

**CAL POLY HUMBOLDT
FOUNDATION**

**BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

**Including Schedules Prepared for
Inclusion in the Financial Statements of
California State University**

Year Ended June 30, 2023

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Report of Independent Auditors

The Board of Directors
Cal Poly Humboldt Foundation

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and fiduciary activities of Cal Poly Humboldt Foundation (the "Foundation"), a component unit of Cal Poly Humboldt, as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of the Cal Poly Humboldt Foundation as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Foundation's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Foundation's basic financial statements. The schedule of net position, schedule of revenues, expenses, and changes in net position, other information, and notes to the supplementary information (collectively supplementary information) are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2023, on our consideration of Cal Poly Humboldt Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Cal Poly Humboldt Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cal Poly Humboldt Foundation's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Moss Adams LLP".

Medford, Oregon
September 18, 2023

This section of the annual financial report of Cal Poly Humboldt Foundation (the Foundation) presents the Foundation's discussion and analysis of the financial performance of the Foundation for the fiscal years ended June 30, 2023 and 2022. This discussion has been prepared by management and should be read in conjunction with the financial statements and notes.

Introduction to the Financial Statements

This annual report consists of a series of financial statements prepared in accordance with GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended by GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*. This standard is applicable to the Foundation as it is a component unit of California State Polytechnic University, Humboldt (the University). Consistent with the University, the Foundation has adopted the business-type activity (BTA) reporting model to represent its activities.

The financial statements include the statements of net position; the statements of revenues, expenses, and changes in net position; the statements of cash flows; the statement of fiduciary net position; and the statement of changes in fiduciary net position. These statements are supported by the notes to the financial statements and this section. All sections must be considered together to obtain a complete understanding of the financial picture of the Foundation.

Statement of Net Position – The statement of net position includes all assets and deferred inflows and liabilities. Assets and liabilities are generally reported on an accrual basis, as of each statement date. The statement also identifies major categories of restrictions on the net position of the Foundation.

Statement of Revenues, Expenses, and Changes in Net Position – The statement of revenues, expenses, and changes in net position present the revenues earned and expenses incurred during the year on an accrual basis.

Statement of Cash Flows – The statement of cash flows presents the inflows and outflows of cash for the year and are summarized by operating, noncapital financing, capital and related financing, and investing activities. The statements are prepared using the direct method of cash flows and, therefore, present gross rather than net amounts for the year's activities.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the Foundation. Fiduciary funds are not reported in the Foundation's financial statements because the resources of these funds are not available to support the Foundation's programs. The accounting used for fiduciary funds is similar to that used for the Foundation's financial statements.

Custodial Funds – Custodial funds report resources held by the Foundation in a custodial capacity for individuals, private organizations, and other governments.

The Foundation maintains one fiduciary fund as a custodial fund. This fund reports the resources held in the pooled investment account for funds for the Humboldt State University Center per an agreement signed by both parties in May of 2021. The purpose of the University Center Fund is to operate as an investment of principal that generates returns to cover the pension and other post-employment benefit obligations of the University Center. An initial investment of \$7,000,000 established the fund. Regular annual distributions from the Fund will be made at the direction of the University Center Board of Directors. The fiduciary fund financial statements are included herein, directly following the financial statements.

Analytical Overview

Summary

The following discussion highlights management's understanding of the key financial aspects of the Foundation's financial activities. Included is an analysis of current and prior year activities and balances; a discussion of the Foundation's net position restrictions; and factors impacting future reporting periods.

The Foundation's condensed summary of net position as of June 30 is as follows:

| | 2023 | 2022 |
|---|----------------------|----------------------|
| Assets: | | |
| Current assets | \$ 10,560,709 | \$ 13,089,924 |
| Noncurrent assets | 50,763,125 | 48,951,293 |
| Total Assets | <u>\$ 61,323,834</u> | <u>\$ 62,041,217</u> |
| Liabilities: | | |
| Current liabilities | \$ 482,521 | \$ 2,310,450 |
| Long-term debt obligations, net of current position | 285,000 | - |
| Total Liabilities | <u>\$ 767,521</u> | <u>\$ 2,310,450</u> |
| Deferred Inflows of Resources | | |
| Leases | \$ 5,076,408 | \$ 4,860,676 |
| Total Deferred Inflows of Resources | <u>\$ 5,076,408</u> | <u>\$ 4,860,676</u> |
| Net Position: | | |
| Net investment in capital assets - restricted | \$ 9,685,893 | \$ 9,828,231 |
| Net investment in capital assets - unrestricted | 1,720,701 | 2,489,135 |
| Restricted for: nonexpendable - endowments | 27,662,539 | 26,007,867 |
| Restricted for: expendable - other | 12,904,246 | 12,279,534 |
| Unrestricted | 3,506,526 | 4,265,324 |
| Total Net Position | <u>\$ 55,479,905</u> | <u>\$ 54,870,091</u> |

Assets

Current Assets

From 2022 to 2023, total current assets decreased by (\$2.53 million), due in large part to an investment in real estate relating to a property (1601 Samoa Blvd. Arcata, Ca) that was transferred to the University. Additional factors include a decrease in total cash and cash equivalents due to expenditures exceeding income, offset by an increase in pledges receivable.

Other Noncurrent Assets

From 2022 to 2023, noncurrent assets increased by \$1.81 million. The component factors include increases in the value of the endowment pooled investment balance and the noncurrent portion of pledges receivable. This is offset by a net decrease in land and capital assets caused by a combination of acquisitions and disposals.

Liabilities

Current Liabilities

Total current liabilities decreased by (\$1.83 million) from 2022 to 2023, as a \$2 million pledge payable to the University was fulfilled with the transfer of the property at 1601 Samoa Blvd. Arcata, Ca. This is offset by a new \$290 thousand long-term liability, payable to the University.

Deferred Inflow of Resources

Leases

Deferred inflow of resources increased by \$216 thousand in lease obligations recorded under the requirements of GASB 87.

Net Position

During the 2022 to 2023 fiscal year, total net position increased \$610 thousand. The Foundation's net position as of June 30, 2023 consists of:

Restricted for: non-expendable – endowments - \$27,662,539

Represents endowments created by a multitude of donors over time. These endowments are intended to provide a perpetual and consistent level of financial support for the University. Net investment appreciation reduces this net position category if the endowments' market value is below historic gift value. If the endowments' market value is above historic gift value then the net investment appreciation is recorded under the restricted for: expendable – other or unrestricted net position category dependent upon if there is an underlying purpose restriction.

Restricted for: expendable - other - \$12,904,246

Represents net position restricted by external restrictions, but available for spending authorized by the Foundation. This category includes quasi and term endowments with a restricted purpose, trusts restricted to a purpose, and investment appreciation above endowment corpus.

Unrestricted - \$3,506,525

Represents the Foundation's general operating fund along with any Board designated funds including unrestricted quasi-endowments and unrestricted investment appreciation above endowment corpus. This category is not subject to external restrictions. Its use is designated by the Board of Directors of the Foundation.

Net investment in capital assets – restricted - \$9,685,893

Represents property purchased by the Foundation on St. Louis Road, 8th Street, and 16th Street in Arcata, which are commercial properties designated to provide a sustained revenue stream to the endowment accounts; and the gifted Schatz Tree Farm in Maple Creek, designated for the benefit of the instructional and research needs of the students and faculty of California State Polytechnic University, Humboldt and as an example for owners of small timberland parcels.

Net investment in capital assets – unrestricted - \$1,720,702

Represents property held by Real Estate Holdings and includes 4 residential rentals, a vacant lot, and an unrestricted portion of the St. Louis Road, 8th Street, and 16th Street properties.

Operating Results

The Foundation's condensed summary of revenues, expenses, and changes in net position for the years ended June 30, 2023 and 2022 is as follows:

| | 2023 | 2022 |
|---|---------------|---------------|
| Total operating revenues | \$ 1,586,939 | \$ 1,397,480 |
| Total operating expenses | (6,173,424) | (2,762,280) |
| Operating loss | (4,586,485) | (1,364,800) |
| Nonoperating revenues (expenses): | | |
| Total gifts | 3,452,399 | 5,808,895 |
| Non-endowment investment income, net | 86,277 | 13,498 |
| Endowment investment income, net | 2,312,401 | (3,524,939) |
| Interest expense | (5,731) | (12,093) |
| Other nonoperating revenue (expense), net | (1,108,757) | (947,928) |
| Non nonoperating revenues (expenses) | 4,736,589 | 1,337,433 |
| Income (loss) before other additions | 150,104 | (27,367) |
| Additions to permanent endowments | 2,860,754 | 1,634,879 |
| Net transfers to other campus entities | (2,401,044) | (1,489,698) |
| Increase (decrease) in net position | 609,814 | 117,814 |
| Net position at beginning of year | 54,870,091 | 54,752,277 |
| Net position at end of year | \$ 55,479,905 | \$ 54,870,091 |

Operating Revenues and Expenses

Operating revenues and expenses come from sources that are connected directly to the Foundation's primary business function. This includes gift fee income and revenues collected by the Foundation from endowment funds to operate the Foundation. The UC fund pays the Foundation an annual investment fee of 1.5%, the same fee charged to other invested endowment funds. During 2022 to 2023, total operating revenue of \$1.59 million increased \$189 thousand from the prior year.

Operating expenses are reported by functional program which are public service, academic support, scholarships and fellowships, student services, institutional support, research, instruction, auxiliary enterprises, and depreciation. During 2022 to 2023 total operating expenses of \$6.17 million increased \$3.41 million from the prior year. This is largely due to a \$1.91 million expense resulting from the transfer of the Bello Forest property to a nonprofit organization, along with a general increase in expenses across all categories.

Nonoperating Revenues and Expenses

Nonoperating revenues and expenses include gifts, investment income, rental income, endowment income, and interest expense. During 2022 to 2023 net nonoperating revenue of \$4.74 million represents an increase \$3.40 million from the prior year due to the following factors:

During the fiscal year ended in June, investment earnings on endowed funds increased \$5.84 million to a net gain of \$2.31 million, reflecting general market performance.

From 2022 to 2023, total gifts decreased (\$2.36 million) to \$3.45 million. The reasons behind changes in gift revenue can be difficult to accurately explain as giving is related mainly to donor sentiment and general economic conditions. The Foundation's capital campaign launched in 2020-2021, contributing to increased giving in the prior fiscal year.

Foundation Policies and Procedures

On March 24, 2023, the Foundation Board approved a revised investment policy. The policy establishes a framework for the investment of Foundation assets and ensures future growth of these assets. Management believes that this framework is sufficient to allow for normal inflation plus reasonable spending. The goal of this policy is to preserve the constant dollar value and purchasing power of the assets for future generations. The policy establishes appropriate risk and return objectives considering the fund's risk tolerance and investment time horizon. The policy establishes target asset allocations, performance monitoring procedures, and identifies the roles of key responsible parties.

On March 9, 2012, the Foundation Board approved earnings distribution policy and procedures. The policy establishes a target distribution of 4.5% of the Foundation's average total market value during the twelve quarters ending with the last quarter of the previous fiscal year. The actual net return rate is approved annually by the Board of Directors. Earnings, described as realized and unrealized gains and losses, interest and dividend income, shall generally be available for distribution from those participant accounts invested for two or more quarters. Distributions for participant accounts invested for less than four quarters at the end of the fiscal year, will be prorated based on the number of quarters invested. The actual distribution occurs in July or August based on the level recommended by the Finance Committee and must be approved annually by the Board of Directors.

Factors That Will Affect the Future

The fair market value of the total endowment balance is greater than the corpus as of June 30, 2023. The Foundation's Board takes an active role in managing the Foundation's investments in alignment with the investment policy. However, volatility in the economy impacts the Foundation's investment portfolio and could impact the Foundation's ability to support the University. Because the values of the Foundation's individual investments have and will continue to fluctuate in response to changing market conditions due to a variety of factors, some entirely unforeseeable, the amount of gains or losses that might be recognized in subsequent periods cannot be determined.

Contact Information

This financial report is designed to provide a general overview of the auxiliary's finances. If you have questions about this report or need additional financial information, contact Cal Poly Humboldt Foundation, 1 Harpst Street, Arcata, Ca 95521.

CAL POLY HUMBOLDT FOUNDATION
Statement of Net Position
June 30, 2023

| Assets | 2023 |
|--|-----------------------------|
| Current assets | |
| Cash and cash equivalents | \$ 3,550,446 |
| Investments | 4,790,744 |
| Interest receivable | 40,033 |
| Pledges receivable | 1,388,581 |
| Lease receivable | 577,801 |
| Other receivable | 213,104 |
| Total current assets | <u>10,560,709</u> |
| Noncurrent assets | |
| Pledges receivable | 2,039,761 |
| Endowment pooled investments | 31,387,755 |
| Investments | 1,026,574 |
| Land and capital assets, net | 11,406,594 |
| Lease receivable | 4,571,651 |
| Other assets | 330,790 |
| Total noncurrent assets | <u>50,763,125</u> |
| Total assets | <u>\$ 61,323,834</u> |
| Liabilities, deferred inflows of resources, and net position | |
| Current liabilities | |
| Accounts payable | \$ 271,271 |
| Other liabilities | 211,250 |
| Total current liabilities | <u>482,521</u> |
| Long-term liabilities | |
| Other liabilities | 285,000 |
| Total liabilities | <u>767,521</u> |
| Deferred inflows of resources | |
| Leases | 5,076,408 |
| Total deferred inflow of resources | <u>5,076,408</u> |
| Net position | |
| Net investment in capital assets - restricted | 9,685,893 |
| Net investment in capital assets - unrestricted | 1,720,701 |
| Restricted for: nonexpendable - endowments | 27,662,539 |
| Restricted for: expendable - other | 12,904,246 |
| Unrestricted | 3,506,526 |
| Total net position | <u>55,479,905</u> |
| Total liabilities, deferred inflows of resources and net position | <u>\$ 61,323,834</u> |

See accompanying notes

CAL POLY HUMBOLDT FOUNDATION
Statement of Revenues, Expenses, and Changes in Net Position
Year ended June 30, 2023

| | 2023 |
|---|----------------------|
| Revenues: | |
| Operating revenues: | |
| Indirect cost - trusts | \$ 266,119 |
| Cost recovery | 648,362 |
| Other operating revenues | 672,458 |
| Total operating revenues | <u>1,586,939</u> |
| Expenses: | |
| Operating expenses: | |
| Public service | 123,350 |
| Academic support | 807,841 |
| Scholarships and fellowships | 503,893 |
| Student services | 305,055 |
| Institutional support | 261,067 |
| Auxiliary enterprises | 1,365,808 |
| Instructional | 336,560 |
| Research | 2,307,512 |
| Depreciation | 162,338 |
| Total operating expenses | <u>6,173,424</u> |
| Operating loss | <u>(4,586,485)</u> |
| Nonoperating revenues (expenses): | |
| Gifts | |
| Contributions | 3,302,383 |
| Fundraising | 107,707 |
| Additions to quasi- and term-endowments | 42,309 |
| Total gifts | <u>3,452,399</u> |
| Investment income, net | 86,277 |
| Endowment income, net | 2,312,401 |
| Interest expense | (5,731) |
| Other nonoperating expense | (1,108,757) |
| Net nonoperating revenues (expense) | <u>4,736,589</u> |
| Income before other additions and transfers | 150,104 |
| Additions to permanent endowments | 2,813,353 |
| Additions to permanent endowments - capital | 47,401 |
| Transfers to other campus entities | (2,401,044) |
| Increase in net position | <u>609,814</u> |
| Net position: | |
| Net position at beginning of year | 54,870,091 |
| Net position at end of year | <u>\$ 55,479,905</u> |

See accompanying notes

CAL POLY HUMBOLDT FOUNDATION
Statement of Cash Flows
Year ended June 30, 2023

| | 2023 |
|--|-----------------------|
| Cash flows from operating activities: | |
| Received for administrative services | \$ 1,661,515 |
| Payments to vendors and suppliers | (7,119,436) |
| Transfers to other campus entities | (654,613) |
| Net cash (used in) operating activities | (6,112,534) |
| Cash flows from noncapital financing activities: | |
| Gifts and grants received for other than capital purposes | 5,083,699 |
| Interagency transfers | (2,401,044) |
| Other noncapital financing activities | (942,047) |
| Net cash provided by noncapital financing activities | 1,740,608 |
| Cash flows from capital and related financing activities: | |
| Principal and Interest paid on debt and leases | (5,731) |
| Purchases of capital assets | 1,011,567 |
| Net cash (used in) capital and related financing activities | 1,005,836 |
| Cash flows from investing activities: | |
| Proceeds from sales and maturities of investments | 4,858,883 |
| Lease payments | 652,977 |
| Investment income | 2,607,551 |
| Purchase of investments and related fees | (5,701,292) |
| Net cash provided by investing activities | 2,418,119 |
| Net increase in cash and cash equivalents | (947,971) |
| Cash and cash equivalents at beginning of year | 4,498,417 |
| Cash and cash equivalents at end of year | \$ 3,550,446 |
| Reconciliation of operating (loss) to net cash (used in) operating activities: | |
| Operating (loss) | \$ (4,586,485) |
| Adjustments to reconcile operating (loss) to net cash (used in) operating activities: | |
| Depreciation | 162,338 |
| Change in assets and liabilities: | |
| Receivables | 137,192 |
| Other assets | - |
| Accounts payable and accrued liabilities | (1,825,579) |
| Net cash (used in) operating activities | \$ (6,112,534) |
| Supplemental schedule of noncash transactions: | |
| Change in fair value of investments | \$ (893,069) |

See accompanying notes

CAL POLY HUMBOLDT FOUNDATION
Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2023

| Assets | 2023 |
|--|---------------------|
| Cash and investments | |
| Pooled cash and investments | \$ 6,284,630 |
| Total assets | \$ 6,284,630 |
| Liabilities and Net Position | |
| Liabilities | |
| Accounts payable | \$ 28,667 |
| Total liabilities | 28,667 |
| Net position | |
| Restricted for: individuals, organizations and other governments | 6,255,963 |
| Total net position | 6,255,963 |
| Total liabilities and net position | \$ 6,284,630 |

See accompanying notes

CAL POLY HUMBOLDT FOUNDATION
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
Year ended June 30, 2023

| | 2023 |
|---|----------------------------|
| Additions: | |
| Net investment income | \$ 273,684 |
| Total additions | <u>\$ 273,684</u> |
| Deductions: | |
| Total administrative expense | <u>156,374</u> |
| Total deductions | <u>156,374</u> |
| Change in fiduciary net position | <u>117,310</u> |
| Net position: | |
| Fiduciary net position at beginning of year | <u>\$ 6,138,653</u> |
| Fiduciary net position at end of year | <u><u>\$ 6,255,963</u></u> |

See accompanying notes

(1) Organization

Cal Poly Humboldt Foundation (the Foundation) is organized to promote and assist the California State Polytechnic University, Humboldt campus of The California State University (the University) to receive gifts and property, to manage those resources and to make them available to the University to further their educational mission and objectives as determined by the duly appointed and acting president of the University.

On March 11, 2022 the Foundation Board of Directors approved changing the name of Humboldt State University Foundation to Cal Poly Humboldt Foundation. The Foundation's name change was approved by the California Secretary of State on June 13, 2022, by the Internal Revenue Service on September 6, 2022, and with all other appropriate financial and taxing authorities as of June 30, 2023.

Cal Poly Humboldt Real Estate Holdings (REH) was created as a supporting organization of the Foundation to accept, hold, and manage certain real property on behalf of the Foundation and the University.

On March 26, 2022 the REH Board of Directors approved changing the name of Humboldt State University Real Estate Holdings to Cal Poly Humboldt Real Estate Holdings. The REH name change was approved by the California Secretary of State on October 20, 2022, by the Internal Revenue Service on February 10, 2023, and is in process with all other appropriate financial and taxing authorities.

These name changes align with the Humboldt State University's name change to California State Polytechnic University, Humboldt which was effective as of January 26, 2022.

Summary of Significant Accounting Policies

(a) Basis of Presentation

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with U.S. generally accepted accounting principles, as prescribed by the Government 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.

The accompanying financial statements present the Foundation and its component unit, REH. The blended component unit, although a legally separate entity, is, in substance, part of the Foundation's operations. REH is governed by the REH Board of Directors and Foundation management has operational responsibility of REH.

The financial statements required by GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended by GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities* and GASB Statement No. 63, include a statement of net position, a statement of revenues, expenses, and changes in net position, and a statement of cash flows. The Foundation is a component unit of the University, a public university under The California State University system. The Foundation uses the reporting model for special-purpose governments engaged only in business-type activities. In accordance with the business-type activities reporting model, the Foundation prepares its statement of cash flows using the direct method.

The Foundation reports one fiduciary (custodial) fund for the pension and other post-employment benefits for the Humboldt State University Center.

(1) Organization (Continued)

Summary of Significant Accounting Policies (Continued)

(b) Presentation of Operating Expenses and Transfers from/(to) Other Campus Entities

The Foundation disburses most contributed funds from accounts held by the Foundation for the benefit of the University. These disbursements are reported as operating expenses on the Statement of Revenues, Expenses, and Changes in Net Position. Transfers to/from other campus entities consists of funds distributed based on Board action and donor agreements. Management believes these procedures provide greater assurance that contributions are expended consistent with donor intent.

(c) Classification of Current and Noncurrent Assets (Other Than Investments) 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 statement of net position date. Liabilities that reasonably can be expected, as part of normal Foundation business operations, to be liquidated within twelve months of the statement of net position date are considered to be current. All other assets and liabilities are considered to be noncurrent.

(d) Cash and Cash Equivalents

The Foundation considers all highly liquid investments with an original maturity date of three months or less to be cash and cash equivalents. The amount reported excludes cash held in investment accounts that are considered part of the Foundation's endowment investments. The Foundation considers amounts included in the Local Agency Investment Fund (LAIF) to be investments.

(e) Pledges Receivable

Unconditional pledges receivable are recorded as receivables and revenue. To be recorded, the pledge must be documented, reasonably measured and probable of collection. The Foundation distinguishes between contributions received for each net position category in accordance with donor-imposed restrictions. As GASB neither requires nor prohibits discounting pledges receivable for the time value of money, the Foundation has elected to record pledges at the full original pledged amount.

(f) Investments

Investments are reflected at fair value using quoted market prices when available. Realized and unrealized gains and losses are included in the accompanying statement of revenues, expenses, and changes in net position as endowment investment income.

(1) Organization (Continued)

Summary of Significant Accounting Policies (Continued)

(g) Endowment Pooled Investments

Endowment investments consist of approximately 267 individual funds established for a variety of purposes. Endowment investments are reflected at fair value using quoted market prices when available. The endowments funds include true endowment funds, restricted and unrestricted quasi-endowments, and term endowments.

A true endowment is a fund created by a donor (or other external party) with the stipulation, as a condition of the gift instrument that the principal is to be maintained and invested in perpetuity to produce income, investment growth, or both. This type of endowment is also referred to as a permanent endowment.

A quasi-endowment fund is created when the Foundation's governing board elects to invest currently available resources as if they were subject to endowment restrictions. A determination is made that a portion of currently available resources should be invested for the long term rather than spent for current purposes. The source of quasi-endowments may be unrestricted or restricted expendable. If it is the former, the quasi-endowment will be classified as unrestricted. If it is the latter, the quasi-endowment will be classified as restricted expendable. Quasi-endowments are also referred to as funds functioning as endowments.

Term-endowments are created when a donor (or other external party) specifies that the funds must be held and invested until the passage of a specified time or the occurrence of a specified event. The donor (or other external party) also specifies what is to be done with the income and investment growth during the specified period. Term-endowments are classified as restricted expendable if the funds will ultimately be made available for spending or if contributions are below a set dollar threshold. If the funds ultimately will be added to a true endowment, the term-endowment ultimately is classified as restricted nonexpendable.

(h) Capital Assets

Capital assets are recorded at cost less depreciation calculated by the straight-line method over the assets' estimated useful lives. The Foundation capitalizes purchases over \$5,000. However, sensitive property, defined as any highly desirable and portable item, will be capitalized if the cost is \$1,000 or greater.

(i) Leases

Lease-related amounts are recognized at the inception of the leases in which the Foundation is the lessor. The deferred inflow of resources is recorded in an amount equal to the corresponding lease receivable plus certain additional amounts received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The inflow of resources is recognized in a systematic and rational manner over the term of the lease.

In addition, the Foundation uses office facilities and equipment that are the property of the California State University. No lease payments are required for the use of these facilities.

(1) **Organization (Continued)**

Summary of Significant Accounting Policies (Continued)

(j) ***Net Position***

The Foundation's net position is classified into the following net position categories:

Net investment in capital assets – restricted – net position in this category represents the gifted Schatz Tree Farm property in Maple Creek and property purchased by the Foundation on St. Louis Road, 16th Street, and 8th Street in Arcata.

Net investment in capital assets – unrestricted – net position in this category consists of properties held by REH including 4 residential rentals, a vacant lot, and an unrestricted portion of the St. Louis Road, 8th Street, and 16th Street properties.

Restricted for: nonexpendable – endowments – Net position subject to externally imposed conditions such that the Foundation retains the endowments in perpetuity. Net position in this category consists of endowments held by the Foundation.

Restricted for: expendable - other – Net position subject to externally imposed conditions, including quasi-endowments created by board action using contributions with donor restrictions that can be fulfilled by the actions of the Foundation or by the passage of time.

Unrestricted – All other categories of net position. In addition, unrestricted net position may be designated for use by management or the Board of Directors of the Foundation. These designations limit the area of operations for which expenditures of resources may be made and require that unrestricted resources be designated to support future operations in these areas.

When an expense is incurred for purposes for which both restricted and unrestricted resources are available, restricted resources are applied first. In the event that restricted resources are fully expended, unrestricted resources are expended to support the activities of restricted, expendable resources.

(k) ***Classification of Revenues and Expenses***

The Foundation considers operating revenues and expenses in the statement 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.

Certain other transactions are reported as nonoperating revenues and expenses in accordance with GASB Statement No. 35. These nonoperating activities include gifts, non-endowment investment income or loss, endowment income or loss, interest expense, and other nonoperating revenues.

(1) Organization (Continued)

Summary of Significant Accounting Policies (Continued)

(l) Income Taxes

The Foundation qualifies as a tax exempt organization under the applicable sections of the Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d. The Foundation has analyzed the tax positions taken for filings with the Internal Revenue Service and the State of California. The Foundation believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the financial statements. Accordingly, the Foundation has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at June 30, 2023.

(m) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts in the accompanying financial statements. Actual results could differ from those estimates.

(2) Cash and Cash Equivalents and Investments

The Foundation's cash and cash equivalents and investments as of June 30, 2023 are classified in the accompanying statements of net position as follows:

| | 2023 |
|---|-----------------------------|
| Cash and cash equivalents | <u>\$ 3,550,446</u> |
| Short-term investments | 4,790,744 |
| Noncurrent investments | 1,026,574 |
| Endowment pooled investments | <u>31,387,755</u> |
| Total investments | <u>37,205,073</u> |
| Total cash, cash equivalents, and investments | <u><u>\$ 40,755,519</u></u> |

(a) Cash and Cash Equivalents

At June 30, 2023 cash and cash equivalents consisted of demand deposits held at a commercial bank totaling \$3,550,446. These deposits had carrying balances with the commercial bank of \$3,558,642. The differences between the book balances and the corresponding bank balances are related to outstanding checks and deposits.

Custodial Credit Risk for Deposits

The Foundation maintains its cash in bank deposit accounts that are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000 per depositor. At June 30, 2023, the Foundation's uninsured cash balances was \$3,058,642. The Foundation has incurred no losses related to these accounts.

(2) Cash and Cash Equivalents and Investments (Continued)

(b) Short-term Investments

At June 30, 2023, the Foundation's short-term investment portfolio consisted of investments in the Local Agency Investment Fund (LAIF), a voluntary program created by statute as an alternative for California's local governments and special districts that allow affiliates to participate in a major investment portfolio. LAIF is under the administration of The California State Treasurer's Office. There are no significant interest rate risks or credit risks to be disclosed in accordance with GASB Statement No. 40, Deposit and Investment Risk Disclosures - an amendment of GASB Statement No. 3.

The investment is not insured. However, these funds are invested in accordance with California Government Code Sections 16430 and 16480, the stated investment authority for the Pooled Money Investment Account. At June 30, 2023 cash invested in LAIF was \$4,789,527.

Investment income as shown on the Statement of Revenues, Expenses, and Changes in Net Position includes income earned on the LAIF investment and the change in the net present value of the charitable gift annuities contracts issued by the CSU Foundation. At June 30, 2023 investment income was \$86,277.

The 18 shares of Baywood Golf and Country Club stock is also classified as a short-term investment. The stock was valued at June 30, 2023 at \$1,217.

(c) Noncurrent Investments

Noncurrent investments consist of the Hydrogen Demonstration Trust asset portfolio held by Principal Custody Solutions and are considered non-endowed investments. The non-endowed income/(loss) is included in endowment income.

| <u>Investment Type</u> | <u>2023</u> |
|------------------------------|---------------------|
| Hydrogen Demonstration Trust | \$ 1,026,574 |
| Total noncurrent Investments | <u>\$ 1,026,574</u> |

Income/(loss) on non-endowed noncurrent investments consists of the following:

| | <u>2023</u> |
|--|------------------|
| Interest, dividends, and other income | \$ 47,613 |
| Realized gain/(loss) | 26,682 |
| Unrealized gain/(loss) | 27,169 |
| Fees | <u>(21,292)</u> |
| Total non-endowed noncurrent investment income/(loss), net | <u>\$ 80,172</u> |

The calculation of realized gains or losses is independent of a calculation of the net change in the fair value of investments.

(2) Cash and Cash Equivalents and Investments (Continued)

(d) Endowment Investments

Endowment investments consist of a pooled investment account held by Principal Custody Solutions and properties received as gifts and properties purchased by the Foundation. Properties include the Schatz Demonstration Tree Farm land in Maple Creek, received as a gift by the Foundation in June 2005, properties on St. Louis Road in Arcata, referred to as the Craftsman Mall, purchased by the Foundation in November 2020 and Craftsman North purchased by the Foundation in part in March 2023 with the remainder purchased in May 2023, Campus Store on 8th Street in Arcata purchased by the Foundation in May 2021, and the Stewart School property on 16th Street in Arcata acquired by the foundation in December 2021. The land and buildings are classified with Land and Capital Assets to clarify the separation from the pooled investment account.

| | 2023 | |
|---|-------------------------------------|---------------------------------|
| <u>Investment Type</u> | Business-type Activities | Fiduciary Activities |
| Endowment pooled investments | \$ 31,387,755 | \$ 6,284,630 |
| Land and Capital Assets, net | 10,204,357 | - |
| Total endowment investments by activity | 41,592,112 | 6,284,630 |
| Total endowment investments | <u>\$ 47,876,742</u> | |

Income/(loss) on endowment investments consisted of the following:

| | 2023 | |
|---|-------------------------------------|---------------------------------|
| | Business-type Activities | Fiduciary Activities |
| Interest, dividends, and other income | \$ 698,724 | \$ 132,849 |
| Realized gain | 802,652 | \$ 165,622 |
| Unrealized gain/(loss) | 893,069 | \$ 154,447 |
| Fees | (82,044) | \$ (156,374) |
| Total endowment investment income/(loss), net by activity | 2,312,401 | 296,544 |
| Total endowment investment income/(loss), net | <u>\$ 2,429,711</u> | |

The endowment investment accounts are included in one pooled account held at Principal Custody Solutions. The bank records all changes in the market value of the underlying investments including realized and unrealized gains and losses, interest, and dividend income, as well as income from real estate investments. The investment returns are allocated monthly to the individual endowments based on the relationship of the market value of each endowment to the total market value of the pooled account.

(2) Cash and Cash Equivalents and Investments (Continued)

(d) Endowment Investments (Continued)

The Uniform Prudent Management of Institutional Funds Act (UPMIFA) authorizes the spending of earnings and net appreciation. California adopted this act on September 30, 2008, with the passage of Senate Bill 1329. The Board of Directors understands that UPMIFA requires it to balance the goal of providing a consistent level of support for charitable purposes with the goal of protecting the value of the endowment against inflation absent explicit donor stipulations to the contrary. As a result of this interpretation the Foundation classifies the original value of the gift donated along with original value of subsequent gifts donated to the permanent endowment as corpus. These are included in the restricted for: nonexpendable – endowment net position category on the statement of net position. The Foundation's objective is to make available for the charitable purposes of the endowment an amount equal to 4.5% of the average total market value during the 12 quarters ending with the last quarter of the previous fiscal year.

The Foundation annually reviews its endowment funds taking into account the required prudence evaluation as guided by UPMIFA which requires considering the donor's intent, contractual agreements with donors, as well as several economic factors. For the fiscal year ended June 30, 2023, the Board of Directors authorized a distribution rate of 4.5%.

If the endowments' market value is above corpus then the net investment appreciation, realized and unrealized, is reported in the restricted non-expendable endowment line on the statement of net position until appropriated for spending pursuant to donor agreements. If the endowments' market value is below corpus then the net investment depreciation, realized and unrealized, is reported in the restricted for: nonexpendable - endowment net position category on the statement of net position.

As of June 30, 2023, 15 true endowment accounts have fair market values below the corpus in a combined total amount of \$2.53 million.

Endowment earnings distributions of \$1,566,071 were made in the year ended June 30, 2023. The Board of Directors of the Foundation has approved the planned distribution for the upcoming fiscal year ending June 30, 2024 at a rate of 4.5%.

(e) Investments Reported at Fair Market Value

Governmental Accounting Standards Board Statement Number 72 provides the framework for measuring the fair value of investments. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1) and the lowest priority to unobservable units (Level 3). The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that the Foundation has the ability to access.

(2) Cash and Cash Equivalents and Investments (Continued)

(e) Investments Reported at Fair Market Value (Continued)

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly, such as:

- quoted prices for similar assets in active markets;
- quoted prices for identical or similar assets in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs derived principally from or corroborated by observable market data by correlation or other means.

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

The Investments included within the Foundation's financial statements are classified as follows.

Level 1 - \$34,529,100 (80%) at June 30, 2023

Investments in this level include balances in money market accounts as well as shares in actively traded mutual funds for which market prices were readily available on the date of valuation. The fair market value is the price for these shares on the active markets.

Level 2 - \$4,031,316 (9%) at June 30, 2023

Investments in this level include shares in a real estate investment trust. These shares are not traded on any active public exchange. The values reported for these shares is provided to the Foundation by the managers of the funds and is based on observable inputs other than prices available in actively traded markets.

Level 3 - \$1,217 (<1%) at June 30, 2023

Investments in this level include eighteen shares in Baywood Golf and Country Club. These shares are not traded on any active public exchange. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurement level of an asset within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. During the year ended June 30, 2023, there were no changes in the valuation methodologies used.

The valuation methodologies used may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions could result in a different fair value measurement at the reporting date.

Net Asset Value – \$4,789,527 (11%) at June 30, 2023

The net value of the LAIF investment asset is added to this table to present the total of all investments at Fair Market Value.

(2) Cash and Cash Equivalents and Investments (Continued)

(e) Investments Reported at Fair Market Value (Continued)

| | Fair Value Measurements Using | | | | Net Asset Value |
|-------------------------------|-------------------------------|---|--|--|---------------------|
| | 6/30/2023 | Quoted Prices in Active Markets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | |
| Money Market Funds | \$ 775,447 | \$ 775,447 | \$ - | \$ - | \$ - |
| Mutual Funds - Equity | 26,403,052 | 26,403,052 | - | - | - |
| Mutual Funds - Fixed Income | 7,350,602 | 7,350,602 | - | - | - |
| Mutual Funds - Balanced | - | - | - | - | - |
| Real Estate Investment Trusts | 4,031,316 | - | 4,031,316 | - | - |
| Equities - Stock | 1,217 | - | - | 1,217 | - |
| Real Estate | - | - | - | - | - |
| LAIF | 4,789,527 | - | - | - | 4,789,527 |
| Total | \$ 43,351,160 | \$ 34,529,100 | \$ 4,031,316 | \$ 1,217 | \$ 4,789,527 |

(f) Investment Risk

The Foundation's investment portfolio contains certain assets for which the fair market value comprises greater than 5% of the total investment portfolio. At June 30, 2023 these were:

| Asset | Fair Value | % of Total |
|-------------------------------------|--------------|------------|
| Brown Adv Sust Gro;Inst (BAFWX) | \$ 4,845,242 | 14.13% |
| Parnassus:Value Equity;Inst (PFPWX) | 4,438,801 | 12.95% |
| T Rowe Price LC Val;I (TILCX) | 4,307,654 | 12.56% |
| RREEF America REIT II | 4,031,316 | 11.76% |
| American Funds EuPc;F3 (FEUPX) | 3,525,948 | 10.28% |
| Boston Cmn ESG Imp Intl (BCAIX) | 3,514,694 | 10.25% |
| Dodge & Cox Intl Stck;I (DODFX) | 3,485,024 | 10.16% |
| PIMCO:Tot Rtn;Inst (PTTRX) | 3,072,102 | 8.96% |
| Calvert Imp:Green Bd;I (CGBIX) | 3,064,548 | 8.94% |

The Foundation invests in various types of investment securities. Investment securities are exposed to risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of net position.

(2) Cash and Cash Equivalents and Investments (Continued)

(f) Investment Risk (Continued)

Custodial Credit Risk

Custodial credit risk is the risk that in the event of the failure of a counterparty, the Foundation would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Financial instruments that potentially subject the Foundation to custodial risk are investments in excess of amounts insured by the FDIC or the Securities Investor Protector Corporation (SIPC). No policy exists related to custodial risk specifically. The Foundation's investment policy does not prohibit deposits in single institutions that expose the Foundation to custodial credit risk.

At June 30, 2023, the Foundation had 100% of its noncurrent investments with Principal Custody Solutions, the Foundation's investment bank. The investments are managed by the Foundation's consultant, RVK. Inc. Principal Custody Solutions carries \$15 million coverage for loss due to fraudulent acts, errors and omissions, and \$5 million professional liability coverage.

The credit risk profile for fixed income securities at June 30, 2023 are as follows.

Fixed Income Securities:

| | | 2023 |
|------------------------------|-----------|---------------------|
| Calvert Imp: Green Bd:I | Rated A1 | \$ 3,064,548 |
| PIMCO Total Return | Rated Aa2 | 3,072,102 |
| Vanguard Inflation Prot; Adm | Rated AA1 | 1,213,953 |
| Total | | <u>\$ 7,350,602</u> |

Interest Rate Risk

Interest Rate Risk is the risk that the value of fixed income securities will decline due to decreasing interest rates. The terms of a debt investment may cause its fair value to be highly sensitive to interest rate changes. At June 30, 2023, the Foundation does not have any debt investments that are highly sensitive.

Duration is a measure of the sensitivity of the price – the value of principal – of a fixed income investment to a change in interest rates. Duration is expressed as a number of years. The duration of fixed income securities held within the Foundation's portfolio at June 30, 2023 are:

| | | |
|-----------------------------|--------------------|------------|
| Calvert Imp: Green Bd:I | Effective Duration | 6.07 Years |
| PIMCO Total Return | Effective Duration | 5.86 Years |
| Vanguard Inflation Prot; Ad | Effective Duration | 6.72 Years |

(3) Pledges Receivable

Pledges Receivable are considered to be fully collectible and accordingly, an allowance for uncollectible pledges receivable has not been recorded.

| | 2023 | |
|---|--------------|--------------|
| | Current | Noncurrent |
| To be collected by: | | |
| Fiscal year ending June 30, 2024 | \$ 1,388,581 | \$ - |
| Fiscal years ending after June 30, 2024 | - | 2,039,761 |
| Total | 1,388,581 | 2,039,761 |
| Less allowance for doubtful accounts | - | - |
| Total pledges receivable, net | \$ 1,388,581 | \$ 2,039,761 |

(4) Interest and Other Receivable

Interest and other receivables at June 30 consists of the following:

| | 2023 | | |
|--|-------------|------------|------------|
| | Current | Noncurrent | Total |
| Expenses reimbursable by outside agencies | 42,574 | - | 42,574 |
| Endowment quarterly service charge | 170,529 | - | 170,529 |
| Total other receivables | 213,104 | - | 213,104 |
| Operations interest receivable on LAIF account | 40,033 | - | 40,033 |
| Total | \$ 253,137 | \$ - | \$ 253,137 |

The operations endowment fee receivable is thirty-seven and one half basis points (0.00375) of the market value of invested funds at June 30, 2023. This is an administrative fee charged each quarter to recover costs incurred by the Foundation for operations.

There is no allowance for uncollectible accounts deemed necessary as of June 30, 2023.

(5) Leases

The Foundation implemented GASB No. 87 Leases (GASB 87) as of July 1, 2021. The Foundation evaluated contracts that were formerly accounted for as operating leases to determine whether they meet the definition of a lease as defined in GASB 87. As of June 2023, the contracts related to leases of buildings which meet the definition of a lease result in a lease receivable of \$5,149,452 and deferred inflows of resources of \$5,076,408.

The Foundation is a lessor for a noncancellable lease of a warehouse with terms through 2026, a noncancellable lease of land with lease terms through 2028, a noncancellable lease of retail space with lease terms through 2031, and a noncancellable lease of office and storage space with lease terms through 2032. For the year ending June 30, 2023, the Foundation recognized \$418,310 in lease revenue released from the deferred inflow of resources related to these leases included in nonoperating income on the statement of revenues, expenses, and changes in net position. The Foundation recognized interest revenue of \$119,766 for the year ended June 30, 2023. No inflows of resources were recognized in the year related to termination penalties or residual value guarantees during the fiscal year.

(5) Leases (Continued)

The future principal and interest lease receipts as of June 30, 2023, were as follows:

| Year Ending June 30, | Principal | Interest | Total |
|----------------------|---------------------|-------------------|---------------------|
| 2024 | \$ 577,801 | \$ 135,122 | \$ 712,923 |
| 2025 | 656,987 | 112,909 | 769,896 |
| 2026 | 561,969 | 90,805 | 652,774 |
| 2027 | 345,538 | 79,239 | 424,777 |
| 2028 | 334,415 | 70,483 | 404,898 |
| 2029-2033 | 1,560,847 | 238,382 | 1,799,229 |
| 2034-2037 | 1,111,894 | 49,614 | 1,161,508 |
| Total | <u>\$ 5,149,452</u> | <u>\$ 776,554</u> | <u>\$ 5,926,006</u> |

(6) Implementation of GASB 96

The Foundation implemented GASB No. 96 Subscription-Based Information Technology Arrangements (SBITAs) (GASB 96) as of July 1, 2022. There was no adjustment to the opening net position as a result of this implementation. The Foundation was not a party to any contracts that meet the definition of a SBITA under GASB 96.

(7) Other Assets

The Foundation records an interest in 22 charitable gift annuities contracts issued by the CSU Foundation. The Foundation considers these to be related parties, not third parties as all entities are component units of The California State University System. The Foundation records its interest for these annuities at their estimated net present value. The net present value of these charitable gift annuities are determined by the CSU Foundation, a component unit of The California State University system.

(8) Capital Assets

The change in capital assets for the year ended June 30, 2023 is as follows:

| | Balance 6/30/2022 | Additions | Disposals | Transfers In(Out) | Balance 6/30/2023 |
|----------------------------|----------------------|---------------------|-----------------------|----------------------|----------------------|
| Land and Land Improvements | \$ 8,458,192 | \$ 836,566 | \$ (2,015,000) | \$ - | \$ 7,279,758 |
| Buildings | 4,054,597 | 430,000 | - | - | 4,484,597 |
| Accumulated Depreciation | (195,423) | (162,338) | - | - | (357,761) |
| Total | <u>\$ 12,317,366</u> | <u>\$ 1,104,228</u> | <u>\$ (2,015,000)</u> | <u>\$ -</u> | <u>\$ 11,406,594</u> |

(9) Current Liabilities

As of June 30, 2023, current liabilities totaled \$482,521. The total includes \$0.142 million for the fourth quarter endowment service fees payable, and \$0.095 million payable for acquisition of a microscope funded by a pledge receivable. Additional amounts are payable to various vendors for services provided prior to the end of the fiscal year.

(10) Calculation of Net Position

The change in net position is as follows:

Calculation of net position restricted for nonexpendable endowments

| | 2023 |
|--|----------------------|
| Endowment pooled investments | \$ 31,387,755 |
| Quasi- and term- endowments that are restricted expendable or unrestricted | (3,140,690) |
| Payables due from permanent endowments to operations for administrative fees | (170,529) |
| Other Assets included in restricted non expendable endowment funds | 9,271,896 |
| Net position - restricted for: non expendable - endowments per Statement of Net Position | <u>\$ 37,348,432</u> |

Calculation of total net position

| | Restricted for: Expendable - Other | Net Investment in Capital Assets- Restricted & Restricted Net Position Restricted for: Nonexpendable - Endowments | Net Investment in Capital Assets- Unrestricted & Unrestricted | Total |
|---|--|---|---|----------------------|
| Beginning net position as of June 30, 2022 | \$ 12,279,534 | \$ 35,836,098 | \$ 6,754,459 | \$ 54,870,091 |
| 2022-23 increase (decrease) in capital assets | | 823,363 | (1,591,796) | (768,433) |
| 2022-23 increase (decrease) in net position | 624,712 | 688,971 | 64,564 | 1,378,247 |
| Ending net position as of June 30, 2023 | <u>\$ 12,904,246</u> | <u>\$ 37,348,432</u> | <u>\$ 5,227,227</u> | <u>\$ 55,479,905</u> |

(11) Transactions with Related Entities

The Foundation incorporated the previous year's Business Services Agreement and Support to Philanthropy budget items into a newly designated budget item, Support to Advancement Division. This budget allows for more resources and flexibility to support the Foundation's mission including fundraising efforts.

The Foundation paid the University for support to Advancement Division in the amount of \$441,000 for the year ended June 30, 2023.

The Foundation is the beneficiary of gift annuities that are held by the CSU Foundation. These gift annuities are reported as a receivable for the Foundation and are included in other assets in the statement of net position, as they have met eligibility requirements per GASB Statement No. 33.

The Foundation receives donations on behalf of the University and all related auxiliary organizations. In the current year, the Foundation recognized and immediately transferred \$1,546,525 in donations to the University or auxiliaries. These amounts are included in contributions, fundraising, and transfers from/to other campus entities on the statement of revenues, expenses, and changes in net position. Of the \$1,546,525 in donations transferred during the year ended June 30, 2023, \$11,654 was for Associated Students, \$935,140 was for Sponsored Programs and \$599,731 was for the University.

CAL POLY HUMBOLDT FOUNDATION
Notes to Financial Statements
June 30, 2023

The accompanying financial statements also include the following transactions with the University and related auxiliary organizations as of and for the year ended June 30, 2023:

| | 2023 |
|---|------------|
| Payments to University for salaries of University personnel working on contracts, grants and other programs | \$ 564,267 |
| Payments to the University for other than salaries of University personnel | 2,729,363 |
| Payments received from the University for services, space and programs | 301,777 |
| Gifts (cash or assets) to the University from recognized Auxiliary organizations | 599,731 |
| Accounts payable to the University | (271,271) |
| Other transfers to University Center | 179,235 |
| Other transfers to Sponsored Program Foundation | 935,140 |
| Other transfers to Associated Students | 11,654 |
| Receipts from: Sponsored Program Foundation | 5,294 |

(12) Classification of Operating Expenses

The Foundation has elected to report operating expenses by functional classification in the statement of revenues, expenses, and changes in net position, and to provide the natural classification of those expenses as an additional disclosure.

For the year ended June 30, 2023, operating expenses by natural classification consists of the following:

| | 2023 | | | | |
|----------------------------|-------------------|-------------------|------------------------------------|--------------------------------|---------------------|
| Functional Classification | Salaries | Benefits | Scholarships and fellowships | Supplies and other services | Total |
| Instruction | \$ 29,516 | \$ 25 | \$ - | \$ 307,018 | \$ 336,560 |
| Research | 122,442 | 67,022 | - | 2,118,048 | 2,307,512 |
| Public Service | 37,933 | 654 | - | 84,763 | 123,350 |
| Academic Support | 141,618 | 663 | - | 665,560 | 807,841 |
| Student Services | 7,837 | - | - | 297,218 | 305,055 |
| Institutional Support | 32,323 | 16,379 | - | 212,365 | 261,067 |
| Scholarships & Fellowships | - | - | 503,893 | - | 503,893 |
| Auxiliary Enterprises | 82,500 | 36,611 | - | 1,246,697 | 1,365,808 |
| Depreciation | - | - | - | 162,338 | 162,338 |
| | <u>\$ 454,169</u> | <u>\$ 121,353</u> | <u>\$ 503,893</u> | <u>\$ 5,094,007</u> | <u>\$ 6,173,424</u> |

Cal Poly Humboldt Foundation

Schedule of Net Position

June 30, 2023

(for inclusion in the California State University Financial Statements)

Assets:

Current assets:

| | |
|---|-------------------|
| Cash and cash equivalents | 3,550,446 |
| Short-term investments | 4,790,744 |
| Accounts receivable, net | - |
| Lease receivable, current portion | 577,801 |
| P3 receivable, current portion | - |
| Notes receivable, current portion | - |
| Pledges receivable, net | 1,388,581 |
| Prepaid expenses and other current assets | 253,137 |
| | <hr/> |
| Total current assets | 10,560,709 |

Noncurrent assets:

| | |
|--|-------------------|
| Restricted cash and cash equivalents | - |
| Accounts receivable, net | - |
| Lease receivable, net of current portion | 4,571,651 |
| P3 receivable, net of current portion | - |
| Notes receivable, net of current portion | - |
| Student loans receivable, net | - |
| Pledges receivable, net | 2,039,761 |
| Endowment investments | 31,387,755 |
| Other long-term investments | 1,026,574 |
| Capital assets, net | 11,406,594 |
| Other assets | 330,790 |
| | <hr/> |
| Total noncurrent assets | 50,763,125 |

Total assets

61,323,834

Deferred outflows of resources:

| | |
|---|----------|
| Unamortized loss on debt refunding | - |
| Net pension liability | - |
| Net OPEB liability | - |
| Leases | - |
| P3 | - |
| Others | - |
| | <hr/> |
| Total deferred outflows of resources | - |

Liabilities:

Current liabilities:

| | |
|---|---------|
| Accounts payable | 271,271 |
| Accrued salaries and benefits | - |
| Accrued compensated absences, current portion | - |
| Unearned revenues | - |
| Lease liabilities, current portion | - |

| | |
|--|-------------------|
| SBITA liabilities - current portion | - |
| P3 liabilities - current portion | - |
| Long-term debt obligations, current portion | - |
| Claims liability for losses and loss adjustment expenses, current portion | - |
| Depository accounts | - |
| Other liabilities | 211,250 |
| Total current liabilities | 482,521 |
| Noncurrent liabilities: | |
| Accrued compensated absences, net of current portion | - |
| Unearned revenues | - |
| Grants refundable | - |
| Lease liabilities, net of current portion | - |
| SBITA liabilities, net of current portion | - |
| P3 liabilities, net of current portion | - |
| Long-term debt obligations, net of current portion | - |
| Claims liability for losses and loss adjustment expenses, net of current portion | - |
| Depository accounts | - |
| Net other postemployment benefits liability | - |
| Net pension liability | - |
| Other liabilities | 285,000 |
| Total noncurrent liabilities | 285,000 |
| Total liabilities | 767,521 |
| Deferred inflows of resources: | |
| P3 service concession arrangements | - |
| Net pension liability | - |
| Net OPEB liability | - |
| Unamortized gain on debt refunding | - |
| Nonexchange transactions | - |
| Lease | 5,076,408 |
| P3 | - |
| Others | - |
| Total deferred inflows of resources | 5,076,408 |
| Net position: | |
| Net investment in capital assets | 11,406,594 |
| Restricted for: | |
| Nonexpendable – endowments | 27,662,539 |
| Expendable: | |
| Scholarships and fellowships | - |
| Research | - |
| Loans | - |
| Capital projects | - |
| Debt service | - |
| Others | 12,904,246 |
| Unrestricted | 3,506,526 |
| Total net position | 55,479,905 |

Cal Poly Humboldt Foundation
Schedule of Revenues, Expenses, and Changes in Net Position
Year ended June 30, 2023
(for inclusion in the California State University Financial Statements)

Revenues:

Operating revenues:

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

Grants and contracts, noncapital:

| | |
|--|-----------|
| Federal | - |
| State | - |
| Local | - |
| Nongovernmental | - |
| Sales and services of educational activities | - |
| Sales and services of auxiliary enterprises, gross | - |
| Scholarship allowances (enter as negative) | - |
| Other operating revenues | 1,586,939 |
| | <hr/> |

| | |
|---------------------------------|------------------|
| Total operating revenues | 1,586,939 |
| | <hr/> |

Expenses:

Operating expenses:

| | |
|------------------------------------|-----------|
| Instruction | 336,560 |
| Research | 2,307,512 |
| Public service | 123,350 |
| Academic support | 807,841 |
| Student services | 305,055 |
| Institutional support | 261,067 |
| Operation and maintenance of plant | - |
| Student grants and scholarships | 503,893 |
| Auxiliary enterprise expenses | 1,365,808 |
| Depreciation and amortization | 162,338 |
| | <hr/> |

| | |
|---------------------------------|------------------|
| Total operating expenses | 6,173,424 |
| | <hr/> |

| | |
|--------------------------------|--------------------|
| Operating income (loss) | (4,586,485) |
| | <hr/> |

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 | 3,452,399 |
| Investment income (loss), net | 86,277 |
| Endowment income (loss), net | 2,312,401 |
| Interest expense | (5,731) |
| Other nonoperating revenues (expenses) | <u>(1,108,757)</u> |
| Net nonoperating revenues (expenses) | <u>4,736,589</u> |
| Income (loss) before other revenues (expenses) | <u>150,104</u> |
| State appropriations, capital | - |
| Grants and gifts, capital | - |
| Additions (reductions) to permanent endowments | <u>459,710</u> |
| Increase (decrease) in net position | 609,814 |
| Net position: | |
| Net position at beginning of year, as previously reported | 54,870,091 |
| Restatements | <u>-</u> |
| Net position at beginning of year, as restated | <u>54,870,091</u> |
| Net position at end of year | <u><u>55,479,905</u></u> |

Cal Poly Humboldt Foundation
Other Information
June 30, 2023
(for inclusion in the California State University Financial Statements)

1 Cash and cash equivalents:

Portion of restricted cash and cash equivalents related to endowments

All other restricted cash and cash equivalents

Noncurrent restricted cash and cash equivalents

Current cash and cash equivalents

Total

| | |
|--|------------------|
| | - |
| | 3,550,446 |
| | <u>3,550,446</u> |

2.1 Composition of investments:

| Investment Type | Current | Noncurrent | Total |
|--|---------------------|-------------------|-------------------|
| Money market funds | | \$775,447 | 775,447 |
| Repurchase agreements | | | - |
| Certificates of deposit | | | - |
| U.S. agency securities | | | - |
| U.S. treasury securities | | | - |
| Municipal bonds | | | - |
| Corporate bonds | | | - |
| Asset-backed securities | | | - |
| Mortgage-backed securities | | | - |
| Commercial paper | | | - |
| Supranational | | | - |
| Mutual funds | | 33,753,653 | 33,753,653 |
| Exchange-traded funds | | | - |
| Equity securities | 1,217 | | 1,217 |
| Alternative investments: | | | |
| Private equity (including limited partnerships) | | | - |
| Hedge funds | | | - |
| Managed futures | | | - |
| Real estate investments (including REITs) | | 4,169,859 | 4,169,859 |
| Commodities | | | - |
| Derivatives | | | - |
| Other alternative investments | | | - |
| Other external investment pools | | | - |
| CSU Consolidated Investment Pool (formerly SWIFT) | | | - |
| State of California Local Agency Investment Fund (LAIF) | 4,789,527 | | 4,789,527 |
| State of California Surplus Money Investment Fund (SMIF) | | | - |
| Other investments: | | | |
| Fiduciary portion (University Center) | | (6,284,630) | (6,284,630) |
| | | | - |
| | | | - |
| | | | - |
| Total other investments | | (6,284,630) | (6,284,630) |
| Total investments | 4,790,744 | 32,414,329 | 37,205,073 |
| Less endowment investments (enter as negative number) | | (31,387,755) | (31,387,755) |
| Total investments, net of endowments | \$ 4,790,744 | 1,026,574 | 5,817,318 |

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 | \$ 775,447 | 775,447 | | | |
| Repurchase agreements | - | | | | |
| Certificates of deposit | - | | | | |
| U.S. agency securities | - | | | | |
| U.S. treasury securities | - | | | | |
| Municipal bonds | - | | | | |
| Corporate bonds | - | | | | |
| Asset-backed securities | - | | | | |
| Mortgage-backed securities | - | | | | |
| Commercial paper | - | | | | |
| Supranational | - | | | | |
| Mutual funds | 33,753,653 | 33,753,653 | | | |
| Exchange-traded funds | - | | | | |
| Equity securities | 1,217 | | | 1,217 | |
| Alternative investments: | | | | | |
| Private equity (including limited partnerships) | - | | | | |
| Hedge funds | - | | | | |
| Managed futures | - | | | | |
| Real estate investments (including REITs) | 4,169,859 | | 4,169,859 | | |
| Commodities | - | | | | |
| Derivatives | - | | | | |
| Other alternative investments | - | | | | |
| Other external investment pools | - | | | | |
| CSU Consolidated Investment Pool (formerly SWIFT) | - | | | | |
| State of California Local Agency Investment Fund (LAIF) | 4,789,527 | | | | \$4,789,527 |
| State of California Surplus Money Investment Fund (SMIF) | - | | | | |
| Other investments: | | | | | |
| Fiduciary portion (University Center) | (6,284,630) | (6,284,630) | | | |
| | - | | | | |
| | - | | | | |
| | - | | | | |
| Total other investments | (6,284,630) | (6,284,630) | | | |
| Total investments | \$ 37,205,073 | 28,244,470 | 4,169,859 | 1,217 | 4,789,527 |

2.3 Investments held by the University under contractual agreements:

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

| Current | Noncurrent | Total |
|---------|------------|-------|
| | | \$ - |

3.1 Capital Assets, excluding ROU assets:

| Capital Assets, Right of Use | | | | | | | | | |
|---|--------------------------|--------------------------------|------------------------|-------------------------|--|-----------|----------------|------------|--------------------------|
| Composition of capital assets - Lease ROU, net: | Balance June 30, 2022 | Prior Period Reclassifications | Prior Period Additions | Prior Period Reductions | Balance June 30, 2022 (Restated) | Additions | Remeasurements | Reductions | Balance June 30, 2023 |
| Non-denreciable/Non-amortizable lease assets: | | | | | | | | | |
| Land and land improvements | | | | | - | | | | - |
| Total non-denreciable/non-amortizable lease assets | - | - | - | - | - | | - | - | - |
| Depreciable/Amortizable lease assets: | | | | | | | | | |
| Land and land improvements | | | | | - | | | | - |
| Buildings and building improvements | | | | | - | | | | - |
| Improvements, other than buildings | | | | | - | | | | - |
| Infrastructure | | | | | - | | | | - |
| Personal property: | | | | | | | | | |
| Equipment | | | | | - | | | | - |
| Total depreciable/amortizable lease assets | - | - | - | - | - | | - | - | - |
| Less accumulated depreciation/amortization: | | | | | | | | | |
| Land and land improvements | | | | | - | | | | - |
| Buildings and building improvements | | | | | - | | | | - |
| Improvements, other than buildings | | | | | - | | | | - |
| Infrastructure | | | | | - | | | | - |
| Personal property: | | | | | | | | | |
| Equipment | | | | | - | | | | - |
| Total accumulated depreciation/amortization | - | - | - | - | - | | - | - | - |
| Total capital assets - lease ROU, net | - | - | - | - | - | | - | - | - |

| <u>Composition of capital assets - SBITA ROU, net</u> | Balance June 30, 2022 | Reclassifications | Prior Period Additions | Prior Period Reductions | Balance June 30, 2022 (Restated) | Additions | Remeasurements | Reductions | Balance June 30, 2023 |
|---|--------------------------|-------------------|------------------------|-------------------------|--|-----------|----------------|------------|--------------------------|
| Depreciable/Amortizable SBITA assets: | | | | | | | | | |
| Software | | | | | - | | | | - |
| Total depreciable/amortizable SBITA assets | - | - | - | - | - | - | - | - | - |
| Less accumulated depreciation/amortization: | | | | | | | | | |
| Software | | | | | - | | | | - |
| Total accumulated depreciation/amortization | - | - | - | - | - | - | - | - | - |
| Total capital assets - SBITA ROU, net | - | - | - | - | - | - | - | - | - |

| <u>Composition of capital assets - P3 ROU, net:</u> | Balance June 30, 2022 | Reclassifications | Prior Period Additions | Prior Period Reductions | Balance June 30, 2022 (Restated) | Additions | Remeasurements | Reductions | Balance June 30, 2023 |
|--|--------------------------|-------------------|------------------------|-------------------------|--|-----------|----------------|------------|--------------------------|
| Non-depreciable/Non-amortizable P3 assets: | | | | | | | | | |
| Land and land improvements | | | | | - | | | | - |
| Total non-depreciable/non-amortizable P3 assets | - | - | - | - | - | - | - | - | - |
| Depreciable/Amortizable P3 assets: | | | | | | | | | |
| Land and land improvements | | | | | - | | | | - |
| Buildings and building improvements | | | | | - | | | | - |
| Improvements, other than buildings | | | | | - | | | | - |
| Infrastructure | | | | | - | | | | - |
| Personal property: | | | | | | | | | |
| Equipment | | | | | - | | | | - |
| Total depreciable/amortizable P3 assets | - | - | - | - | - | - | - | - | - |
| Less accumulated depreciation/amortization: | | | | | | | | | |
| Land and land improvements | | | | | - | | | | - |
| Buildings and building improvements | | | | | - | | | | - |
| Improvements, other than buildings | | | | | - | | | | - |
| Infrastructure | | | | | - | | | | - |
| Personal property: | | | | | | | | | |
| Equipment | | | | | - | | | | - |
| Total accumulated depreciation/amortization | - | - | - | - | - | - | - | - | - |
| Total capital assets - P3 ROU, net | - | - | - | - | - | - | - | \$ - | - |

| | | | | | | | | | |
|---|--|--|--|--|--|--|--|--|----------------------|
| Total capital assets, net including ROU assets | | | | | | | | | \$ 11,406,594 |
|---|--|--|--|--|--|--|--|--|----------------------|

3.2 Detail of depreciation and amortization expense:

| | |
|--|-------------------|
| Depreciation and amortization expense - capital assets, excluding ROU assets | \$ 162,338 |
| Amortization expense - Leases ROU | - |
| Amortization expense - SBITA ROU | - |
| Amortization expense - P3 ROU | - |
| Depreciation and Amortization expense - Others | - |
| Total depreciation and amortization | \$ 162,338 |

4 Long-term liabilities:

| | Balance June 30, 2022 | Prior Period Adjustments/Reclassifications | Balance June 30, 2022 (Restated) | Additions | Reductions | Balance June 30, 2023 | Current Portion | Noncurrent Portion |
|---|--------------------------|---|-------------------------------------|-----------|------------|--------------------------|-----------------|--------------------|
| 1. Accrued compensated absences | | | - | | | - | | - |
| 2. Claims liability for losses and loss adjustment expenses | - | | - | | | - | | - |
| 3. Capital lease obligations (pre-ASC 842): | | | | | | | | |
| Gross balance | - | | - | - | | - | - | - |
| Unamortized net premium/(discount) | | | | | | - | - | - |
| Total capital lease obligations (pre ASC 842) | - | - | - | - | - | - | - | - |
| 4. Long-term debt obligations: | | | | | | | | |
| 4.1 Auxiliary revenue bonds (non-SRB related) | - | | - | | | - | | - |
| 4.2 Commercial paper | - | | - | | | - | | - |
| 4.3 Notes payable (SRB related) | - | | - | | | - | | - |
| 4.4 Finance purchase of capital assets | - | | - | | | - | | - |
| 4.5 Others: | | | | | | | | |
| | - | | - | | | - | | - |
| | - | | - | | | - | | - |
| | - | | - | | | - | | - |
| Total others | - | - | - | - | - | - | - | - |
| Sub-total long-term debt | - | - | - | - | - | - | - | - |
| 4.6 Unamortized net bond premium/(discount) | - | | - | | | - | - | - |
| Total long-term debt obligations | \$ - | - | - | - | - | \$ - | - | - |

5. Lease, SBITA, P3 liabilities:

| | Balance June 30, 2022 | Prior Period Adjustments/Reclassifications | Additions | Remeasurements | Reductions | Balance June 30, 2023 | Current Portion | Noncurrent Portion |
|---|--------------------------|---|-----------|----------------|------------|--------------------------|-----------------|--------------------|
| Lease liabilities | | | | | | - | | - |
| SBITA liabilities | - | | | | | - | | - |
| P3 liabilities - SCA | - | | | | | - | | - |
| P3 liabilities - non-SCA | | | | | | - | | - |
| Sub-total P3 liabilities | - | - | - | - | - | - | - | - |
| Total Lease, SBITA, P3 liabilities | \$ - | \$ - | - | - | - | \$ - | - | - |
| Total long-term liabilities | | | | | | \$ - | - | - |

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

| | Lease Liabilities | | | SBITA liabilities | | | Public-Private or Public-Public Partnerships (P3) | | | Total Leases, SBITA, P3 liabilities | | |
|---|-------------------|----------|------------------------|-------------------|----------|------------------------|---|----------|------------------------|-------------------------------------|---------------|------------------------|
| | Principal | Interest | Principal and Interest | Principal | Interest | Principal and Interest | Principal | Interest | Principal and Interest | Principal Only | Interest Only | Principal and Interest |
| Year ending June 30: | | | | | | | | | | | | |
| 2024 | | | - | | | - | | | - | - | - | - |
| 2025 | | | - | | | - | | | - | - | - | - |
| 2026 | | | - | | | - | | | - | - | - | - |
| 2027 | | | - | | | - | | | - | - | - | - |
| 2028 | | | - | | | - | | | - | - | - | - |
| 2029 - 2033 | | | - | | | - | | | - | - | - | - |
| 2034 - 2038 | | | - | | | - | | | - | - | - | - |
| 2039 - 2043 | | | - | | | - | | | - | - | - | - |
| 2044 - 2048 | | | - | | | - | | | - | - | - | - |
| 2049 - 2053 | | | - | | | - | | | - | - | - | - |
| Thereafter | | | - | | | - | | | - | - | - | - |
| Total minimum payments | \$ | - | - | - | - | - | - | - | - | - | - | - |
| Less: amounts representing interest | | | | | | | | | | | | - |
| Present value of future minimum payments | | | | | | | | | | | | - |
| Total Leases, SBITA, P3 liabilities | | | | | | | | | | | | - |
| Less: current portion | | | | | | | | | | | | - |
| Leases, SBITA, P3 liabilities, net of current portion | | | | | | | | | | | | \$ - |

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

| | Auxiliary revenue bonds (non-SRB related) | | | All other long-term debt obligations | | | Total long-term debt obligations | | |
|--|---|----------|------------------------|--------------------------------------|----------|------------------------|----------------------------------|----------|------------------------|
| | Principal | Interest | Principal and Interest | Principal | Interest | Principal and Interest | Principal | Interest | Principal and Interest |
| Year ending June 30: | | | | | | | | | |
| 2024 | | | - | | | - | - | - | - |
| 2025 | | | - | | | - | - | - | - |
| 2026 | | | - | | | - | - | - | - |
| 2027 | | | - | | | - | - | - | - |
| 2028 | | | - | | | - | - | - | - |
| 2029 - 2033 | | | - | | | - | - | - | - |
| 2034 - 2038 | | | - | | | - | - | - | - |
| 2039 - 2043 | | | - | | | - | - | - | - |
| 2044 - 2048 | | | - | | | - | - | - | - |
| 2049 - 2053 | | | - | | | - | - | - | - |
| 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 | \$ | 564,267 |
| Payments to University for other than salaries of University personnel | | 2,729,363 |
| Payments received from University for services, space, and programs | | 301,776 |
| Gifts-in-kind to the University from discretely presented component units | | |
| Gifts (cash or assets) to the University from discretely presented component units | | 599,730 |
| Accounts payable to University | | (271,271) |
| Other amounts payable to University | | |
| Accounts receivable from University | | |
| Other amounts receivable from University | | |

8 Restatements

| | | Debit/(Credit) |
|---------|-------------------------------|----------------|
| Restate | Enter transaction description | |
| | | \$ - |
| Restate | 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 | \$ 29,516 | 25 | - | - | - | 307,019 | | 336,560 |
| Research | 122,442 | 67,022 | - | - | - | 2,118,048 | | 2,307,512 |
| Public service | 37,933 | 373 | 281 | - | - | 84,763 | | 123,350 |
| Academic support | 141,618 | 663 | - | - | - | 665,560 | | 807,841 |
| Student services | 7,837 | - | - | - | - | 297,218 | | 305,055 |
| Institutional support | 32,323 | 16,379 | - | - | - | 212,365 | | 261,067 |
| Operation and maintenance of plant | - | - | - | - | - | - | | - |
| Student grants and scholarships | | | | | 503,893 | | | 503,893 |
| Auxiliary enterprise expenses | 82,500 | 10,211 | 26,400 | - | - | 1,246,697 | | 1,365,808 |
| Depreciation and amortization | | | | | | 162,338 | | 162,338 |
| Total operating expenses | \$ 454,169 | 94,673 | 26,681 | - | 503,893 | 4,931,670 | 162,338 | \$ 6,173,424 |

10 Deferred outflows/inflows of resources:**1. Deferred Outflows of Resources**

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

Total deferred outflows - others

-

Total deferred outflows of resources**\$ -****2. Deferred Inflows of Resources**

Deferred inflows - P3 service concession arrangements
Deferred inflows - net pension liability
Deferred inflows - net OPEB liability
Deferred inflows - unamortized gain on debt refunding(s)
Deferred inflows - nonexchange transactions
Deferred inflows - leases 5,076,408
Deferred inflows - P3
Deferred inflows - others:
Sales/intra-entity transfers of future revenues
Gain/loss on sale leaseback
Loan origination fees and costs
Change in fair value of hedging derivative instrument
Irrevocable split-interest agreements

Total deferred inflows - others

-

Total deferred inflows of resources**\$ 5,076,408****11 Other nonoperating revenues (expenses)**

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

(1,108,757)

\$ (1,108,757)

Humboldt
Cal Poly Humboldt Foundation
Statement of Fiduciary Net Position
June 30, 2023

| Description | Custodial funds Net Position 996 | Total |
|---|-------------------------------------|------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | 6,284,630 | 6,284,630 |
| Short-term investments | | - |
| Accounts receivable, net | | - |
| Lease receivable, current portion | | - |
| P3 receivable, current portion | | - |
| Notes receivable, current portion | | - |
| Pledges receivable, net | | - |
| Prepaid expenses and other current assets | | - |
| Total current assets | 6,284,630 | 6,284,630 |
| Noncurrent assets: | | |
| Restricted cash and cash equivalents | | - |
| Accounts receivable, net | | - |
| Lease receivable, net of current portion | | - |
| P3 receivable, net of current portion | | - |
| Notes receivable, net of current portion | | - |
| Student loans receivable, net | | - |
| Pledges receivable, net | | - |
| Endowment investments | | - |
| Other long-term investments | | - |
| Capital assets, net | | - |
| Capital assets, net - lease ROU | | - |
| Capital assets, net - SBITA ROU | | - |
| Capital assets, net - P3 ROU | | - |
| Other assets | | - |
| Total noncurrent assets | - | - |
| Total assets | 6,284,630 | 6,284,630 |
| Deferred outflows of resources: | | |
| Unamortized loss on debt refunding | | - |
| Net pension liability | | - |
| Net OPEB liability | | - |
| Leases | | - |
| P3 | | - |
| Others | | - |
| Total deferred outflows of resources | - | - |

| Liabilities | | |
|--|------------------|------------------|
| Current liabilities: | | |
| Accounts payable | 28,667 | 28,667 |
| Accrued salaries and benefits | | - |
| Accrued compensated absences, current portion | | - |
| Unearned revenues | | - |
| Lease liabilities, current portion | | - |
| SBITA liabilities - current portion | | - |
| P3 liabilities - current portion | | - |
| Long-term debt obligations, current portion | | - |
| Claims liability for losses and loss adjustment expenses, current portion | | - |
| Depository accounts | | - |
| Other liabilities | | - |
| Total current liabilities | 28,667 | 28,667 |
| Noncurrent liabilities: | | |
| Accrued compensated absences, net of current portion | | - |
| Unearned revenues | | - |
| Grants refundable | | - |
| Lease liabilities, net of current portion | | - |
| SBITA liabilities, net of current portion | | - |
| P3 liabilities, net of current portion | | - |
| Long-term debt obligations, net of current portion | | - |
| Claims liability for losses and loss adjustment expenses, net of current portion | | - |
| Depository accounts | | - |
| Net other postemployment benefits liability | | - |
| Net pension liability | | - |
| Other liabilities | | - |
| Total noncurrent liabilities | - | - |
| Total liabilities | 28,667 | 28,667 |
| Deferred inflows of resources: | | |
| P3 service concession arrangements | | - |
| Net pension liability | | - |
| Net OPEB liability | | - |
| Unamortized gain on debt refunding | | - |
| Nonexchange transactions | | - |
| Lease | | - |
| P3 | | - |
| Others | | - |
| Total deferred inflows of resources | - | - |
| Net position | | |
| Total ending net position | 6,255,963 | 6,255,963 |

Cal Poly Humboldt Foundation
Statement of Changes in Fiduciary Net Positions
June 30, 2023

| | | DPCU - Fiduciary Funds Net Position | |
|---|-------------------------------|--|------------------|
| GAAP Account | Description | Custodial funds Net Position 996 | Total |
| Additions | Investment earnings | 273,684 | 273,684 |
| Total Additions | | 273,684 | 273,684 |
| Deductions | Total administrative expenses | 156,374 | 156,374 |
| Total Deductions | | 156,374 | 156,374 |
| Increase (decrease) in net position | | 117,310 | 117,310 |
| Net position at beginning of year, as previously reported | | 6,138,653 | 6,138,653 |
| Restatements | | | - |
| Net position at beginning of year, as restated | | 6,138,653 | 6,138,653 |
| Net position at end of year | | 6,255,963 | 6,255,963 |

CAL POLY HUMBOLDT FOUNDATION

Note to Supplementary Information

June 30, 2023

NOTE 1 – SUPPLEMENTARY SCHEDULES

As an auxiliary organization of The California State University (CSU), Cal Poly Humboldt Foundation (Foundation) is required to include audited supplementary information in its financial statements in the form and content specified by CSU. As a result, there are differences in reporting format between the Foundation's financial statements and the supplementary schedules for CSU.

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

To the Board of Directors
Cal Poly Humboldt Foundation

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and fiduciary activities of Cal Poly Humboldt Foundation (the "Foundation"), a component unit of Cal Poly Humboldt, as of and for the year ended June 30, 2023, 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 18, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Foundation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness Foundation's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in cursive script that reads "Moss Adams LLP".

Medford, Oregon]
September 18, 2023