

CSUSB PHILANTHROPIC FOUNDATION

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2021



WEALTH ADVISORY | OUTSOURCING
AUDIT, TAX, AND CONSULTING

CLAconnect.com

**CSUSB PHILANTHROPIC FOUNDATION
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2021**

BOARD MEMBERS	1
INDEPENDENT AUDITORS' REPORT	4
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	6
STATEMENT OF ACTIVITIES	7
STATEMENTS OF FUNCTIONAL EXPENSES	8
STATEMENT OF CASH FLOWS	9
NOTES TO FINANCIAL STATEMENTS	10
SUPPLEMENTARY INFORMATION	25
SCHEDULE OF NET POSITION (FOR INCLUSION IN THE CALIFORNIA STATE UNIVERSITY)	25
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (FOR INCLUSION IN THE CALIFORNIA STATE UNIVERSITY)	26
OTHER INFORMATION (FOR INCLUSION IN THE CALIFORNIA STATE UNIVERSITY)	27
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	32
SCHEDULE OF FINDINGS AND RESPONSES	34

**CSUSB PHILANTHROPIC FOUNDATION
BOARD MEMBERS
YEAR ENDED JUNE 30, 2021**

EXECUTIVE OFFICERS:

Dr. Tomás D. Morales Board President	Ex-Officio Member
Mr. Mark C. Edwards, Esq. Vice Chairperson	Community Member
Mr. William M. Stevenson Alumni Board Chair	Community Member
Mr. Robert J. Nava Executive Director	Ex-Officio Member
Dr. Douglas Freer Treasurer & Co-Secretary	Ex-Officio Member
Mrs. Ellen G. Weisser Chairperson	Community Member
Dr. Paz Oliverez Vice President, Student Affairs	Ex-Officio Member
Monica Alejandre Secretary	Ex-Officio Member
CSUSB MEMBERS:	
Dr. Dorothy Chen-Maynard	Faculty Representative
Dr. Dorothy Chen-Maynard	Faculty Representative
Dr. Douglas Freer	Ex-Officio Member
Dr. Haakon Brown	Faculty Representative
Alfredo Barcenás	Chair, Staff Council Representative
Jessica Madrigal	Staff Council Representative
Samuel Sudhakar	Ex-Officio Director
Dr. Tomás Morales	Ex-Officio Member
Paola Galvez	Student Representative
Graciela Moran	Student Representative
Dr. Samuel Sudhakar	Ex-Officio Member

**CSUSB PHILANTHROPIC FOUNDATION
BOARD MEMBERS
YEAR ENDED JUNE 30, 2021**

COMMUNITY MEMBERS:

Mr. Roderick Hendry	Community Member
Dr. Donald Averill	Community Member
Mrs. Debbie Brown	Community Member
Mr. Mustafa Milbis	Community Member
Mrs. Lois J. Carson	Community Member
Mr. Louis G. Monville, III	Community Member
Mr. Nefertiti Long	Community Member
Mr. Mark Edwards, Esq.	Community Member
Mr. Paul C. Granillo	Community Member
Mr. Cole R. Jackson	Community Member
Mr. Mark A. Kaenel	Community Member
Mr. Gary McBride	Community Member
Ms. Barbara McGee	Community Member

**CSUSB PHILANTHROPIC FOUNDATION
BOARD MEMBERS
YEAR ENDED JUNE 30, 2021**

COMMUNITY MEMBERS (Continued):

Mr. Steve PonTell	Community Member
The Honorable James C. Ramos, Jr.	Community Member
Mr. Paul M. Shimoff, Esq.	Community Member
Mr. William M. Stevenson	Community Member
Ms. Karen I. Suarez	Community Member
Dr. Edward C. Teyber	Community Member
Mr. Justin S. Swant	Community Member
Mrs. Ellen Weisser	Community Member



INDEPENDENT AUDITORS' REPORT

Board of Directors
CSUSB Philanthropic Foundation
San Bernardino, California

Report on the Financial Statements

We have audited the accompanying financial statements of CSUSB Philanthropic Foundation (the Foundation) (a non-profit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the financial statements of the Foundation as of June 30, 2020 and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 16, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2021, on our consideration of the 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 the 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 the Foundation CSUSB Philanthropic Foundation's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Glendora, California
September 27, 2021

**CSUSB PHILANTHROPIC FOUNDATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR 2020)**

	2021	2020
ASSETS		
Cash and Cash Equivalents	\$ 466,345	\$ 1,003,444
Short-term Investments	11,429,667	11,220,201
Other Receivables	359,424	336,098
Due From Related Party	28,164	165,652
Promises to Give, Net	645,004	813,346
Long-term Investments	55,591,997	45,020,330
Long-term Investments-CRTs	1,559,004	1,444,311
Property, Plant and Equipment, Net	-	264,951
	70,079,605	60,268,333
Total Assets	70,079,605	60,268,333
LIABILITIES		
Accounts Payable	26,853	78,931
Due To Related Party	85,680	271,977
Deferred Revenues	235,827	547,268
Accrued Liabilities	206,194	1,156,863
Other Long-term Liabilities to Beneficiaries	872,652	809,288
	1,427,206	2,864,327
Total Liabilities	1,427,206	2,864,327
NET ASSETS		
Without Donor Restrictions	1,215,451	1,383,195
With Donor Restrictions	67,436,948	56,020,811
Total Net Assets	68,652,399	57,404,006
Total Liabilities and Net Assets	\$ 70,079,605	\$ 60,268,333

See accompanying Notes to Financial Statements.

**CSUSB PHILANTHROPIC FOUNDATION
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR 2020)**

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
REVENUES				
Contributions	\$ -	\$ 3,494,989	\$ 3,494,989	\$ 2,914,612
Interest and Dividends, Net	161,524	1,566,634	1,728,158	1,678,841
Unrealized Gain (Loss) on Investments	(63,976)	7,286,615	7,222,639	(558,412)
Realized Gain (Loss) on Investments	1,937	3,169,792	3,171,729	(985,980)
Endowment Management Fee	351,888	(351,888)	-	-
Distributions from Split Interest Agreements	(82,788)	-	(82,788)	33,979
Miscellaneous Income	16,506	-	16,506	52,527
Restrictions Released	3,750,005	(3,750,005)	-	-
Total Program Revenues	4,135,096	11,416,137	15,551,233	3,135,567
Transfers from Related Entities	144,625	-	144,625	456,327
Total Revenues	4,279,721	11,416,137	15,695,858	3,591,894
EXPENSES				
Program Expenses:				
Scholarships	1,637,013	-	1,637,013	1,398,100
Support Services	2,172,060	-	2,172,060	3,665,571
Management and General	203,204	-	203,204	599,123
Total Program and General Expenses	4,012,277	-	4,012,277	5,662,794
Transfers to Related Entities	435,188	-	435,188	775,063
Total Expenses	4,447,465	-	4,447,465	6,437,857
CHANGES IN NET ASSETS	(167,744)	11,416,137	11,248,393	(2,845,963)
NET ASSETS, Beginning of Year	1,383,195	56,020,811	57,404,006	60,249,969
NET ASSETS, End of Year	\$ 1,215,451	\$ 67,436,948	\$ 68,652,399	\$ 57,404,006

See accompanying Notes to Financial Statements.

**CSUSB PHILANTHROPIC FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR 2020)**

	2021				2020	
	Program Activities		Total Program Activities	Supporting Activities		Total Expenses
	Scholarships	Designated Gift Administration		Management and General	Total Expenses	
Bad Debts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 161,180
Bank and Credit Fees	-	2,308	2,308	6,718	9,026	7,250
Capital Outlay	-	178,671	178,671	-	178,671	309,553
Conferences and Meetings	-	26,343	26,343	32,096	58,439	192,334
Contract Services	-	770,386	770,386	113,575	883,961	1,501,039
Depreciation	-	80,625	80,625	-	80,625	38,295
Dues, Memberships and Subscriptions	-	15,282	15,282	5,135	20,417	24,363
Insurance	-	15,304	15,304	1,003	16,307	17,902
Other Expenses	165	191,465	191,630	1,944	193,574	395,232
Postage	-	1,820	1,820	87	1,907	4,140
Printing	-	3,448	3,448	44	3,492	12,719
Professional Development and Training	-	3,584	3,584	1,887	5,471	13,638
Professional Fees	-	17,500	17,500	1,297	18,797	25,412
Public Relations	-	16,516	16,516	17,992	34,508	135,379
Rental, Equipment and Space	-	1,421	1,421	20	1,441	2,251
Scholarships	1,636,154	216,703	1,852,857	6,076	1,858,933	1,712,386
Stipends, Room and Board	-	157,231	157,231	2,218	159,449	131,658
Supplies and Services	694	468,316	469,010	13,112	482,122	855,648
Travel	-	3,151	3,151	-	3,151	121,561
Utilities and Telephone	-	1,986	1,986	-	1,986	853
Total program and general expenses	\$ 1,637,013	\$ 2,172,060	\$ 3,809,073	\$ 203,204	\$ 4,012,277	\$ 5,662,794

See accompanying Notes to Financial Statements.

**CSUSB PHILANTHROPIC FOUNDATION
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR 2020)**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 11,248,393	(2,845,963)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	-	38,295
Contributions for Endowment	(619,487)	(768,697)
Noncash investment (income) loss	(7,222,639)	558,412
(Increase) decrease in:		
Other receivables	(23,326)	(49,562)
Due from related party	137,488	(136,584)
Promises to give	168,342	754,546
Increase (decrease) in:		
Accounts payable	(52,078)	(57,382)
Due to related party	(186,297)	(178,262)
Deferred revenue	(311,441)	547,268
Accrued liabilities	(950,669)	926,562
Other long-term liabilities to beneficiaries	63,364	(159,022)
Total adjustments	(8,996,743)	1,475,574
Net cash provided by operating activities	2,251,650	(1,370,389)
CASH FLOWS FROM INVESTING ACTIVITIES:		
(Purchase) sale of capital assets	264,951	(263,111)
(Purchase) sale of short-term investments	(209,466)	(3,291,237)
Purchase of long-term investments	(11,532,249)	(28,812,759)
Sale of long-term investments	8,068,528	28,332,282
Net cash used for investing activities	(3,408,236)	(4,034,825)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Cash contributions for endowment	619,487	768,697
Net cash provided by financing activities	619,487	768,697
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(537,099)	(4,636,517)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,003,444	5,639,961
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 466,345	\$ 1,003,444

See accompanying Notes to Financial Statements.

**CSUSB PHILANTHROPIC FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

The CSUSB Philanthropic Foundation (the Foundation) was created on July 1, 2011 pursuant to the general Non-Profit Corporation Laws of the State of California. The Foundation was organized to promote and assist education, administration and related services of California State University, San Bernardino. The Foundation operates as an auxiliary organization of the California State University, San Bernardino (University) under an operating agreement with the Trustees of the California State University (Trustees) which expires December 31, 2021. All fundraising activities are conducted by the University.

Major Program Services

The Foundation's major program services include:

Designated Gift Administration, services provided in support of designated gift and endowment funds.

Scholarships, including grants-in-aid and other financial assistance to students.

Estimates

The preparation of these financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets, liabilities, revenues and expenses, as well as the disclosure of contingent assets and liabilities. Accordingly, actual results could differ from those estimates. Management also determines the accounting principles to be used in the preparation of the financial statements. A description of the significant accounting policies employed in the preparation of these financial statements follows.

Basis of Accounting and Presentation

The financial statements of the Foundation have been prepared on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205. Accordingly, information regarding financial position, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations, and which may be designated for specific purposes by action of the Board of Directors.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**CSUSB PHILANTHROPIC FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

**NOTE 1 SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Basis of Accounting and Presentation (Continued)

Revenues are reported as increases in net assets without donor restrictions, unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities, other than endowment and similar funds, are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation. Expirations of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets; net assets released from restrictions.

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of property, plant, and equipment without donor restrictions concerning the use of such long-lived assets are reported as revenue of the net assets without donor restrictions. Contributions of cash or other assets to be used to acquire property, plant, and equipment are reported as revenue of the net assets with donor restrictions; the restrictions are considered to be released when placed in service. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable is provided based upon management's judgment including such factors as prior collection history, type of contribution, and nature of fundraising activity.

Deferred revenue on the statement of financial position represents cash collected for contributions where the conditions on which they depend have not been met.

Cash and Cash Equivalents and Concentrations

For purposes of the statement of cash flows, cash and cash equivalents include all highly liquid debt instruments with a maturity of three months or less from the date of purchase.

The Foundation maintains its cash in two financial institution accounts. The standard insurance amount under the Federal Deposit Insurance Corporation (FDIC) is \$250,000 per depositor, per insured bank, for each account ownership category. These balances may at times exceed the insured limits. As of June 30, 2021, the Foundation's cash balances exceeded the federally insured limits by \$424,721.

CSUSB PHILANTHROPIC FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. The fair value of investments in securities is based on the quoted market price of the underlying securities. Investments in real estate are stated at net asset value (NAV). Unrealized gains and losses are included in the change in net assets. Short-term investments consist of debt securities with original maturities of twelve months or less. Long-term investments consist of debt securities with original maturities greater than twelve months.

Prepaid Expenses

Prepaid expenses are advance payments for products or services that will be used in the Foundation's programs or activities in subsequent periods.

Receivables and Allowances

Other receivables are presented net of an allowance for doubtful accounts. Any allowance is based on prior years' experience and management's estimate of collectability. Management estimates that all receivables at June 30, 2021 are fully collectible, and therefore no allowance has been presented.

Pledges Receivable

Pledges receivable include pledges that are recorded at their present value based on applicable U.S. treasury yields for the applicable issue maturity. An allowance for uncollectible contributions receivable is provided based upon management's judgment including such factors as prior collection history, type of contribution, and nature of fundraising activity.

Property, Plant, and Equipment

Property, plant and equipment are carried at cost or, if contributed, at fair market value at the date of contribution. Intangible assets include patents and software. The Foundation's policy is to capitalize additions and improvements that significantly add to productive capacity or extend the useful life of an asset and are above \$5,000. Repairs and maintenance are charged to operations as incurred. Costs and related allowances for depreciation of property, plant and equipment sold or otherwise retired are eliminated from the accounts and gains or losses on disposition are included in the changes in net assets. Depreciation and amortization are calculated using the straight-line method over the estimated useful lives of the assets. All property, plant and equipment was transferred to the University during the year ended June 30, 2021.

**CSUSB PHILANTHROPIC FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

**NOTE 1 SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Donated Materials, Services, and Other Assets

Donated materials and other assets such as stocks, bonds and other long-lived assets are recorded at their estimated fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as net assets with donor restrictions. The Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Foundation reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Donations to the art collection are recorded at estimated fair value at the date of the donation and are not subject to depreciation. Items are considered to be part of the art collection if they are held for exhibition to the public, for educational purposes, or for research (and not for financial gain) and proceeds from the sale of collection items are to be reinvested in other collection items.

No amounts have been reflected in the financial statement for donated services. The Foundation generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Foundation with specific assistance programs. The Foundation does not track the extent or quantity of donated services by its volunteers, and accordingly, no monetary or nonmonetary information has been disclosed.

Income Taxes

The Foundation is a Not-for-Profit tax-exempt Corporation organized under Internal Revenue Code Section 501(c)(3) and is classified as other than a private foundation. A comparable exemption has been granted by the State of California under the Revenue and Taxation Code 23701(d). However, any unrelated business income may be subject to taxation. The Foundation had no obligation for any unrelated business income tax during the year.

Risks and Uncertainties

The World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. Subsequent to year end, the COVID-19 pandemic continues to have significant effects on global markets, supply chains, businesses, and communities. Specific to Foundation, COVID-19 may impact various parts of its 2021-22 operations and financial results, including, but not limited to, declines in enrollment, loss of auxiliary revenues, additional bad debts, costs for increased use of technology, or potential shortages of personnel. Management believes Foundation is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

**CSUSB PHILANTHROPIC FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2 INVESTMENTS AND FAIR VALUE MEASUREMENTS

FASB Accounting Standards Codification (ASC) 820, which among other things requires enhanced disclosures about assets and liabilities that are measured and reported at fair value, establishes a hierarchical disclosure framework which prioritizes and ranks the level of market price observability used in measuring fair value. This hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three levels:

Level 1 – Quoted market prices are available in active market for identical assets or liabilities as of the reporting date.

Level 2 – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. A significant adjustment to a Level 2 input could result in the Level 2 measurement becoming a Level 3 measurement.

Level 3 – Pricing inputs are unobservable and shall be used to measure fair value to the extent that observable inputs are not available. The inputs into the determination of fair value are based upon the best information available and require significant management judgment or estimation.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

The Foundation estimates the fair value of investments in investment companies for which the investment does not have readily determinable fair value using net asset value (NAV) per share or its equivalent. Those estimated fair values may differ significantly from the value that would be used had a ready market for these securities existed.

The following is a description of the valuation methodologies used for assets measured at fair value.

Money Market Funds – Balances in money market accounts valued are valued at the broker statement values, which represent the amounts for which the Foundation could convert the money market funds to cash.

**CSUSB PHILANTHROPIC FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

Mutual Funds – Shares of mutual funds are valued at quoted market prices, which represent the net assets value of shares held by the Foundation at year-end.

Equity Securities – Equity securities are valued at last quoted sales price as of the close of trading at year-end; such securities, not traded on the year-end date, are valued at the last quoted bid price.

Hedge Funds – Hedge funds' value are determined using net asset value (NAV) per share or its equivalent.

Real Estate Investment Funds – Real estate investment fair value are determined using net asset value (NAV) per share or its equivalent.

Exchange Traded Notes – These investments are valued at last quoted sales price as of the close of trading at year-end; such securities, not traded on the year-end date, are valued at the last quoted bid price.

The preceding methods described 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 to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at June 30, 2021 are as follows:

	Fair Value Measurements at June 30, 2021				Net Asset Value
	Total	Level 1	Level 2	Level 3	
<u>Short-term investments:</u>					
Money market funds	\$ 11,404	\$ -	\$ 11,404	\$ -	\$ -
Mutual funds	6,357,062	6,357,062	-	-	-
SWIFT	5,061,201	-	5,061,201	-	-
Total short-term investments	<u>11,429,667</u>	<u>6,357,062</u>	<u>5,072,605</u>	<u>-</u>	<u>-</u>
<u>Long-term investments:</u>					
Money market funds	-	-	-	-	-
Equity securities	22,526,823	22,526,823	-	-	-
Mutual funds	33,068,707	33,068,707	-	-	-
Hedge fund	130,550	-	-	-	130,550
Real estate investment funds	1,424,921	-	-	-	1,424,921
Total long-term investments	<u>57,151,001</u>	<u>55,595,530</u>	<u>-</u>	<u>-</u>	<u>1,555,471</u>
Total investments	<u>\$ 68,580,668</u>	<u>\$ 61,952,592</u>	<u>\$ 5,072,605</u>	<u>\$ -</u>	<u>\$ 1,555,471</u>

**CSUSB PHILANTHROPIC FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

The following table summarized information regarding investment terms, unfunded commitments and redemption terms for investments value using NAV at June 30, 2021:

Investment	Net Asset Value	Strategy	Unfunded Commitments	Redemption Terms	Redemption Restrictions
Kimpect Evergreen Real Estate Investment Fund	\$ 1,157,353	Achieve capital appreciation principally through investing in investment funds	None	Available July 2021. Redemption amount in 3 payments over 2 years in the following increments: 50%, 25%, 25%.	90 day notice
Redwood Kairos Real Estate Value Fund IV	267,568	Achieve capital appreciation principally through investing in investment funds	None	Available July 2021. Redemption amount in 3 payments over 2 years in the following increments: 50%, 25%, 25%.	90 day notice
Hatteras Core Alternative Es Tei Institutional Fund	130,550	Capital appreciation with limited variability of returns	None	Redeemable on a quarterly basis	30 day notice
	<u>\$ 1,555,471</u>				

SWIFT Investments

The Foundation has pooled investments with the CSU Systemwide Investment Fund Trust (SWIFT). As a result of a 2007 change in Education Code 89721(I) that allowed CSU to self-manage student tuition and fees, CSU created a central banking system and created the SWIFT investment portfolio for the purpose of enhancing centralized cash and investment management. Because the central banking system and SWIFT are inextricably linked, each member in the central banking system is also a member in SWIFT, also referred to collectively as The Bank of CSU. These funds are reported as a short-term investment. The SWIFT consists of investments of cash on an overnight and/or short-term basis, the funds representing the float on funds collected from all eligible sources prior to their use for payment of accounts payable and payroll. Excess cash over and above what is needed to fund short-term payables and payroll are transferred to medium or longer term investments.

NOTE 3 INVESTMENT POLICY

The Foundation's portfolio shall be invested with the objective of long-term growth assets. With this long-term objective in mind, the portfolio shall be invested to provide safety through diversification in a portfolio of common stocks, bonds, cash equivalents, and other investments, all of which may reflect varying rates of return.

The investments shall also be diversified within asset classes (*e.g., equities shall be diversified by economic sector, industry, quality, and size*). Portfolio diversification provides protection against a single security or class of securities having a disproportionate impact on aggregate performance.

The Foundation endeavors to invest in strategies and investments that avoid a permanent loss of capital, with the exception of alternative investments, such as venture capital. The Foundation is willing to accept a temporary loss of capital if the return to risk profile is reasonable.

**CSUSB PHILANTHROPIC FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3 INVESTMENT POLICY (CONTINUED)

As a general rule, the Foundation will follow the Prudent Investor guidelines widely used in the investment management industry, the guidelines of the CFA Institute, and the general fiduciary standards described in the Uniform Prudent Investment Act (UPIA), as well as the Uniform Prudent Management of Institutional Funds Act (UPMIFA).

NOTE 4 ENDOWMENT

The Foundation's endowment consists of approximately 240 individual funds established for a variety of purposes, all of which are donor-restricted. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions.

The Board of Directors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation retains in perpetuity (a) the original value of gifts donated to the endowment, and (b) the original value of subsequent gifts to the endowment. Donor-restricted amounts not retained in perpetuity are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by the UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the endowment fund; (2) the purposes of the Foundation and the donor-restricted endowment fund; (3) general economic conditions; (4) the possible effect of inflation and deflation; (5) the expected total return from income and the appreciation of investments; (6) other resources of the Foundation; and (7) the investment policies of the Foundation.

The Foundation's endowment net assets by class and by type of endowment, at June 30, 2021 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-Designated Endowment	\$ -	\$ -	\$ -
Donor-Restricted Endowment	-	-	-
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	40,204,894	40,204,894
Promises to give	-	161,155	161,155
Accumulated investment gains	-	15,481,070	15,481,070
Total Endowment	\$ -	\$ 55,847,119	\$ 55,847,119

**CSUSB PHILANTHROPIC FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4 ENDOWMENT (CONTINUED)

Changes in endowment net assets held in investments for the year ended June 30, 2021 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ 45,146,813	\$ 45,146,813
Contributions, net of gift admin fee	-	619,487	619,487
Promises to give	-	34,672	34,672
Endowment assets appropriated for expenditure	-	(1,383,258)	(1,383,258)
Net investment return	-	11,429,405	11,429,405
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 55,847,119</u>	<u>\$ 55,847,119</u>

As of June 30, 2021, the Philanthropic Foundation's endowment funds have a combined historic dollar value and accumulated investment gains of \$55,881,791 and related endowment investments with a fair value of \$55,753,152. The difference is due to the transfer of endowment gifts in July 2021 to the endowment investment portfolio that were received in June 2021.

NOTE 5 ENDOWMENT SPENDING POLICY

The spending policy should meet current operating needs and protect the future purchasing power of the Foundation. However, spending policies which provide complete assurance against the loss of purchasing power also create a high degree of spending instability. Thus, the basic challenge is to create a policy which offers a reasonable defense against loss of purchasing power, but which also stabilizes the amount available from the Foundation for spending.

Taking these factors into consideration, the Foundation's Investment Committee has set the Foundation an annual Foundation spending rate of up to (but not to exceed) 4.0% of the 12-quarter rolling average market value as of December 31st of each year (rate determined annually). The goal, barring any significant market fluctuations, will be set as 4.0%. Spending rate adjustments are approved for extreme market environments to protect the long-term purchasing power of the Endowment. For funds that have been invested for less than three full years, the following rates of spending shall be allowed:

0-1 Year	No funds shall be allocated for spending
1-2 Years	Up to 4.0% of the average quarterly market value of the prior year(s)
2-3 Years	Up to 4.0% of the average quarterly market values over the prior two years
Over 3 Years	Up to 4.0% of the average quarterly market values of the prior three years

**CSUSB PHILANTHROPIC FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 6 ENDOWMENT INVESTMENT ASSET ALLOCATION

The long-term target asset allocation for the investment portfolio is recommended by the Foundation's investment consultant and approved by the Foundation to facilitate the achievement of the long-term investment objectives within the established risk parameters. As the allocation of funds among asset classes may be the single most important determinant of the investment performance, the assets shall be divided into the following asset classes:

	<u>Maximum %</u>	<u>Minimum %</u>	<u>Target %</u>
U.S Equity - Small-Cap Max 7%	65.00%	25.00%	37.00%
U.S Equity - Mid-Cap Max 10%	65.00%	25.00%	37.00%
International Equity - Emerging Mkts Max 7%	30.00%	0.00%	25.00%
Fixed Income - Intl/Global Max 10%	40.00%	10.00%	25.00%
Alternatives - Private Investment Max 15%	25.00%	0.00%	15.00%
Cash	10.00%	0.00%	0.00%

The actual asset allocation, which will fluctuate with market conditions, will receive the regular scrutiny of the Foundation's investment consultant who will recommend, when appropriate, that the Foundation make changes to the policy.

NOTE 7 SPLIT-INTEREST AGREEMENTS

The Foundation is the beneficiary of various charitable remainder trusts (CRTs) which provide for the payment of distributions to the grantor or other designated beneficiary over the trust's term (generally the designated beneficiary's lifetime). At the end of the trust's term, the remaining assets are available to the Foundation. The Foundation recognizes the fair value of its interest in the trust at the time the trust is established as a contribution. Fair value is based on the present value of the estimated future benefits to be received using discount rates ranging from 6% to 10%. Assets held in the charitable remainder trusts totaled \$1,559,004 at June 30, 2021 and are reported at fair value, as part of the long-term investments on the Statement of Financial Position depending on the nature of the assets. The Foundation did not receive additional contributions to split-interest agreements during the year ended June 30, 2021. The Foundation revalues its liability to make distributions to the other designated beneficiaries annually based on mortality tables and other applicable factors. The change in the value of the split-interest agreements recorded for the year ended June 30, 2021 was a decrease of \$82,788 which resulted in a change in net assets without donor restrictions.

**CSUSB PHILANTHROPIC FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 PROMISES TO GIVE

Unconditional promises to give consisted of the following at June 30, 2021:

Nature of promises to give:

Endowment funds	\$	161,155
Other purpose restrictions		<u>483,849</u>
Total	<u>\$</u>	<u>645,004</u>

Amounts due in:

Less than one year	\$	298,438
One to five years		346,566
Five to ten years		<u>-</u>
Total promises to give, net	<u>\$</u>	<u>645,004</u>

Promises to give were recognized at the stated value of the gifts. The current year present value discount was \$1,421 based on applicable U.S. treasury yields for the applicable issue maturity.

**CSUSB PHILANTHROPIC FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 9 RESTRICTIONS AND LIMITATIONS ON NET ASSETS

As of June 30, 2021, the Foundation's net assets with donor restrictions were allocated as follows:

Subject to expenditure for specified purpose:

Palm Desert Campus	\$ 766,273
Jack H. Brown College of Business & Public Administration	1,519,986
College of Natural Sciences	1,710,300
College of Arts & Letters	505,144
College of Social & Behavioral Sciences	650,477
College of Education	541,858
College of Extended and Global Education	14,352
Athletics	458,640
Information Resource & Technology	18,118
Undergraduate Studies	218,974
Office of Community Engagement	486
Veteran's Success Center	48,811
Academic Affairs	399,083
Library	61,991
Student Services	506,552
University Advancement	511,449
Expendable Scholarships	2,038,950
Other numerous miscellaneous donor restrictions	100,213
	<u>10,071,657</u>

Subject to the passage of time:

Other Receivables	347,971
Promises to Give, Net	483,849
Charitable Remainder Trusts, Net	686,352
	<u>1,518,172</u>

Endowments:

Subject to endowment spending policy and appropriation	15,481,070
Perpetual in nature	40,204,894
Promises to Give	161,155
Total Endowment Fund	<u>55,847,119</u>
Total Net Assets with Donor Restrictions	<u>\$ 67,436,948</u>

**CSUSB PHILANTHROPIC FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 9 RESTRICTIONS AND LIMITATIONS ON NET ASSETS (CONTINUED)

During the years ended June 30, 2021, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

Expiration of time restrictions	\$	307,249
Endowment assets appropriated for expenditure		1,383,258
Satisfaction of purpose restrictions:		
Academic Colleges		385,226
Palm Desert Campus		223,865
Student Services		209,447
Academic Affairs		211,085
Administrative Divisions		145,533
University Wide Scholarship, Grants and Programs		884,342
	<u>\$</u>	<u>3,750,005</u>

The Foundation's governing board has designated from total net assets without donor net assets for the following purposes as of June 30, 2021:

Board-Designated Net Assets		
Scholarship Reserve	\$	566,967
Economic Uncertainty Reserve		239,526
Total Board-Designated Net Assets	<u>\$</u>	<u>806,493</u>

NOTE 10 TRANSFERS TO AND FROM THE UNIVERSITY (INCLUDING OTHER AUXILIARY ORGANIZATIONS)

During the year, transfers were made to the University (including other auxiliary organizations) and are listed on the statement of activities as Transfers to Related Entities. For the year ended June 30, 2021 these transfers consisted of the following:

Transfers to related entities:		
Reimbursement to UEC for payroll processing for gift funds	\$	617,307
Reimbursements to UEC for misc. programs/staff awards/luncheons		740
Transfer to CSUSB for reimbursements for various services provided		<u>149,856</u>
Total	<u>\$</u>	<u>767,903</u>

**CSUSB PHILANTHROPIC FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 10 TRANSFERS TO AND FROM THE UNIVERSITY (INCLUDING OTHER AUXILIARY ORGANIZATIONS) (CONTINUED)

During the year, transfers were received from the University (including other auxiliary organizations) and are listed on the statement of activities as Transfers from Related Entities. For the year ended June 30, 2021 these transfers consisted of the following:

Transfers from from related entities:

Transfer scholarship and support funds from ASI	\$	89,000
Miscellaneous program transfers from CSUSB		18,000
Miscellaneous program transfers from Santos Manuel Student Union		-
Miscellaneous program transfers from UEC		37,625
 Total	 \$	 144,625

NOTE 11 RELATED PARTIES AND ECONOMIC DEPENDENCY

As discussed in Note 1, the Foundation operates under an agreement with the Trustees as an auxiliary organization of the University. Accordingly, essentially all revenues, and realization of certain assets, are dependent upon the continuation of this agreement.

A schedule of related party transactions between the Foundation, the University and other auxiliary organizations as of June 30, 2021 is as follows:

For the year ended June 30, 2021	CSUSB	Associated Students	Santos Manuel Student Union	University Enterprises Corporation	Total
<u>Expenses</u>					
Payments to Univ/Aux for salaries of personnel working on contracts, grants, and other programs	\$ 376,072	-	-	\$ 704,118	\$ 1,080,190
Payments to Univ/Aux for other than salaries of personnel	4,412,517	-	1,628	35,847	4,449,992
<u>Revenues</u>					
Payments received from Univ/Aux for services, space and programs	2,086,782	203,000	-	154,458	2,444,240
<u>Due to</u>					
Accounts Payable due to Univ/Aux as of June 30, 2020	(85,680)	-	-	-	(85,680)
<u>Due from</u>					
Accounts Receivable due from Univ/Aux as of June 30, 2020	27,833	-	-	331	28,164
Gifts-in-Kind to University as of June 30, 21	466,704	-	-	-	466,704

**CSUSB PHILANTHROPIC FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 12 AVAILABLE RESOURCES AND LIQUIDITY

The Foundation regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Foundation has various sources of liquidity at its disposal, including cash and cash equivalents, short-term debt and equity securities, and receivables due within the next 12 months.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, The Foundation considers all expenditures related to its ongoing activities of scholarships and designated gift administration as well as the general and administrative services undertaken to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, The Foundation operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures. Refer to the statement of cash flows which identifies the sources and uses of The Foundation's cash and shows positive cash generated by operations for fiscal year 2021.

As of June 30, 2021, the following tables show the total financial assets held by The Foundation and the amounts of those financial assets could readily be made available within one year of the balance sheet date to meet general expenditures. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the balance sheet date.

Financial Assets:	2021
Cash and Cash Equivalents	\$ 466,345
Investments Convertible to Cash in the Next 12 Months	11,429,667
Other Receivables	359,424
Due From Related Parties	28,164
Promises to Give, Net	645,004
Other Long-Term Assets	57,151,001
Total	\$ 70,079,605

Financial Assets Available to Meet General Expenditures Over the Next 12 Months:	2021
Cash and Cash Equivalents	\$ 466,345
Other Receivables	359,424
Due From Related Parties	28,164
Current Portion of Contributions for General Expenditures	298,438
Investments Not Encumbered by Donor or Board Restrictions	11,429,667
Total	\$ 12,582,038

**CSUSB PHILANTHROPIC FOUNDATION
SCHEDULE OF NET POSITION
YEAR ENDED JUNE 30, 2021
(FOR INCLUSION IN THE CALIFORNIA STATE UNIVERSITY)
(SEE INDEPENDENT AUDITORS' REPORT)**

Assets:	
Current assets:	
Cash and cash equivalents	\$ 466,344
Short-term investments	11,429,666
Accounts receivable, net	387,588
Capital lease receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	645,004
Prepaid expenses and other current assets	-
Total current assets	<u>12,928,602</u>
Noncurrent assets:	
Restricted cash and cash equivalents	-
Accounts receivable, net	-
Capital lease receivable, net of current portion	-
Notes receivable, net of current portion	-
Student loans receivable, net	-
Pledges receivable, net	-
Endowment investments	55,591,997
Other long-term investments	1,559,004
Capital assets, net	-
Other assets	-
Total noncurrent assets	<u>57,151,001</u>
Total assets	<u>70,079,603</u>
Deferred outflows of resources:	
Unamortized loss on debt refunding	-
Net pension liability	-
Net OPEB liability	-
Others	-
Total deferred outflows of resources	<u>-</u>
Liabilities:	
Current liabilities:	
Accounts payable	112,533
Accrued salaries and benefits	-
Accrued compensated absences, current portion	-
Unearned revenues	235,827
Capital lease obligations, current portion	-
Long-term debt obligations, current portion	-
Claims liability for losses and loss adjustment expenses, current portion	-
Depository accounts	-
Other liabilities	206,194
Total current liabilities	<u>554,554</u>
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	-
Unearned revenues	-
Grants refundable	-
Capital lease obligations, net of current portion	-
Long-term debt obligations, net of current portion	-
Claims liability for losses and loss adjustment expenses, net of current portion	-
Depository accounts	-
Net other postemployment benefits liability	-
Net pension liability	-
Other liabilities	-
Total noncurrent liabilities	<u>-</u>
Total liabilities	<u>554,554</u>
Deferred inflows of resources:	
Service concession arrangements	-
Net pension liability	-
Net OPEB liability	-
Unamortized gain on debt refunding	-
Nonexchange transactions	-
Others	872,652
Total deferred inflows of resources	<u>872,652</u>
Net position:	
Net investment in capital assets	-
Restricted for:	
Nonexpendable – endowments	55,847,119
Expendable:	
Scholarships and fellowships	-
Research	-
Loans	-
Capital projects	-
Debt service	-
Others	12,396,322
Unrestricted	408,957
Total net position	<u>\$ 68,652,398</u>

CSUSB PHILANTHROPIC FOUNDATION
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2021
(FOR INCLUSION IN THE CALIFORNIA STATE UNIVERSITY)
(SEE INDEPENDENT AUDITORS' REPORT)

Revenues:	
Operating revenues:	
Student tuition and fees, gross	\$ -
Scholarship allowances (enter as negative)	-
Grants and contracts, noncapital:	
Federal	-
State	-
Local	-
Nongovernmental	-
Sales and services of educational activities	-
Sales and services of auxiliary enterprises, gross	-
Scholarship allowances (enter as negative)	-
Other operating revenues	-
Total operating revenues	<u>-</u>
Expenses:	
Operating expenses:	
Instruction	-
Research	-
Public service	-
Academic support	-
Student services	-
Institutional support	2,042,551
Operation and maintenance of plant	-
Student grants and scholarships	1,637,013
Auxiliary enterprise expenses	-
Depreciation and amortization	-
Total operating expenses	<u>3,679,564</u>
Operating income (loss)	<u>(3,679,564)</u>
Nonoperating revenues (expenses):	
State appropriations, noncapital	-
Federal financial aid grants, noncapital	-
State financial aid grants, noncapital	-
Local financial aid grants, noncapital	-
Nongovernmental and other financial aid grants, noncapital	-
Other federal nonoperating grants, noncapital	-
Gifts, noncapital	2,840,830
Investment income (loss), net	-
Endowment income (loss), net	12,122,528
Interest expense	-
Other nonoperating revenues (expenses) - excl. interagency transfers	(606,773)
Net nonoperating revenues (expenses)	<u>14,356,585</u>
Income (loss) before other revenues (expenses)	<u>10,677,021</u>
State appropriations, capital	-
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	571,371
Increase (decrease) in net position	<u>11,248,392</u>
Net position:	
Net position at beginning of year, as previously reported	57,404,006
Restatements	-
Net position at beginning of year, as restated	<u>57,404,006</u>
Net position at end of year	<u>\$ 68,652,398</u>

**CSUSB PHILANTHROPIC FOUNDATION
OTHER INFORMATION (CONTINUED)
JUNE 30, 2021
(FOR INCLUSION IN THE CALIFORNIA STATE UNIVERSITY)
(SEE INDEPENDENT AUDITORS' REPORT)**

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

-
466,344
466,344

2.1 Composition of investments:

Investment Type	Current	Noncurrent	Fair Value
Money market funds	11,404	-	11,404
Repurchase agreements	-	-	-
Certificates of deposit	-	-	-
U.S. agency securities	-	-	-
U.S. treasury securities	-	-	-
Municipal bonds	-	-	-
Corporate bonds	-	-	-
Asset backed securities	-	-	-
Mortgage backed securities	-	-	-
Commercial paper	-	-	-
Mutual funds	6,357,062	33,068,707	39,425,769
Exchange traded funds	-	-	-
Equity securities	-	22,526,823	22,526,823
Alternative investments:	-	-	-
Private equity (including limited partnerships)	-	-	-
Hedge funds	-	130,550	130,550
Managed futures	-	-	-
Real estate investments (including REITs)	-	1,424,921	1,424,921
Commodities	-	-	-
Derivatives	-	-	-
Other alternative investment	-	-	-
Other external investment pools	-	-	-
CSU Consolidated Investment Pool (formerly SWIFT)	5,061,201	-	5,061,201
State of California Local Agency Investment Fund (LAIF)	-	-	-
State of California Surplus Money Investment Fund (SMIF)	-	-	-
Other investments:	-	-	-
Total Other investments	-	-	-
Total investments	11,429,666	57,151,001	68,580,667
Less endowment investments (enter as negative number)	-	(55,591,997)	(55,591,997)
Total investments, net of endowments	\$ 11,429,666	1,559,004	12,988,671

2.2 Fair value hierarchy in investments:

Investment Type	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value (NAV)
Money market funds	\$ 11,404	-	11,404	-	-
Repurchase agreements	-	-	-	-	-
Certificates of deposit	-	-	-	-	-
U.S. agency securities	-	-	-	-	-
U.S. treasury securities	-	-	-	-	-
Municipal bonds	-	-	-	-	-
Corporate bonds	-	-	-	-	-
Asset backed securities	-	-	-	-	-
Mortgage backed securities	-	-	-	-	-
Commercial paper	-	-	-	-	-
Mutual funds	39,425,769	39,425,769	-	-	-
Exchange traded funds	-	-	-	-	-
Equity securities	22,526,823	22,526,823	-	-	-
Alternative investments:	-	-	-	-	-
Private equity (including limited partnerships)	-	-	-	-	-
Hedge funds	130,550	-	-	-	130,550
Managed futures	-	-	-	-	-
Real estate investments (including REITs)	1,424,921	-	-	-	1,424,921
Commodities	-	-	-	-	-
Derivatives	-	-	-	-	-
Other alternative investment	-	-	-	-	-
Other external investment pools	-	-	-	-	-
CSU Consolidated Investment Pool (formerly SWIFT)	5,061,201	-	-	-	5,061,201
State of California Local Agency Investment Fund (LAIF)	-	-	-	-	-
State of California Surplus Money Investment Fund (SMIF)	-	-	-	-	-
Other investments:	-	-	-	-	-
Total Other investments	\$ -	-	-	-	-
Total investments	68,580,667	61,952,592	11,404	-	6,616,672

**CSUSB PHILANTHROPIC FOUNDATION
OTHER INFORMATION (CONTINUED)
JUNE 30, 2021
(FOR INCLUSION IN THE CALIFORNIA STATE UNIVERSITY)
(SEE INDEPENDENT AUDITORS' REPORT)**

2.3 Investments held by the University under contractual agreements:

Instruction: Amounts should agree with University's investments held on behalf of Discretely Presented Component Units.

	Current	Noncurrent	Total
Investments held by the University under contractual agreements e.g. - CSU Consolidated Investment Pool (formerly SWIFT):	5,061,201	\$ -	5,061,201

3.1 Composition of capital assets:

	Balance June 30, 2020	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2020 (Restated)	Additions	Retirements	Transfer of completed CWIP/PWIP	Balance June 30, 2021
Non-depreciable/Non-amortizable capital assets:									
Land and land improvements					\$ -				\$ -
Works of art and historical treasures					-				-
Construction work in progress (CWIP)					-				-
Intangible assets:									
Rights and easements					-				-
Patents, copyrights and trademarks					-				-
Intangible assets in progress (PWIP)					-				-
Licenses and permits					-				-
Other intangible assets:									
Total Other intangible assets	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total non-depreciable/non-amortizable capital assets	\$ -	-	-	-	\$ -	-	-	-	\$ -
Depreciable/Amortizable capital assets:									
Buildings and building improvements					-				-
Improvements, other than buildings					-				-
Infrastructure					-				-
Leasehold improvements					-				-
Personal property:									
Equipment	528,293				528,293	240,863	(769,156)		(0)
Library books and materials					-				-
Intangible assets:									
Software and websites					-				-
Rights and easements					-				-
Patents, copyrights and trademarks					-				-
Licenses and permits					-				-
Other intangible assets:									
Total Other intangible assets	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total depreciable/amortizable capital assets	528,293	-	-	-	528,293	240,863	(769,156)	-	(0)
Total capital assets	\$ 528,293	-	-	-	\$ 528,293	240,863	(769,156)	-	\$ (0)
Less accumulated depreciation/amortization: (enter as negative number, except for reductions enter as positive number)									
Buildings and building improvements					-				-
Improvements, other than buildings					-				-
Infrastructure					-				-
Leasehold improvements					-				-
Personal property:									
Equipment	(263,342)				(263,342)		263,342		(0)
Library books and materials					-				-
Intangible assets:									
Software and websites					-				-
Rights and easements					-				-
Patents, copyrights and trademarks					-				-
Licenses and permits					-				-
Other intangible assets:									
Total Other intangible assets	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	(263,342)	-	-	-	(263,342)	-	263,342	-	(0)
Total capital assets, net	\$ 264,951	-	-	-	\$ 264,951	240,863	(505,814)	-	(0)

**CSUSB PHILANTHROPIC FOUNDATION
OTHER INFORMATION (CONTINUED)
JUNE 30, 2021
(FOR INCLUSION IN THE CALIFORNIA STATE UNIVERSITY)
(SEE INDEPENDENT AUDITORS' REPORT)**

3.2 Detail of depreciation and amortization expense:
Depreciation and amortization expense related to capital assets \$ -
Amortization expense related to other assets -
Total depreciation and amortization \$ -

4 Long-term liabilities:

	Balance June 30, 2020	Prior Period Adjustments/Reclassification s	Balance June 30, 2020 (Restated)	Additions	Reductions	Balance June 30, 2021	Current Portion	Noncurrent Portion
1. Accrued compensated absences	\$ -	-	-	-	-	\$ -	-	\$ -
2. Claims liability for losses and loss adjustment expenses	-	-	-	-	-	-	-	-
3. Capital lease obligations:								
Gross balance	-	-	-	-	-	-	-	-
Unamortized net premium (discount)	-	-	-	-	-	-	-	-
Total capital lease obligations	\$ -	-	-	-	-	-	-	-
4. Long-term debt obligations:								
4.1 Auxiliary revenue bonds (non-SRB related)	\$ -	-	-	-	-	\$ -	-	-
4.2 Commercial paper	-	-	-	-	-	-	-	-
4.3 Notes payable (SRB related)	-	-	-	-	-	-	-	-
4.4 Others:								
Total others	-	-	-	-	-	-	-	-
Sub-total long-term debt	\$ -	-	-	-	-	\$ -	-	-
4.5 Unamortized net bond premium (discount)	-	-	-	-	-	-	-	-
Total long-term debt obligations	-	-	-	-	-	-	-	-
Total long-term liabilities	\$ -	-	-	-	-	\$ -	-	\$ -

5 Capital lease obligations schedule:

	Capital lease obligations related to SRB			All other capital lease obligations			Total capital lease obligations		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
Year ending June 30:									
2021	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-
2026 - 2030	-	-	-	-	-	-	-	-	-
2031 - 2035	-	-	-	-	-	-	-	-	-
2036 - 2040	-	-	-	-	-	-	-	-	-
2041 - 2045	-	-	-	-	-	-	-	-	-
2046 - 2050	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-
Total minimum lease payments	\$ -	-	-	-	-	-	-	-	-
Less: amounts representing interest	-	-	-	-	-	-	-	-	-
Present value of future minimum lease payments	-	-	-	-	-	-	-	-	-
Unamortized net premium (discount)	-	-	-	-	-	-	-	-	-
Total capital lease obligations	-	-	-	-	-	-	-	-	-
Less: current portion	-	-	-	-	-	-	-	-	-
Capital lease obligations, net of current portion	-	-	-	-	-	-	-	-	\$ -

**CSUSB PHILANTHROPIC FOUNDATION
OTHER INFORMATION (CONTINUED)
JUNE 30, 2021
(FOR INCLUSION IN THE CALIFORNIA STATE UNIVERSITY)
(SEE INDEPENDENT AUDITORS' REPORT)**

6 Long-term debt obligations schedule:

	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:									
2021			-			-			-
2022			-			-			-
2023			-			-			-
2024			-			-			-
2025			-			-			-
2026 - 2030			-			-			-
2031 - 2035			-			-			-
2036 - 2040			-			-			-
2041 - 2045			-			-			-
2046 - 2050			-			-			-
Thereafter			-			-			-
Total minimum payments	\$ -	-	-	-	-	-	-	-	-
Less: amounts representing interest									-
Present value of future minimum payments									-
Unamortized net premium (discount)									-
Total long-term debt obligations									-
Less: current portion									-
Long-term debt obligations, net of current portion									-

7 Transactions with related entities:

Payments to University for salaries of University personnel working on contracts, grants, and other programs	376,072
Payments to University for other than salaries of University personnel	4,412,517
Payments received from University for services, space, and programs	2,086,782
Gifts-in-kind to the University from discretely presented component units	466,704
Gifts (cash or assets) to the University from discretely presented component units	
Accounts (payable to) University (enter as negative number)	(85,680)
Other amounts (payable to) University (enter as negative number)	
Accounts receivable from University (enter as positive number)	27,833
Other amounts receivable from University (enter as positive number)	

8 Restatements

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

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

**CSUSB PHILANTHROPIC FOUNDATION
OTHER INFORMATION (CONTINUED)
JUNE 30, 2021
(FOR INCLUSION IN THE CALIFORNIA STATE UNIVERSITY)
(SEE INDEPENDENT AUDITORS' REPORT)**

9 Natural classifications of operating expenses:

	Salaries	Benefits - Other	Benefits - Pension	Benefits - OPEB	Scholarships and fellowships	Supplies and other services	Depreciation and amortization	Total operating expenses
Instruction	-	-	-	-	-	-	-	-
Research	-	-	-	-	-	-	-	-
Public service	-	-	-	-	-	-	-	-
Academic support	-	-	-	-	-	-	-	-
Student services	-	-	-	-	-	-	-	-
Institutional support	-	-	-	-	-	2,042,551	-	2,042,551
Operation and maintenance of plant	-	-	-	-	-	-	-	-
Student grants and scholarships	-	-	-	-	1,637,013	-	-	1,637,013
Auxiliary enterprise expenses	-	-	-	-	-	-	-	-
Depreciation and amortization	-	-	-	-	-	-	-	-
Total operating expenses	\$ -	-	-	-	1,637,013	2,042,551	-	3,679,564

10 Deferred outflows/inflows of resources:

1. Deferred Outflows of Resources

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

Total deferred outflows - others	-
Total deferred outflows of resources	\$ -

2. Deferred Inflows of Resources

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

Total deferred inflows - others	872,652
Total deferred inflows of resources	\$ 872,652

11 Other nonoperating revenues (expenses)

Other nonoperating revenues	161,131
Other nonoperating (expenses)	(767,903)
Total other nonoperating revenues (expenses)	\$ (606,773)



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

Board of Directors
CSUSB Philanthropic Foundation
San Bernardino, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of CSUSB Philanthropic Foundation, (a non-profit organization), which comprise the statement of financial position as of June 30, 2021 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statement, and have issued our report thereon dated September 27, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



CliftonLarsonAllen LLP

Glendora, California
September 27, 2021

**CSUSB PHILANTHROPIC FOUNDATION
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2021**

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor. CLA is an independent member of Nexia International, a leading, global network of independent accounting and consulting firms. See [nexia.com/member-firm-disclaimer](https://www.nexia.com/member-firm-disclaimer) for details. **CliftonLarsonAllen LLP**

