portion</b>					
Core fixed income institutional mutual funds	12,978,742	-	-	-	12,978,742
Domestic equity mutual funds	4,786,289	-	-	-	4,786,289
International equity mutual funds	8,755,808	-	-	-	8,755,808
Domestic equity securities	6,840,456	-	-	-	6,840,456
Real asset mutual funds	958,143	-	-	-	958,143
Hedge funds	-	-	-	1,373,266	1,373,266
Private equity funds	-	-	-	574,100	574,100
	<u>34,319,438</u>	<u>-</u>	<u>-</u>	<u>1,947,366</u>	<u>36,266,804</u>
	<u>\$ 34,927,863</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,947,366</u>	<u>\$ 36,875,229</u>



# CALIFORNIA STATE UNIVERSITY SAN MARCOS FOUNDATION

## Notes to Financial Statements

Years Ended June 30, 2020 and 2019

### 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, 2019:

	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
<b>Current portion</b>					
Core fixed income institutional mutual funds	\$ 2,666,451	\$ -	\$ -	\$ -	\$ 2,666,451
<b>Long term portion</b>					
Core fixed income institutional mutual funds	11,746,791	-	-	-	11,746,791
Domestic equity mutual funds	4,375,999	-	-	-	4,375,999
International equity mutual funds	7,626,059	-	-	-	7,626,059
Domestic equity securities	6,127,662	-	-	-	6,127,662
Real asset mutual funds	1,026,760	-	-	-	1,026,760
Hedge funds	-	-	-	2,217,474	2,217,474
Private equity funds	-	-	-	583,643	583,643
	<u>30,903,271</u>	<u>-</u>	<u>-</u>	<u>2,801,117</u>	<u>33,704,388</u>
	<u>\$ 33,569,722</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,801,117</u>	<u>\$ 36,370,839</u>

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.

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

	Fair value at June 30, 2020	Unfunded commitments	Redemption frequency	Redemption notice period
Private Equity funds				
Crescent capital high income fund [a]	\$ 574,100	None	Quarterly	60 days
Maverick hedge funds [b]	-	None	Quarterly	95 days
Goldentree hedge funds [c]	49,112	None	Annually	90 days
Entrust hedge funds [d]	1,324,154	None	Quarterly	95 days
	<u>Fair value at June 30, 2019</u>	<u>Unfunded commitment</u>	<u>Redemption frequency</u>	<u>Redemption notice period</u>
Private Equity funds				
Crescent capital high income fund [a]	\$ 583,643	None	Quarterly	60 days
Maverick hedge funds [b]	2,112,435	None	Quarterly	95 days
Goldentree hedge funds [c]	105,039	None	Annually	90 days

[a] Capital high income fund is relative value and is event driven with below investment grade bank loans and bonds.

[b] Maverick hedge funds are relative value and are event driven. Private investment fund that invests in Global and Asia multi-industry equities and specialized debt and credit instrument investment funds.

[c] Goldentree hedge funds are relative value and are event driven.

[d] Entrust hedge funds are relative value and are event driven.

# CALIFORNIA STATE UNIVERSITY SAN MARCOS FOUNDATION

## Notes to Financial Statements

Years Ended June 30, 2020 and 2019

### Note 6 – Net Assets with Donor Restrictions

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

	<u>2020</u>	<u>2019</u>
Net assets with time restrictions:		
Student scholarships	\$ 588,736	\$ 764,470
Campus programs	2,156,783	3,894,310
	<u>2,745,519</u>	<u>4,658,780</u>
Net assets with purpose restrictions:		
Student scholarships	1,849,158	2,472,870
Campus programs	1,288,458	1,369,171
Capital improvements	34,058	34,735
	<u>3,171,674</u>	<u>3,876,776</u>
Earnings from these endowments are restricted to be used for the following purposes:		
Student scholarships	13,785,541	13,279,554
Campus programs	7,486,920	7,141,666
Student loans	1,326,034	1,326,034
	<u>22,598,495</u>	<u>21,747,254</u>
	<u>\$ 28,515,688</u>	<u>\$ 30,282,810</u>

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:

	<u>2020</u>	<u>2019</u>
Satisfaction of donor restrictions:		
Campus programs	\$ -	\$ 1,203,547
Capital improvements	677	8,886
Appropriation of earnings for use:		
Campus programs	297,814	245,762
Student scholarships	571,412	589,366
Student loans	49,039	-
Satisfaction of time restrictions	<u>1,939,260</u>	<u>3,931,092</u>
	<u>\$ 2,858,202</u>	<u>\$ 5,978,653</u>

### 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.

# CALIFORNIA STATE UNIVERSITY SAN MARCOS FOUNDATION

## Notes to Financial Statements

Years Ended June 30, 2020 and 2019

### Note 7 – Endowments, continued

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, 2020, 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	\$ -	\$ 22,598,495	\$ 22,598,495
Appreciation	-	3,037,784	3,037,784
Board-designated endowment funds	<u>2,321,062</u>	<u>-</u>	<u>2,321,062</u>
	<u>\$ 2,321,062</u>	<u>\$ 25,636,279</u>	<u>\$ 27,957,341</u>

Changes in endowment net assets for the year ended June 30, 2020 consisted of the following:

	Without donor Restrictions	With donor Restrictions	Total
Endowment net assets, beginning	\$ 799,253	\$ 25,489,464	\$ 26,288,717
Investment return:			
Investment income, net of fees	-	341,474	341,474
Net realized and unrealized gains (losses)	<u>43,990</u>	<u>(127,635)</u>	<u>(83,645)</u>
Total Investment Return	43,990	213,839	257,829
Contributions	1,501,226	851,241	2,352,467
Appropriations for investment earnings for expenditures	<u>(23,407)</u>	<u>(918,265)</u>	<u>(941,672)</u>
Endowment net assets, ending	<u>\$ 2,321,062</u>	<u>\$ 25,636,279</u>	<u>\$ 27,957,341</u>

The investment management and advisory fees paid were \$110,324 for the year ended June 30, 2020.

# CALIFORNIA STATE UNIVERSITY SAN MARCOS FOUNDATION

## Notes to Financial Statements

Years Ended June 30, 2020 and 2019

### Note 7 – Endowments, continued

As of June 30, 2019, 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	\$ -	\$ 21,747,254	\$ 21,747,254
Appreciation	-	3,742,210	3,742,210
Board-designated endowment funds	799,253	-	799,253
	<u>\$ 799,253</u>	<u>\$ 25,489,464</u>	<u>\$ 26,288,717</u>

Changes in endowment net assets for the year ended June 30, 2019 consisted of the following:

	Without donor Restrictions	With donor Restrictions	Total
Endowment net assets, beginning	\$ 693,370	\$ 24,313,923	\$ 25,007,293
Investment return:			
Investment income, net of fees	-	315,797	315,797
Net realized and unrealized gains	27,784	724,630	752,414
Total Investment Return	27,784	1,040,427	1,068,211
Contributions	102,560	970,242	1,072,802
Appropriations for investment earnings for expenditures	(24,461)	(835,128)	(859,589)
Endowment net assets, ending	<u>\$ 799,253</u>	<u>\$ 25,489,464</u>	<u>\$ 26,288,717</u>

The investment management and advisory fees paid were \$96,434 for the year ended June 30, 2019.

#### 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 accounting principles generally accepted in the United States, deficiencies of this nature are totaling \$97,233 and \$60,499 as of June 30, 2020 and 2019, respectively. 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 percent plus the annual rate of inflation (Target Return).

# CALIFORNIA STATE UNIVERSITY SAN MARCOS FOUNDATION

## Notes to Financial Statements

Years Ended June 30, 2020 and 2019

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### Note 7 – Endowments, continued

#### Return Objectives and Risk Parameters, continued

The appreciated endowment earnings is 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, 2020 and 2019, the Board approved a spending rate of 3.75% and 4%, respectively, on all endowments. 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.

## CALIFORNIA STATE UNIVERSITY SAN MARCOS FOUNDATION

### Notes to Financial Statements

Years Ended June 30, 2020 and 2019

#### 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, 2020 and 2019 with related parties are reflected in the accompanying financial statements as follows:

<u>Related party</u>	<u>Description</u>	<u>Reported in</u>	<u>2020</u>	<u>2019</u>
Expenses to:				
University	Salaries, benefits and other expenses	Various expenses	\$ 4,200,370	\$ 3,442,850
SM Corp	Payroll expenses	Various expenses	1,500	-
ASI	Programs, services and other	Various expenses	81,491	30,421
			<u>\$ 4,283,361</u>	<u>\$ 3,473,271</u>
Revenue from:				
University	Services and cost reimbursement	Various revenue	\$ -	\$ 534,156
ASI	Services and cost reimbursement	Various revenue	10,429	2,094
SM Corp	Services and cost reimbursement	Various revenue	10,050	3,300
			<u>\$ 20,479</u>	<u>\$ 539,550</u>
Due from:				
University	Reimbursed services	Due from related parties	<u>\$ 99,681</u>	<u>\$ 154,088</u>
Due to:				
University	Salaries, benefits, and other expenses	Due to related parties	\$ 260,042	\$ 462,964
SM Corp	Cost reimbursement	Due to related parties	109,576	138,310
			<u>\$ 369,618</u>	<u>\$ 601,274</u>

#### 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.

**SUPPLEMENTAL INFORMATION**

**California State University San Marcos Foundation**  
**Schedule of Net Position**  
**June 30, 2020**  
**(for inclusion in the California State University)**

Assets:	
Current assets:	
Cash and cash equivalents	\$ 1,078,539
Short-term investments	608,425
Accounts receivable, net	125,264
Capital lease receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	1,487,743
Prepaid expenses and other current assets	-
Total current assets	<u>3,299,971</u>
Noncurrent assets:	
Restricted cash and cash equivalents	-
Accounts receivable, net	-
Capital lease receivable, net of current portion	-
Notes receivable, net of current portion	-
Student loans receivable, net	50,000
Pledges receivable, net	1,257,776
Endowment investments	27,957,341
Other long-term investments	8,309,463
Capital assets, net	-
Other assets	-
Total noncurrent assets	<u>37,574,580</u>
Total assets	<u>40,874,551</u>
Deferred outflows of resources:	
Unamortized loss on debt refunding	-
Net pension liability	-
Net OPEB liability	-
Others	-
Total deferred outflows of resources	<u>-</u>
Liabilities:	
Current liabilities:	
Accounts payable	443,736
Accrued salaries and benefits	-
Accrued compensated absences, current portion	105,722
Unearned revenue	-
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	-
Total current liabilities	<u>549,458</u>
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	-
Unearned revenue	-
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	<u>-</u>
Total liabilities	<u>549,458</u>
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	<u>-</u>
Net Position:	
Net investment in capital assets	-
Restricted for:	
Nonexpendable – endowments	22,598,495
Expendable:	
Scholarships and fellowships	2,437,894
Research	-
Loans	-
Capital projects	34,058
Debt service	-
Others	3,445,241
Unrestricted	11,809,405
Total net position	<u>\$ 40,325,093</u>

See independent auditors' report.



**California State University San Marcos Foundation**  
Schedule of Revenues, Expenses, and Net Position  
Year Ended June 30, 2020  
(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	620,394
Sales and services of auxiliary enterprises, gross	-
Scholarship allowances	-
Other operating revenues	-
Total operating revenues	<u>620,394</u>
Expenses:	
Operating expenses:	
Instruction	895,007
Research	175,967
Public service	782,068
Academic support	735,794
Student services	836,318
Institutional support	162,675
Operation and maintenance of plant	-
Student grants and scholarships	1,690,496
Auxiliary enterprise expenses	125,525
Depreciation and amortization	-
Total operating expenses	<u>5,403,850</u>
Operating income (loss)	<u>(4,783,456)</u>
Nonoperating revenues (expenses):	
State appropriations, noncapital	-
Federal financial aid grants, noncapital	-
State financial aid grants, noncapital	-
Local financial aid grants, noncapital	-
Nongovernmental and other financial aid grants, noncapital	-
Other federal nonoperating grants, noncapital	-
Gifts, noncapital	1,916,523
Investment income (loss), net	470,307
Endowment income (loss), net	257,829
Interest expense	-
Other nonoperating revenues (expenses) - excl. interagency transfers	-
Net nonoperating revenues (expenses)	<u>2,644,659</u>
Income (loss) before other revenues (expenses)	<u>(2,138,797)</u>
State appropriations, capital	-
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	851,241
Increase (decrease) in net position	<u>(1,287,556)</u>
Net position:	
Net position at beginning of year, as previously reported	41,612,649
Restatements	-
Net position at beginning of year, as restated	<u>41,612,649</u>
Net position at end of year	<u>\$ 40,325,093</u>

**California State University San Marcos Foundation**  
Other Information  
June 30, 2020  
(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	<u>1,078,539</u>
Total	<u>\$ 1,078,539</u>

**2.1 Composition of investments:**

	<u>Current</u>	<u>Noncurrent</u>	<u>Fair Value</u>
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	608,425	27,478,982	28,087,407
Exchange traded funds (ETFs)	-	-	-
Equity securities	-	6,840,456	6,840,456
Alternative investments:			
Private equity (including limited partnerships)	-	574,100	574,100
Hedge funds	-	1,373,266	1,373,266
Managed futures	-	-	-
Real estate investments (including REITs)	-	-	-
Commodities	-	-	-
Derivatives	-	-	-
Other alternative investment types	-	-	-
Other external investment pools	-	-	-
CSU Consolidated Investment Pool (formerly SWIFT)	-	-	-
State of California Local Agency Investment Fund (LAIF)	-	-	-
State of California Surplus Money Investment Fund (SMIF)	-	-	-
Other investments	-	-	-
Total investments	<u>608,425</u>	<u>36,266,804</u>	<u>36,875,229</u>
Less endowment investments	-	<u>(27,957,341)</u>	<u>(27,957,341)</u>
Total investments, net of endowments	<u>\$ 608,425</u>	<u>\$ 8,309,463</u>	<u>\$ 8,917,888</u>

**California State University San Marcos Foundation**

Other Information

June 30, 2020

(for inclusion in the California State University)

**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	28,087,407	28,087,407	-	-	-
Exchange traded funds	-	-	-	-	-
Equity securities	6,840,456	6,840,456	-	-	-
Alternative investments:					
Private equity (including limited partnerships)	574,100	-	-	-	574,100
Hedge funds	1,373,266	-	-	-	1,373,266
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	-	-	-	-	-
<b>Total investments</b>	<b>\$ 36,875,229</b>	<b>\$ 34,927,863</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,947,366</b>

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

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

See independent auditors' report.

**California State University San Marcos Foundation**  
**Other Information**  
**June 30, 2020**  
(for inclusion in the California State University)

**3.1 Composition of capital assets:**

	Balance June 30, 2019	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2019 (Restated)	Additions	Retirements	Transfer of completed CWIP	Balance June 30, 2020
<b>Non-depreciable/Non-amortizable capital assets:</b>									
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	-	-	-	-	-	-	-	-	-
<b>Total non-depreciable/non-amortizable capital assets</b>	-	-	-	-	-	-	-	-	-
<b>Depreciable/Amortizable capital assets:</b>									
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	-	-	-	-	-	-	-	-	-
<b>Total depreciable/amortizable capital assets</b>	-	-	-	-	-	-	-	-	-
<b>Total capital assets</b>	-	-	-	-	-	-	-	-	-
<b>Less accumulated depreciation/amortization:</b>									
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	-	-	-	-	-	-	-	-	-
<b>Total accumulated depreciation/amortization</b>	-	-	-	-	-	-	-	-	-
<b>Total capital assets, net</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

Depreciation and amortization expense related to capital assets	\$ -
Amortization expense related to other assets	-
<b>Total depreciation and amortization</b>	<b>\$ -</b>

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**4 Long-term liabilities:**

	Balance June 30, 2019	Prior Period Adjustments/ Reclassifications	Balance June 30, 2019 (Restated)	Additions	Reductions	Balance June 30, 2020	Current Portion	Noncurrent Portion
1. Accrued compensated absences	\$ 79,781	\$ -	\$ 79,781	\$ 37,179	\$ (11,238)	\$ 105,722	\$ 105,722	\$ -
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	\$ 79,781	\$ -	\$ 79,781	\$ 37,179	\$ (11,238)	\$ 105,722	\$ 105,722	\$ -

**5 Capital lease obligations schedule:**

	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:									
2021	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-
2026 - 2030	-	-	-	-	-	-	-	-	-
2031 - 2035	-	-	-	-	-	-	-	-	-
2036 - 2040	-	-	-	-	-	-	-	-	-
2041 - 2045	-	-	-	-	-	-	-	-	-
2046 - 2050	-	-	-	-	-	-	-	-	-
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:**

	Auxiliary revenue bonds (non-SRB related)			All other long-term debt obligations			Total long-term debt obligations		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
Year ending June 30:									
2021	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-
2026 - 2030	-	-	-	-	-	-	-	-	-
2031 - 2035	-	-	-	-	-	-	-	-	-
2036 - 2040	-	-	-	-	-	-	-	-	-
2041 - 2045	-	-	-	-	-	-	-	-	-
2046 - 2050	-	-	-	-	-	-	-	-	-
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									\$ -

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**7 Transactions with related entities:**

Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$	162,445
Payments to University for other than salaries of University personnel		
Payments received from University for services, space, and programs	1,828,339	
Gifts-in-kind to the University from discretely presented component units	20,465	
Gifts (cash or assets) to the University from discretely presented component units		
Accounts (payable to) University	2,189,122	
Other amounts (payable to) University	(260,042)	
Accounts receivable from University		
Other amounts receivable from University		99,681

**8 Restatements/Prior period adjustments:**

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

Transaction #1	Enter transaction description	Debit/(Credit)
		-
		-
		-
		-
		-
		-
		-
		-
		-
		-
		-
		-
		-
		-
		-
		-
		-
		-
		-
		-
		-
		-
		-
		-
		-
		-
		-
		-

**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	\$ 328,416	\$ 62,445	\$	\$	\$	\$ 504,146	\$	895,007
Research		968				106,009		107,007
Public service	141,413	19,528				621,127		782,068
Academic support	68,990	15,783	691			719,320		735,794
Student services	103,208	20,013				713,097		836,318
Institutional support	70,058	19,194						
Operation and maintenance of plant						73,423		162,675
Student grants and scholarships					1,690,496			1,690,496
Auxiliary enterprise expenses	30,000							
Depreciation and amortization						95,525		125,525
Total operating expenses	<u>\$ 757,868</u>	<u>122,839</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,832,647</u>	<u>-</u>	<u>5,403,850</u>
					1,690,496			-

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**10 Deferred outflows/inflows of resources:**

**1. Deferred Outflows of Resources**

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

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

**2. Deferred Inflows of Resources**

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

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