

UNIVERSITY ENTERPRISES CORPORATION AT CSUSB

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2024)**



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**UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2025**

UEC BOARD OF DIRECTORS	1
INDEPENDENT AUDITORS' REPORT	2
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	5
STATEMENT OF ACTIVITIES	6
STATEMENT OF FUNCTIONAL EXPENSES	7
STATEMENT OF CASH FLOWS	8
NOTES TO FINANCIAL STATEMENTS	9
SUPPLEMENTARY INFORMATION	
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)	27
OTHER INFORMATION (FOR INCLUSION IN THE CALIFORNIA STATE UNIVERSITY)	29
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	37
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE	39
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	42
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	47
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	48
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS	58

UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
BOARD OF DIRECTORS
JUNE 30, 2025

OFFICERS

Tomás D. Morales, Chief Executive Officer
Paz Olivérez, Chair
Valerie Zellmer, Vice Chair
Samuel Sudhakar, Treasurer
Taewon Yang, Secretary

BOARD MEMBERS

Tomás D. Morales	Director (University President); Board Chief Executive Officer
Paz Olivérez	Director (Vice President); Board Chair
Valerie Zellmer	Director (Community); Board Vice Chair
Anthony Roberson	Director (Staff)
Carson Fajardo	Director (Student)
David Dufault-Hunter	Director (Vice President)
Dorothy Chen-Maynard	Director (Faculty)
Evajuani Bynum	Director (Community)
Jennifer Sorenson	Director (Staff)
Jeremy Dodsworth	Director (Faculty)
Juan Padilla	Director (Student)
Maritza Gomez	Director (Community)
Mike Razo	Director (Community)
Rafik Mohamed	Director (Vice President)
Robert Nava	Director (Vice President)
Robin Phillips	Director (Vice President)
Sam Sudhakar	Director (Vice President)
Shardul Kulkarni	Director (Student)
Taewon Yang	Director (Faculty)
Timothy Akers	Director (Sponsored Programs)



INDEPENDENT AUDITORS' REPORT

Board of Directors
University Enterprises Corporation at CSUSB
San Bernardino, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of University Enterprises Corporation at CSUSB (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of University Enterprises Corporation at CSUSB, as of June 30, 2025, 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.

Basis for Opinion

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*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of University Enterprises Corporation at CSUSB 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 opinion.

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 University Enterprises Corporation at CSUSB's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 University Enterprises Corporation at CSUSB'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 University Enterprises Corporation at CSUSB'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.

Supplementary Information

Our audit was conducted for the purpose of forming opinion on the financial statements as a whole. The schedule of net position, the schedule of revenues, expense, and changes in net position, and other information as listed in the table of contents, in addition to the listing of Board of Directors, 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 GAAS. 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 October 16, 2025, on our consideration of University Enterprises Corporation at CSUSB'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 University Enterprises Corporation at CSUSB'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 University Enterprises Corporation at CSUSB's internal control over financial reporting and compliance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the list of board of directors but does not include the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Summarized Comparative Information

We have previously audited the University Enterprises Corporation at CSUSB's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 27, 2024. In our opinion, the summarized comparative information presented herein as of and for the fiscal year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.



CliftonLarsonAllen LLP

Ontario, California
October 16, 2025

UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR 2024)

	2025	2024
ASSETS		
Cash and Cash Equivalents	\$ 8,523,314	\$ 4,323,017
Short-term Investments	14,344,678	13,809,215
Grants Receivable	11,514,910	13,992,070
Due From Related Party	1,429,621	473,090
Assets for Post-Employment Medical Benefits	1,779,510	954,859
Other Receivables	218,383	139,751
Prepaid Expenses	389,768	428,176
Property, Plant and Equipment, Net	2,557,897	2,717,371
Other Assets - Right-of-Use	3,438,048	3,594,314
Total Assets	\$ 44,196,129	\$ 40,431,863
LIABILITIES		
Accounts Payable	\$ 4,505,731	\$ 3,380,709
Due To Related Party	825,290	2,266,409
Accrued Wages and Benefits	1,070,501	964,954
Accrued Vacation	466,037	501,697
Other Accrued Liabilities	1,415,984	1,312,070
Deferred Revenue	14,484,390	10,542,430
Liabilities for Pension Benefits	4,673,756	3,827,652
Lease Liability	3,294,109	3,712,430
Total Liabilities	30,735,798	26,508,351
NET ASSETS		
Without Donor Restrictions		
Undesignated	11,232,962	11,696,143
Board-Designated	2,227,369	2,227,369
Total Without Donor Restrictions	13,460,331	13,923,512
Total Net Assets	13,460,331	13,923,512
Total Liabilities and Net Assets	\$ 44,196,129	\$ 40,431,863

See accompanying Notes to Financial Statements.

UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR 2024)

	Without Donor Restrictions	With Donor Restrictions	2025 Total	2024 Total
REVENUES				
Commissions	\$ 813,512	\$ -	\$ 813,512	\$ 807,244
Grants and Contracts	51,370,304	-	51,370,304	48,951,368
Special Programs	755,006	-	755,006	740,517
Parent Fees	441,485	-	441,485	424,945
Investment Income, Net	525,321	-	525,321	461,939
Unrealized Gain/(Loss) on Investments	(17,771)	-	(17,771)	55,737
Realized Gain/(Loss) on Investments	27,900	-	27,900	39,225
Miscellaneous Income	997,717	-	997,717	1,003,606
Total Revenues from Operations	54,913,474	-	54,913,474	52,484,581
Transfers from University/Other Auxiliary Organizations	662,980	-	662,980	991,983
Total Revenues	55,576,454	-	55,576,454	53,476,564
EXPENSES				
Program Expenses:				
Commercial Operations	1,269,264	-	1,269,264	1,197,973
Sponsored Programs	51,803,040	-	51,803,040	47,469,948
Campus Programs	2,356,115	-	2,356,115	2,331,651
Management and General	514,848	-	514,848	(360,720)
Total Program and General Expenses	55,943,267	-	55,943,267	50,638,852
CHANGES IN NET ASSETS FROM PROGRAM ACTIVITIES	(366,813)	-	(366,813)	2,837,712
OTHER ADJUSTMENTS				
Transfers to University/Other Auxiliary Organizations	(74,915)	-	(74,915)	(112,165)
Net Change in Pension Liability Valuation	(846,104)	-	(846,104)	(1,207,652)
Net Change in OPEB Liability Valuation	824,651	-	824,651	860,043
Total Other Adjustments	(96,368)	-	(96,368)	(459,774)
CHANGES IN NET ASSETS INCLUDING OTHER ADJUSTMENTS	(463,181)	-	(463,181)	2,377,938
Net Assets - Beginning of Year	13,923,512	-	13,923,512	11,545,574
NET ASSETS - END OF YEAR	\$ 13,460,331	\$ -	\$ 13,460,331	\$ 13,923,512

See accompanying Notes to Financial Statements.

UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR 2024)

	2025				0		
	Program Activities			Supporting Activities			
	Commercial Operations	Sponsored Programs	Campus Programs	Total Program Activities	Management and General	Total Expenses	Total Expenses
Salaries	\$ -	\$ 19,618,031	\$ 1,687,038	\$ 21,305,069	\$ 1,208,732	\$ 22,513,801	\$ 20,310,916
Employee benefits	-	5,272,798	414,842	5,687,640	393,755	6,081,395	5,757,057
Administrative costs	-	26,978	595	27,573	10,697	38,270	27,041
Bad debts	-	-	-	-	-	-	-
Bank and credit fees	-	-	-	-	4,675	4,675	6,262
Small equipment purchases	6,138	1,309,409	-	1,315,547	53,131	1,368,678	407,384
Conferences and meetings	-	453,301	967	454,268	28,548	482,816	535,187
Contract services	12,615	3,144,620	10,363	3,167,598	203,640	3,371,238	4,190,368
Cost of goods sold	10,662	-	-	10,662	-	10,662	10,757
Depreciation	427,002	173,560	262	600,824	76,132	676,956	655,510
Campus Services Expense	-	-	-	-	2,507,303	2,507,303	2,043,532
Dues, memberships and subscriptions	70	23,940	270	24,280	27,547	51,827	40,478
Food	-	76,998	24,757	101,755	-	101,755	71,662
Grant Indirect Costs	-	5,831,191	-	5,831,191	(5,831,191)	-	3,758
Honoraria	-	6,850	-	6,850	2,000	8,850	7,000
Information technology costs	-	514,677	404	515,081	24,029	539,110	501,347
Insurance	-	41,670	-	41,670	303,969	345,639	267,641
Interest	-	4,857	-	4,857	-	4,857	3,794
Leases	-	1,322,994	-	1,322,994	-	1,322,994	1,288,354
Licenses and permits	8,024	14,268	2,792	25,084	14,763	39,847	48,193
Grant Subrecipient Costs	-	3,052,100	-	3,052,100	(1,250)	3,050,850	2,335,725
Other expenses	103,197	508,345	24,384	635,926	372,126	1,008,052	666,846
Postage	3	3,833	809	4,645	779	5,424	3,593
Printing	40	10,221	2,262	12,523	1,546	14,069	26,288
Professional development and training	-	374,889	361	375,250	84,286	459,536	224,085
Professional fees	3,300	-	8,222	11,522	199,803	211,325	112,706
Public relations	-	67,769	410	68,179	8,047	76,226	41,946
Rental, equipment and space	239,587	27,728	-	267,315	4,966	272,281	4,909
Repairs	296,295	1,424,384	16,377	1,737,056	6,299	1,743,355	512,523
Stipends, room and board	-	5,199,090	-	5,199,090	21,561	5,220,651	5,445,182
Supplies	-	1,543,144	138,634	1,681,778	566,978	2,248,756	1,904,251
Travel	-	1,506,209	10,655	1,516,864	218,409	1,735,273	2,803,684
Utilities and telephone	162,331	249,186	11,711	423,228	3,568	426,796	380,873
Total Program and General Expenses	\$ 1,269,264	\$ 51,803,040	\$ 2,356,115	\$ 55,428,419	\$ 514,848	\$ 55,943,267	\$ 50,638,852

See accompanying Notes to Financial Statements.

UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR 2024)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (463,181)	\$ 2,377,938
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	647,392	651,104
Noncash Lease Expense	156,266	504,179
Unrealized (Gain) Loss on Investments	17,771	(55,737)
(Increase) Decrease in Assets:		
Grants Receivable	2,477,160	(1,754,982)
Due from Related Party	(956,531)	(241,902)
Other Receivables	(78,632)	301,315
Prepaid Expenses	38,408	71,537
Increase (Decrease) in Liabilities:		
Accounts Payable	1,125,022	1,115,344
Due to Related Party	(1,441,119)	(51,269)
Accrued Wages and Benefits	105,547	(14,265)
Accrued Vacation	(35,660)	67,942
Other Accrued Liabilities	103,914	614,584
Deferred Revenue	3,941,960	1,147,634
Post-Employment Medical Benefits	(824,651)	(860,043)
Actuarial Pension Related Items	846,104	1,207,652
Lease Liability	(418,321)	(463,139)
Net Cash Provided (Used) by Operating Activities	5,241,449	4,617,890
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments Related to the Construction of Capital Assets	-	(43,779)
Payments Related to the Acquisition of Capital Assets	(487,918)	(136,929)
Purchase of Investments	(6,199,061)	(2,483,813)
Sale of Investments	5,645,827	-
Net Cash Used by Investing Activities	(1,041,152)	(2,664,521)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,200,297	1,953,369
Cash and Cash Equivalents - Beginning of Year	4,323,017	2,369,648
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 8,523,314	\$ 4,323,017

See accompanying Notes to Financial Statements.

UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

University Enterprises Corporation at CSUSB was created on July 31, 1962 as the San Bernardino-Riverside State College Foundation pursuant to the general nonprofit corporation laws of the state of California. On October 30, 1984, the name of the corporation was changed to The Foundation for California State University, San Bernardino (the Foundation). On July 1, 2011, the name of the corporation was changed to University Enterprises Corporation at CSUSB (UEC). At that time all endowment and gift assets, with the exception of charitable remainder trusts set up with the UEC acting as trustee, were transferred to the newly created Philanthropic Foundation. The UEC was organized to promote and assist education, administration and related services of the California State University, San Bernardino. The UEC 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 June 30, 2030.

Major Program Services

The UEC's major program services include:

Commercial Operations, consisting of vending and contract oversight of campus bookstore and dining service operations.

Sponsored Programs, which includes the operation and administration of externally funded sponsored projects in support of the instructional, research and public functions of the University.

Campus Programs, consisting of the operation of the on-campus Child Care Center, Infant Toddler Center, PC Lab, and Alumni Relations.

Estimates

The preparation of these financial statements in conformity with accounting principles generally accepted in the United States of America 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.

UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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

Basis of Accounting and Presentation

The financial statements of the UEC have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with the 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 UEC 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- (or certain grantor-) 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. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are released from restrictions when the assets are placed in service. 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.

Cash and Cash Equivalents and Concentrations

For purposes of the statement of cash flows, cash and cash equivalents include all highly liquid investments with a maturity of three months or less from date of purchase. UEC maintains its cash balances in three financial institutions. The Federal Deposit Insurance Corporation (FDIC) insures up to \$250,000 per depositor, per insured bank, for each account ownership category. These balances may at times exceed the FDIC limit. As of June 30, 2025, UEC had \$8,438,535 above federally insured limits. However, the financial institutions have secured the deposits by pledging securities in an individual collateral pool, held by a depository, regulated under state law. Accordingly, UEC believes it is not exposed to any significant credit risk on cash and cash equivalents.

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 acquisition cost. Unrealized gains and losses are included in the change in net assets. Short-term investments consist of debt securities with original maturities of 12 months or less. Long-term investments consist of debt securities with original maturities greater than 12 months.

UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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

Prepaid Expenses

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

Receivables and Allowances

Other receivables are presented net of an allowance for credit losses. Any allowance for credit losses is based on historical loss experience and management's estimate of collectability. Management estimates that all receivables at June 30, 2025 are fully collectible, and therefore no allowance has been presented.

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. UEC'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.

Property acquired with federal and/or state funds is considered to be owned by UEC while used in the program(s) for which it was purchased or in other future authorized programs. Disposition of such equipment and the ownership of any proceeds there from is subject to federal and state regulations.

Donated Materials, Services, and Other Assets

Volunteers contribute time to our program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet the recognition criteria prescribed by generally accepted accounting principles.

Revenue and Revenue Recognition

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expirations of donor-imposed restrictions on net assets, that is, the donor-imposed stipulated purpose has been accomplished and/or the stipulated time period has elapsed, are reported as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same year the gift is made are reported as contributions without donor restrictions. Gains and losses on assets and liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations.

UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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

Revenue and Revenue Recognition (Continued)

Unconditional promises to give are recognized initially at fair value as contributions revenue in the period such promises are made by donors. Conditional promises are recorded as revenue once the conditions are substantially met. Contributions are recognized as donor restricted net assets if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restriction and reported in the statements of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same year the gift is made are reported as contributions with donor restrictions and releases in the current year.

Grants and Contracts comprise of cost-reimbursable contracts and grants, which are conditional contributions recognized in accordance with the policy described in the preceding paragraph, and exchange revenue related to the value of the benefits received by the funding agency, which is recognized as the services are provided. Amounts received under cost-reimbursable contracts are recognized as earned and are reported as revenue when UEC has incurred expenditures in compliance with specific contract or grant provisions. Amounts received but not yet earned are reported as deferred revenue in the statement of financial position. UEC received cost reimbursable grants of \$12,100,334 that have not been recognized at June 30, 2025 because qualifying expenditures have not yet been incurred.

Special Program revenue consists primarily of unconditional contributions.

Commissions revenue is recognized when earned in accordance with the terms and conditions contained in the agreements with the third-parties. UEC receives a percentage of proceeds derived from Bookstore and Food Services operations as well as vending machines. The contractor of the Bookstore operation provides a guaranteed commission for the life of the contract. The Food Services commission is based on a percentage of gross sales.

Concentrations

Receivables at June 30, 2025 include amounts due from students, governmental funding sources, and the California State University, San Bernardino.

Income Taxes

UEC is a nonprofit tax-exempt corporation organized under Internal Revenue Code Section 501(c)(3) and is classified as other than a private foundation. It is also exempt from state income taxes. However, any unrelated business income may be subject to taxation. The UEC had no obligation for any unrelated business income tax during the year.

UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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

Comparative Totals

The financial statements and notes include certain prior year summarized comparative information in total, but not by net assets class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the University Enterprises Corporation at CSUSB's financial statements for the fiscal year ended June 30, 2024, from which the summarized information was derived.

Leases

UEC leases its facilities under noncancelable leases arrangements. UEC determines if an arrangement is a lease at inception. In evaluating contracts to determine if they qualify as a lease, UEC considers factors such as if UEC has obtained substantially all of the rights to the underlying asset through exclusivity, if UEC can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

Operating and financing leases are included in other assets – right-of-use (ROU) and lease liabilities on the accompanying balance sheet. ROU assets represent UEC's right to use an underlying asset for the lease term and lease liabilities represent UEC's obligation to make lease payments arising from the lease.

ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. For leases that do not provide an implicit rate, UEC has elected to use a risk-free discount rate of a period comparable with that of the lease term for computing the present value of lease liabilities. The lease ROU assets also include any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that UEC will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. UEC has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the accompanying balance sheet.

UEC has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component. UEC's lease agreements do not contain any material residual value guarantees or material restrictive covenants. Additionally, the individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, UEC has elected to use the risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of the lease liabilities.

Subsequent Events

Management has evaluated subsequent events through October 16, 2025, the date the financial statements were available to be issued.

UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2 INVESTMENTS AND FAIR VALUE MEASUREMENTS

FASB ASC 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. 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 or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

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

Level 2 – Inputs to the valuation methodology include:

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

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

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

The asset or liability's fair value measurement level 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.

The following is a description of the valuation methodologies:

Money Market Funds – Money Market Funds are valued at net asset value (NAV) of \$1 per share, and are comprised of short-term (less than one year) securities representing high-quality, liquid debt and monetary instruments.

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

CSU Systemwide Investment Pool – The Pool investment is reported at net asset value as provided by the California State University System.

UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

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 UEC 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, 2025 are as follows:

	Total	Fair Value Measurements at June 30, 2025			NAV
		Level 1	Level 2	Level 3	
Short-Term Investments:					
Money Market Funds	\$ 11,945,287	\$ 11,945,287	\$ -	\$ -	\$ -
CSU Systemwide	2,096,644	-	-	-	2,096,644
Mutual Funds	302,747	302,747	-	-	-
Total Short-Term Investments	<u>\$ 14,344,678</u>	<u>\$ 12,248,034</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,096,644</u>

UEC has pooled investments with the CSU Systemwide Investment Pool (previously SWIFT). As a result of a 2007 change in Education Code 89721(l) 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.

Investment fees for the year ended June 30, 2025 amounted to \$23,336 and are netted against investment income on the statement of activities.

UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3 PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment consisted of the following at June 30, 2025:

Land	\$	4,640
Buildings		2,196,396
Equipment, Furniture and Fixtures		5,162,519
Leasehold Improvements		3,015,871
Intangible Assets		189,057
		<u>10,568,483</u>
Less: Accumulated Depreciation and Amortization		(8,010,586)
Property, Plant, and Equipment, Net	\$	<u><u>2,557,897</u></u>

The buildings are located on land leased from the state of California. Because of the relationship between UEC and the University, the building is being depreciated over its estimated useful life rather than the term of the lease which expired December 31, 2017.

Depreciation expense for the year ended June 30, 2025 was \$647,392.

NOTE 4 LEASING ACTIVITIES

The UEC has operating and finance leases of buildings for administrative offices and for certain equipment. The leases have remaining lease terms of 1 year to 15 years, some of which include options to extend the leases for up to 5 years, and some of which include options to terminate the leases within 1 year.

The following summarizes the line items in the statements of financial position which include amounts for operating and finance leases as of June 30, 2025:

Operating Leases

Operating Lease Right-of-Use-Assets	\$	<u>3,391,566</u>
Operating Lease Liabilities, current portion	\$	1,235,928
Operating Lease Liabilities, net of current portion		<u>2,009,767</u>
Total Operating Lease Liabilities	\$	<u><u>3,245,695</u></u>

Finance Leases

Property and Equipment	\$	106,671
Accumulated Depreciation		(60,189)
Property and Equipment, net	\$	<u>46,482</u>
Financing Lease Liabilities, current portion	\$	26,810
Financing Lease Liabilities, net of current portion		<u>21,604</u>
Total Finance Lease Liabilities	\$	<u><u>48,414</u></u>

UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 4 LEASING ACTIVITIES (CONTINUED)

The following summarizes the weighted average remaining lease term and discount rate as of June 30, 2025:

Weighted Average Remaining Lease Term

Operating Leases	3.32 years
Finance leases	1.77 years

Weighted Average Discount Rate

Operating Leases	4.17%
Finance Leases	5.15%

The maturities of lease liabilities as of June 30, 2025 were as follows:

<u>Year Ending June 30,</u>	<u>Operating</u>	<u>Financing</u>
2026	1,323,497	28,674
2027	1,404,286	22,078
2028	139,703	-
2029	132,396	-
2030	136,368	-
Thereafter	409,000	-
Total Lease Payments	3,545,250	50,752
Less: Interest	(299,554)	(2,339)
Present Value of Lease Liabilities	<u>\$ 3,245,696</u>	<u>\$ 48,413</u>

The following summarizes the line items in the statements of activities which include the components of lease expense for the year ended June 30, 2025:

Operating Lease Expense Included in Management and General Expenses	<u>\$ 1,322,994</u>
Finance lease Costs:	
Amortization of Lease Assets Included in Management and General Expenses	\$ 28,995
Interest on Lease Liabilities Included in Management and General Expenses	3,149
Total Finance Lease Costs	<u>\$ 32,144</u>

The following summarizes cash flow information related to leases for the year ended June 30, 2025:

Cash Paid for Amounts Included in the Measurement of Lease Liabilities:	
Operating Cash Flows From Operating Leases	\$ 1,389,521
Operating Cash Flows From Finance Leases	28,887
Financing Cash Flows From Finance Leases	3,273
Lease Assets Obtained in Exchange for Lease Obligations:	
Operating Leases	1,063,821
Finance Leases	-

UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 5 BOARD-DESIGNATED AND DONOR RESTRICTED NET ASSETS

UEC's governing board has designated, from net assets without donor restrictions of \$2,227,369 net assets for the following purposes as of June 30, 2025:

Board-Designated Net Assets	
Current Operations Reserve	\$ 302,253
Working Capital Reserve	990,105
Unplanned Capital Replacement Reserve	409,620
Capital Projects Reserve	-
Undesignated General Reserve	25,391
Sponsored Programs Reserve for Disallowances	500,000
Total Board-Designated Net Assets	<u>\$ 2,227,369</u>

There were no net assets with donor restrictions at June 30, 2025.

NOTE 6 DEFINED BENEFIT PENSION PLAN

Plan Description

UEC contributes to the California Public Employees' Retirement System (PERS), a cost-sharing multiple employer public employee retirement system that acts as a common investment and administrative agent for participating public entities within the state of California. All employees who are current members of PERS or employed for more than six months or accumulate 1,000 hours of paid employment are eligible to participate in PERS. Benefits vest after five years of PERS credited service, usually five years of full-time service. UEC employees who retire at or after age 50 with five years of credited service are entitled to an annual retirement benefit, payable for life, in an amount equal to a percent of pay, on a scale based on age and years of service, of the average monthly pay rate for the highest consecutive 12 months of compensation. PERS also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute and UEC policies. Copies of CalPERS' annual financial report may be obtained from the CalPERS's website, at www.calpers.ca.gov.

Effective January 1, 2013, Public Employees' Pension Reform Act (PEPRA) implemented new benefit formulas and final compensation period, as well as new contribution requirements for new employees hired on or after January 1, 2013, who meet the definition of new member as per PEPRA.

Funding Policy

UEC employees are required to contribute 5% of their annual covered earnings over \$513. UEC is required to contribute the remaining amounts necessary to fund the benefits for its members, using the actuarial basis recommended by the PERS actuaries and actuarial consultants and adopted by the Board of Administration. The required employer contribution rate for the year ended June 30, 2025 was 15.26% for the miscellaneous plan and 8.18% for the miscellaneous tier 1 plan (PEPRA). The payroll for employees covered by PERS for the year ended June 30, 2025 was \$11,281,776. Total payroll for the year ended June 30, 2025 amounted to \$22,513,801. Employer contributions for the year ended June 30, 2025 were

UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 6 DEFINED BENEFIT PENSION PLAN (CONTINUED)

\$1,050,867 based on amounts required to be contributed. Total employee contributions for the year ended June 30, 2025 were \$866,147.

The following table presents a reconciliation of net pension liability:

	Plan Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Plan Net Pension Liability (c)=(a)-(b)
Miscellaneous Plan	\$ 45,083,430	\$ 38,395,970	\$ 6,687,460

Plan assets and funded status of the plan is as follows:

<u>Valuation Date</u>	<u>Measurement Date</u>	<u>Accrued Liability</u>	<u>Actuarial Value of Assets (AVA)</u>	<u>Funding Actuarial Excess</u>	<u>Funded Ratio AVA</u>
June 30, 2023	June 30, 2024	\$ 45,083,430	\$ 38,395,970	\$ 6,687,460	85.17%

Net actuarial pension expenses recognized as expenses in the statement of activities for the year was \$1,896,971.

UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 6 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions

	<u>Miscellaneous Plan</u>
Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry Age Actuarial Cost Method
Asset Valuation Method	Actuarial Value of Assets
Amortization Method	Straight Line
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation Rate	2.30%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	6.90%
Mortality Rate Table (1)	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.30% thereafter.

The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the 2021 experience study report from November 2021 that can be found on the CalPERS website.

UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS

UEC has one retiree health plan that offers active and retired employees the option of enrolling in certain HMO or indemnity plans available through the program. UEC currently pays up to \$657 per month for retiree coverage, and \$1,174 for coverage with one or more dependents of retirees. Retiree contributions are to fund the cost of coverage that exceeds these amounts. The accounting for the health care plan anticipates future cost-sharing changes to the written plan that are consistent with UEC's past practice and management's intent to manage plan costs. In particular, UEC's maximum increase in the capped contribution is assumed to be limited to 2.5%. UEC no longer offers retiree medical benefits to employees hired after September 11, 2009. The following is a summary of change in accumulated postemployment benefit obligation, change in plan assets, and funded status of the plan.

<i>Change in Accumulated Postemployment Benefit Obligation (APBO)</i>	
APBO at Beginning of Year	\$ 2,970,185
Service Cost (Excluding Expenses)	13,750
Interest Cost	150,732
Actuarial (Gain) Loss	(450,954)
Benefits Paid	<u>(244,765)</u>
APBO at End of Year	2,438,948
<i>Change in Plan Assets</i>	
Fair Value of Assets at Beginning of Year	3,925,044
Actual Return on Assets (Net of Expenses)	458,414
Employer Contribution	244,765
Benefits Paid	(244,765)
Other Disbursements	<u>(165,000)</u>
Fair Value of Plan Assets at End of Year	<u>4,218,458</u>
<i>Funded Status - Unfunded Net OPEB Liability</i>	<u><u>\$ (1,779,510)</u></u>
<i>Components of Net Periodic Postretirement Benefit Cost (NPPBC)</i>	
Service Cost (Including Expenses)	\$ 13,750
Interest Cost	150,732
Expected Return on Plan Assets	(230,625)
Amortization of Net (Gain) Loss	<u>(412,114)</u>
Net Periodic Postretirement Benefit Cost	(478,257)
<i>Other Changes in Plan Assets and Benefit Obligations Recognized in AOCI</i>	
Net Actuarial (Gain) Loss	(678,743)
Amortization of Actuarial (Gain) Loss	<u>412,114</u>
Total Recognized	<u>(266,629)</u>
Total Recognized in Change in Net Assets	<u><u>\$ (744,886)</u></u>

UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

The assumptions used in the measurement of UEC's benefit obligation and net periodic postemployment benefit cost included a weighted-average discount rate of 5.29% was used as of and for the year ended June 30, 2025.

Medical plan premiums and CalPERS minimum employer contributions are assumed to increase at rates shown in the following table:

Year	Rate
2025	6.00%
2026-2070	4.00%
2071+	4.00%

Assumed healthcare cost trend rates have a significant effect on the amounts reported for the healthcare plan. A 1% increase in the assumed healthcare trend rates would have the following effects:

	Dollar Increase	Percent Increase
Accumulated Post-Employment Benefit Obligation (Increase)	\$ 260,319	10.70%

A 1% decrease in the assumed healthcare trend rates would have the following effects:

	Dollar Decrease	Percent Decrease
Accumulated Post-Employment Benefit Obligation (Decrease)	\$ 221,460	9.10%

The Plan is funded on a pay-as-you-go basis; the expected contribution for the following year is the same as the expected future benefit payments for such year. UEC paid \$226,895 during the year ended June 30, 2025, for current benefit costs.

The expected benefits to be paid are as follows:

Year Ending June 30,	Amount
2026	\$ 169,240
2027	173,022
2028	176,436
2029	179,166
Thereafter	926,760

UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 8 RELATED PARTIES AND ECONOMIC DEPENDENCY

As discussed in Note 1, UEC 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. UEC leases space for its bookstore operations, the Center for Developmental Activities, and the land for UEC's offices for nominal rent from the state of California. Accounting principles generally accepted in the United States of America require that contribution revenue and rent expense be recorded for the difference between a fair market rent and the amount actually charged under these leases. However, UEC has not determined a fair market rent and, accordingly, these amounts are not recorded in the financial statements.

A schedule of related party transactions between UEC, University, and other auxiliary organizations are as follows:

For the year ended June 30, 2025	CSUSB	Associated Students	Philanthropic Foundation	Santos Manuel Student Union	Total
<u>Expenses</u>					
Payments to Univ/Aux for salaries of personnel working on contracts, grants, and other programs	\$ 6,406,220	\$ -	\$ -	\$ -	\$ 6,406,220
Payments to Univ/Aux for other than salaries of personnel	9,796,063	-	373,482	61,649	10,231,194
<u>Revenues</u>					
Payments received from Univ/Aux for services, space and programs	4,720,547	154,943	789,171	-	5,664,661
<u>Due to</u>					
Accounts Payable due to Univ/Aux as of June 30, CY	(790,267)	-	(22,389)	(12,634)	(825,290)
<u>Due from</u>					
Accounts Receivable due from Univ/Aux as of June 30, CY	1,381,741	-	47,880	-	1,429,621

NOTE 9 AVAILABLE RESOURCES AND LIQUIDITY

UEC regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. UEC 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, UEC considers all expenditures related to its ongoing activities of commercial operations, campus programs, and sponsored programs, as well as the general and administrative services undertaken to support those activities to be general expenditures.

UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 9 AVAILABLE RESOURCES AND LIQUIDITY (CONTINUED)

In addition to financial assets available to meet general expenditures over the next 12 months, UEC 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 UEC's cash and shows positive cash generated by operations for fiscal year 2025.

As of June 30, 2025, the following tables show the total financial assets held by UEC and the amounts of those financial assets that 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:

Cash and Cash Equivalents	\$ 8,523,314
Investments Convertible to Cash in the Next 12 Months	14,344,678
Grants Receivable	11,514,910
Due From Related Parties	1,429,621
Other Receivables	218,383
Other Long-Term Assets	2,557,897
Total	<u><u>\$ 38,588,803</u></u>

Financial Assets Available to Meet General Expenditures Over the Next 12 Months:

Cash and Cash Equivalents	\$ 8,523,314
Investments Convertible to Cash in the Next 12 Months	14,344,678
Grants Receivable	11,514,910
Due From Related Parties	1,429,621
Other Receivables	218,383
Total	<u>36,030,906</u>
Less Board Designated Net Assets	<u>(2,227,369)</u>
Total	<u><u>\$ 33,803,537</u></u>

UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
SCHEDULE OF NET POSITION
YEAR ENDED JUNE 30, 2025
(FOR INCLUSION IN THE CALIFORNIA STATE UNIVERSITY)
(SEE ACCOMPANYING INDEPENDENT AUDITORS' REPORT)

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 8,523,314
Short-term investments	14,344,678
Accounts receivable, net	13,162,914
Lease receivable, current portion	-
P3 receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	-
Prepaid expenses and other current assets	389,768
Total current assets	<u>36,420,674</u>

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	-
Public Service	-
Endowment investments	-
Other long-term investments	-
Capital assets, net	5,995,945
Other assets	1,779,510
Total noncurrent assets	<u>7,775,455</u>
Total assets	<u>44,196,129</u>

DEFERRED OUTFLOWS OF RESOURCES

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

UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
SCHEDULE OF NET POSITION (CONTINUED)
YEAR ENDED JUNE 30, 2025
(FOR INCLUSION IN THE CALIFORNIA STATE UNIVERSITY)
(SEE ACCOMPANYING INDEPENDENT AUDITORS' REPORT)

LIABILITIES

CURRENT LIABILITIES

Accounts payable	\$ 5,331,021
Accrued salaries and benefits	1,070,501
Accrued compensated absences, current portion	233,018
Unearned revenues	12,446,890
Lease liabilities, current portion	1,262,738
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	1,415,984
Total current liabilities	<u>21,760,152</u>

NONCURRENT LIABILITIES

Accrued compensated absences, net of current portion	233,019
Unearned revenues	2,037,500
Grants refundable	-
Lease liabilities, net of current portion	2,031,371
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	4,673,756
Other liabilities	-
Total noncurrent liabilities	<u>8,975,646</u>
Total liabilities	<u>30,735,798</u>

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	<u>-</u>

NET POSITION

Net investment in capital assets	2,557,897
Restricted for:	-
Nonexpendable – endowments	-
Expendable:	-
Scholarships and fellowships	-
Research	-
Loans	-
Capital projects	-
Debt service	-
Others	-
Unrestricted	<u>10,902,434</u>
Total Net Position	<u>\$ 13,460,331</u>

UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2025
(FOR INCLUSION IN THE CALIFORNIA STATE UNIVERSITY)
(SEE ACCOMPANYING INDEPENDENT AUDITORS' REPORT)

REVENUES

Operating revenues:

Student tuition and fees, gross	\$	-
Scholarship allowances (enter as negative)		-
Grants and contracts, noncapital:		
Federal		29,380,004
State		15,282,227
Local		5,065,605
Nongovernmental		1,642,468
Sales and services of educational activities		-
Sales and services of auxiliary enterprises, gross		840,706
Scholarship allowances (enter as negative)		-
Other operating revenues		2,120,482
Total operating revenues		<u>54,331,492</u>

EXPENSES

Operating expenses:

Instruction	942,800
Research	7,919,013
Public Service	24,606,663
Academic support	837,958
Student services	11,086,197
Institutional support	9,048,014
Operation and maintenance of plant	-
Student grants and scholarships	-
Auxiliary enterprise expenses	842,262
Depreciation and amortization	676,956
Total operating expenses	<u>55,959,863</u>
Operating income (loss)	<u>(1,628,371)</u>

UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (CONTINUED)
YEAR ENDED JUNE 30, 2025
(FOR INCLUSION IN THE CALIFORNIA STATE UNIVERSITY)
(SEE ACCOMPANYING INDEPENDENT AUDITORS' REPORT)

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		-
Investment income (loss), net		535,450
Endowment income (loss), net		-
Interest expense		(4,857)
Other nonoperating revenues (expenses)		634,597
Net nonoperating revenues (expenses)		<u>1,165,190</u>
Income (loss) before other revenues (expenses)		<u>(463,181)</u>
State appropriations, capital		-
Grants and gifts, capital		-
Additions (reductions) to permanent endowments		<u>-</u>
INCREASE (DECREASE) IN NET POSITION		(463,181)
NET POSITION		
Net position at beginning of year, as previously reported		13,923,512
Restatements		<u>-</u>
Net position - beginning of year, as restated		<u>13,923,512</u>
NET POSITION - END OF YEAR		<u>\$ 13,460,331</u>

UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
OTHER INFORMATION
YEAR ENDED JUNE 30, 2025
(FOR INCLUSION IN THE CALIFORNIA STATE UNIVERSITY)
(SEE ACCOMPANYING 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	<u>-</u>
Current cash and cash equivalents	<u>8,523,314</u>
Total	<u><u>\$ 8,523,314</u></u>

2.1 Composition of investments:

Investment Type	Current	Noncurrent	Total
Money market funds	\$ 11,945,287		\$ 11,945,287
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	302,747		302,747
Exchange traded funds			-
Equity securities			-
Alternative investments:			
Private equity (including limited partnerships)			-
Hedge funds			-
Managed futures			-
Real estate investments (including REITs)			-
Commodities			-
Derivatives			-
Other alternative investment types			-
Other external investment pools			-
CSU Consolidated Investment Pool (formerly SWIFT)	2,096,644		2,096,644
State of California Local Agency Investment Fund (LAIF)			-
State of California Surplus Money Investment Fund (SMIF)			-
Other investments:			-
			-
			-
			-
			-
			-
Total other investments:	-	-	-
Total investments	<u>14,344,678</u>	<u>-</u>	<u>14,344,678</u>
Less endowment investments (enter as negative number)	-	-	-
Total investments, net of endowments	<u><u>\$ 14,344,678</u></u>	<u><u>-</u></u>	<u><u>14,344,678</u></u>

**UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
OTHER INFORMATION (CONTINUED)
YEAR ENDED JUNE 30, 2025
(FOR INCLUSION IN THE CALIFORNIA STATE UNIVERSITY)
(SEE ACCOMPANYING INDEPENDENT AUDITORS' REPORT)**

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	\$ 11,945,287	\$ 11,945,287			
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	302,747	302,747			
Exchange traded funds	-				
Equity securities	-				
Alternative investments:					
Private equity (including limited partnerships)	-				
Hedge funds	-				
Managed futures	-				
Real estate investments (including REITs)	-				
Commodities	-				
Derivatives	-				
Other alternative investment types	-				
Other external investment pools	-				
CSU Consolidated Investment Pool (formerly SWIFT)	2,096,644				2,096,644
State of California Local Agency Investment Fund (LAIF)	-				
State of California Surplus Money Investment Fund (SMIF)	-				
Other investments:					
	-				
	-				
	-				
	-				
	-				
	-				
Total other investments:	-				
Total investments	\$ 14,344,678	12,248,034	—	—	2,096,644

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):	2,096,644	\$	2,096,644

**UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
OTHER INFORMATION (CONTINUED)
YEAR ENDED JUNE 30, 2025
(FOR INCLUSION IN THE CALIFORNIA STATE UNIVERSITY)
(SEE ACCOMPANYING INDEPENDENT AUDITORS' REPORT)**

Capital Assets, Right of Use

Composition of capital assets - Lease ROU, net:	Balance June 30, 2024	Prior Period Reclassifications	Prior Period Additions	Prior Period Reductions	Balance June 30, 2024 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2025
Non-depreciable/Non-amortizable lease assets:									
Land and land improvements	-				-				-
Total non-depreciable/non-amortizable lease assets	-				-				-
Depreciable/Amortizable lease assets:									
Land and land improvements	-				-				-
Buildings and building improvements	3,616,827				3,616,827	1,028,645		(1,155,348)	3,490,124
Improvements, other than buildings	-				-				-
Infrastructure	-				-				-
Personal property:									
Equipment	-				-				-
Total depreciable/amortizable lease assets	3,616,827	—	—	—	3,616,827	1,028,645	—	(1,155,348)	3,490,124
Less accumulated depreciation/amortization: (enter as negative number, except for reductions enter as positive number)									
Land and land improvements	-				-				—
Buildings and building improvements	(22,513.00)				(22,513.00)	(29,563)			(52,076)
Improvements, other than buildings	-				-				—
Infrastructure	-				-				—
Personal property:									
Equipment	-				-				—
Total accumulated depreciation/amortization	(22,513.00)	-	-	-	(22,513.00)	(29,563)	-	-	(52,076)
Total capital assets - lease ROU, net	\$ 3,594,314	\$ -	\$ -	\$ -	\$ 3,594,314	\$ 999,082	\$ -	\$ (1,155,348)	\$ 3,438,048

Composition of capital assets - SBITA ROU, net	Balance June 30, 2024	Reclassifications	Prior Period Additions	Prior Period Reductions	Balance June 30, 2024 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2025
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	-				-				-

**UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
OTHER INFORMATION (CONTINUED)
YEAR ENDED JUNE 30, 2025
(FOR INCLUSION IN THE CALIFORNIA STATE UNIVERSITY)
(SEE ACCOMPANYING INDEPENDENT AUDITORS' REPORT)**

Composition of capital assets - P3 ROU, net:	Balance June 30, 2024	Reclassifications	Prior Period Additions	Prior Period Reductions	Balance June 30, 2024 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2025
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									5,995,945

3.2 Detail of depreciation and amortization expense:

Depreciation and amortization expense related to capital assets	\$ 647,392
Amortization expense - Leases ROU	29,564
Amortization expense - SBITA ROU	-
Amortization expense - P3 ROU	-
Depreciation and Amortization expense - Others	-
Total depreciation and amortization	\$ 676,956

**UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
OTHER INFORMATION (CONTINUED)
YEAR ENDED JUNE 30, 2025
(FOR INCLUSION IN THE CALIFORNIA STATE UNIVERSITY)
(SEE ACCOMPANYING INDEPENDENT AUDITORS' REPORT)**

4 Long-term liabilities:

	Balance June 30, 2024	Prior Period Adjustments/Recla ssifications	Balance June 30, 2024 (Restated)	Additions	Reductions	Balance June 30, 2025	Current Portion	Noncurrent Portion
1. Accrued compensated absences	\$ 501,697		\$ 501,697		\$ (35,660)	\$ 466,037	\$ 233,018	\$ 233,019
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	-	-	-	-	-	-	-	-

	Balance June 30, 2024	Prior Period Adjustments/Recla ssifications	Additions	Remeasurements	Reductions	Balance June 30, 2025	Current Portion	Noncurrent Portion
5. Lease, SBITA, P3 liabilities:								
Lease liabilities	3,712,430		758,830		(1,177,151)	3,294,109	1,262,738	2,031,371
SBITA liabilities	-					-		-
P3 liabilities - SCA	-					-		-
P3 liabilities - non-SCA	-					-		-
Sub-total P3 liabilities	-	-	-	-	-	-	-	-
Total Lease, SBITA, P3 liabilities	\$ 3,712,430	\$ -	\$ 758,830	\$ -	\$ (1,177,151)	\$ 3,294,109	\$ 1,262,738	\$ 2,031,371
Total long-term liabilities						<u>\$ 3,760,146</u>	<u>\$ 1,495,756</u>	<u>\$ 2,264,390</u>

**UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
OTHER INFORMATION (CONTINUED)
YEAR ENDED JUNE 30, 2025
(FOR INCLUSION IN THE CALIFORNIA STATE UNIVERSITY)
(SEE ACCOMPANYING INDEPENDENT AUDITORS' REPORT)**

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 Only	Interest Only	Principal and Interest	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:												
2026	\$ 1,262,738	\$ 89,433	\$ 1,352,171			\$ -			\$ -	\$ 1,262,738	\$ 89,433	\$ 1,352,171
2027	1,328,915	97,449	1,426,364			-			-	1,328,915	97,449	1,426,364
2028	105,977	33,726	139,703			-			-	105,977	33,726	139,703
2029	103,845	28,551	132,396			-			-	103,845	28,551	132,396
2030	113,439	22,929	136,368			-			-	113,439	22,929	136,368
2031 - 2035	379,195	29,805	409,000			-			-	379,195	29,805	409,000
2036 - 2040	-	-	-			-			-	-	-	-
2041 - 2045	-	-	-			-			-	-	-	-
2046 - 2050	-	-	-			-			-	-	-	-
2051 - 2055	-	-	-			-			-	-	-	-
Thereafter	-	-	-			-			-	-	-	-
Total minimum lease payments	\$ 3,294,109	\$ 301,893	\$ 3,596,002	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,294,109	\$ 301,893	\$ 3,596,002
Less: amounts representing interest												(301,893)
Present value of future minimum lease payments												3,294,109
Total Leases, SBITA, P3 liabilities												3,294,109
Less: current portion												(1,262,738)
Leases, SBITA, P3 liabilities, net of current portion												\$ 2,031,371

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 Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
Year ending June 30:									
2026	-	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-	-	-
2029	-	-	-	-	-	-	-	-	-
2030	-	-	-	-	-	-	-	-	-
2031 - 2035	-	-	-	-	-	-	-	-	-
2036 - 2040	-	-	-	-	-	-	-	-	-
2041 - 2045	-	-	-	-	-	-	-	-	-
2046 - 2050	-	-	-	-	-	-	-	-	-
2051 - 2055	-	-	-	-	-	-	-	-	-
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	6,406,220
Payments to University for other than salaries of University personnel	9,796,063
Payments received from University for services, space, and programs	4,720,547
Gifts-in-kind to the University from discretely presented component units	
Gifts (cash or assets) to the University from discretely presented component units	
Accounts (payable to) University (enter as negative number)	(790,267)
Other amounts (payable to) University (enter as negative number)	
Accounts receivable from University (enter as positive number)	1,381,741
Other amounts receivable from University (enter as positive number)	



**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
University Enterprises Corporation at CSUSB
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 University Enterprises Corporation at CSUSB (the UEC), which comprise the University Enterprises Corporation at CSUSB's statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 16, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University Enterprises Corporation at CSUSB'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 the University Enterprises Corporation at CSUSB's internal control. Accordingly, we do not express an opinion on the effectiveness of the University Enterprises Corporation at CSUSB'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 preceding paragraph 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 were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2025-001, that we consider to be a material weakness.

Report on Compliance and Other Matters

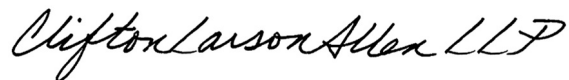
As part of obtaining reasonable assurance about whether the University Enterprises Corporation at CSUSB’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which 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*.

University Enterprises Corporation at CSUSB’s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the University Enterprises Corporation at CSUSB’s response to the findings identified in our audit and described in the accompanying schedule of findings and responses. University Enterprises Corporation at CSUSB response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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



CliftonLarsonAllen LLP

Ontario, California
October 16, 2025



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE,
AND REPORT ON THE SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors
University Enterprises Corporation at CSUSB
San Bernardino, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited University Enterprises Corporation at CSUSB's (the UEC) (a nonprofit organization) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of University Enterprises Corporation at CSUSB's major federal programs for the year ended June 30, 2025. University Enterprises Corporation at CSUSB's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, University Enterprises Corporation at CSUSB complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of University Enterprises Corporation at CSUSB and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of University Enterprises Corporation at CSUSB's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to University Enterprises Corporation at CSUSB's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on University Enterprises Corporation at CSUSB's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about University Enterprises Corporation at CSUSB's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 University Enterprises Corporation at CSUSB's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of University Enterprises Corporation at CSUSB's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of University Enterprises Corporation at CSUSB's internal control over compliance. Accordingly, no such opinion is expressed.

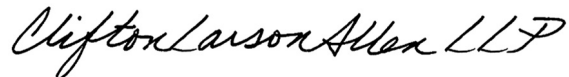
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2025-003, 2025-004, 2025-005, and 2025-006. Our opinion on each major federal program is not modified with respect to these matters.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the of University Enterprises Corporation at CSUSB as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise University Enterprises Corporation at CSUSB’s basic financial statements. We have issued our report thereon, dated October 16, 2025, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



CliftonLarsonAllen LLP

Ontario, California
March 24, 2026

**UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(FEIN: 95-6067343)
YEAR ENDED JUNE 30, 2025**

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed- Through to Subrecipients	Federal Expenditures
National Institute of Health and Human Services				
<i>Direct Programs</i>				
Congressional Directives	93.493		\$ -	\$ 1,734,211
<i>Passed-through from Children and Families Commission for San Bernardino County</i>				
Child Care and Development Block Grant	93.575	EC039 A3	-	249,421
<i>Passed-through from University of California, Los Angeles</i>				
Foster Care Title IV-E	93.658	11780000229994	-	2,734,664
Total National Institute of Health and Human Services			-	4,718,296
U.S. Agency For International Development				
<i>Passed-through from Mississippi State University</i>				
USAID Foreign Assistance for Programs Overseas	98.001	193900.312455.37	-	11,900
U.S. Department of Agriculture				
<i>Direct Programs</i>				
Hispanic Serving Institutions Education Grants	10.223		-	58,463
<i>Passed-through from CSU Chico State Enterprise</i>				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	SUB20-017	-	12,576
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	A25-0009-S011	-	29,431
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	A25-008-S055	-	34,075
<i>Passed-through from CSU Chico Research Foundation</i>				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	A22-0055-S052	-	640
Total U.S. Department of Agriculture			-	135,185
U.S. Department of Commerce				
<i>Direct Programs</i>				
Market Development Cooperator Program	11.112		-	44,400
National Security Agency				
<i>Direct Programs</i>				
Information Security Grant Program	12.902		-	812,590
GenCyber Grants Program	12.903		-	75,549
CyberSecurity Core Curriculum	12.905		2,468,588	5,229,484
<i>Passed-through from Norwich University</i>				
CyberSecurity Core Curriculum	12.905	22596-RS010-2	-	106,320
<i>Passed-through from Northeastern University</i>				
Centers for Homeland Security	97.061	505226-78051 Amnd 2	-	27,011
Total National Security Agency			2,468,588	6,250,954
Department of the Treasury				
<i>Passed-through from State of California</i>				
Coronavirus State And Local Fiscal Recovery Funds	21.027	CCSFR010 Amnd A4	-	19,408

See accompanying Notes to Schedule of Expenditures of Federal Awards.

UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
(FEIN: 95-6067343)
YEAR ENDED JUNE 30, 2025

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed- Through to Subrecipients	Federal Expenditures
National Endowment For The Arts				
<i>Passed-through from San Diego State University Foundation</i>				
Promotion of the Arts Grants to Organizations and Individuals	45.024	D9760-02 SA1015 A0 5	-	9,555
National Science Foundation				
<i>Direct Programs</i>				
Computer and Information Science and Engineering	47.070		-	94,713
<i>Passed-through from San Diego State University Foundation</i>				
Computer and Information Science and Engineering	47.070	D11605-02 SA1099 A0	-	7,651
Total National Science Foundation			-	102,364
U.S. Department of Energy				
<i>Passed-through from Pacific Northwest National Laboratory</i>				
Office of Science Financial Assistance Program	81.049	643777 MOD2	-	21,753
U.S. Small Business Administration				
<i>Direct Program</i>				
Women's Business Ownership Assistance	59.043		-	239,164
<i>Passed-through from CSU Fullerton Auxiliary Service Corporation</i>				
Small Business Development Centers	59.037	(1)	-	229,443
Small Business Development Centers	59.037	S-8090-CSUSB	-	426,829
Total U.S. Small Business Administration			-	895,436
U.S. Department of Education				
<i>Direct Programs</i>				
Undergraduate International Studies and Foreign Language Programs	84.016		12,440	91,109
Higher Education Institutional Aid	84.031		107,427	2,293,492
Fund for the Improvement of Postsecondary Education	84.116		-	27,771
Rehabilitation Long-Term Training	84.129		-	197,826
Migrant Education High School Equivalency Program	84.141		77,031	580,740
Migrant Education College Assistance Migrant Program	84.149		113,659	735,388
Child Care Access Means Parents in School	84.335		-	1,008,302
Augustus F. Hawkins Centers of Excellence	84.428		-	412,287
<i>Passed-through from Riverside Community College District</i>				
Higher Education Institutional Aid	84.031	P031C210178	-	7,838
<i>Passed-through from CSU San Bernardino</i>				
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126	32171	-	342,118
<i>Passed-through from University of California Office of the President</i>				
Improving Teacher Quality State Grants	84.367	ESSA24-TCAP-SB RIMS	-	83,958
Improving Teacher Quality State Grants	84.367	ESSA24-TCAP-SO	-	148,000
Improving Teacher Quality State Grants	84.367	ESSA24-CMP-SAN BERNA	-	30,952

See accompanying Notes to Schedule of Expenditures of Federal Awards.

UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
(FEIN: 95-6067343)
YEAR ENDED JUNE 30, 2025

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed- Through to Subrecipients	Federal Expenditures
TRIO CLUSTER:				
U.S. Department of Education				
<i>Direct Programs</i>				
TRIO Student Support Services	84.042		-	483,742
TRIO Talent Search	84.044		-	902,695
TRIO Upward Bound	84.047		-	919,215
TRIO Educational Opportunity Centers	84.066		-	176,792
Total TRIO Cluster			-	2,482,444
Total U.S. Department of Education			310,557	8,442,225
RESEARCH AND DEVELOPMENT CLUSTER:				
U.S. Department of Agriculture				
<i>Passed-through from CSU Chico Research Foundation</i>				
Hispanic Serving Institutions Education Grants	10.223	SUB-21-120	-	10,614
National Institute of Standards and Technology				
<i>Passed-through from U.S. Department of Commerce</i>				
Congressionally-Identified Projects	11.617	60NANB24D161	-	858,924
U.S. Army Contracting Command - Aberdeen Proving Ground				
<i>Direct Program</i>				
Basic, Applied, and Advanced Research in Science and Engineering	12.630		-	258,850
National Security Agency				
<i>Passed-through from Norwich University</i>				
CyberSecurity Core Curriculum	12.905	22596-RS010 Amnd 01	-	47,378
U.S. Department of the Interior				
<i>Direct Program</i>				
National Cooperative Geologic Mapping Program	15.810		-	28,165
U.S. Department of Justice				
<i>Passed-through from San Diego Association of Governments</i>				
Project Safe Neighborhoods	16.609	6000245	-	124,032
Project Safe Neighborhoods	16.609	6000246	-	23,295
Total U.S. Department of Justice			-	147,327
National Aeronautics and Space Administration				
<i>Direct Program</i>				
Aerospace Education Services Program	43.001		-	8,237
<i>Passed-through from University of Washington</i>				
Aerospace Education Services Program	43.001	UWSC13481	-	6,240
Total National Aeronautics and Space Administration			-	14,477

See accompanying Notes to Schedule of Expenditures of Federal Awards.

UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
(FEIN: 95-6067343)
YEAR ENDED JUNE 30, 2025

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed- Through to Subrecipients	Federal Expenditures
National Science Foundation				
<i>Direct Programs</i>				
Engineering Grants	47.041		130,339	251,416
Biological Sciences	47.074		-	158,604
Mathematical and Physical Sciences	47.049		-	306,793
Geosciences	47.050		-	86,126
Social, Behavioral, and Economic Sciences	47.075		-	56,079
Polar Programs	47.078		-	81,830
Education and Human Resources	47.076		60,435	3,550,536
Office of International Science and Engineering	47.079		-	74,650
Computer and Information Science and Engineering	47.070		-	111,622
<i>Passed-through from The Regents of The University of Michigan</i>				
Engineering Grants	47.041	SUBK00020915	-	68,626
<i>Passed-through from University of the Pacific</i>				
Biological Sciences	47.074	A21-0042-S001	-	8,143
<i>Passed-through from Riverside Community College District</i>				
Education and Human Resources	47.076	A11227	-	80,469
<i>Passed-through from Whatcom Community College</i>				
Education and Human Resources	47.076	2054724	-	127,462
<i>Passed-through from University Enterprises, Inc.</i>				
Education and Human Resources	47.076	532986-A6	-	114
Education and Human Resources	47.076	541901	-	11,806
<i>Passed-through from University of California San Diego</i>				
Computer and Information Science and Engineering	47.070	KR 705552	-	82,923
Total National Science Foundation			190,774	5,057,199
U.S. Department of Energy				
<i>Direct Programs</i>				
Office of Science Financial Assistance Program	81.049		-	17,414
<i>Passed-through from Pacific Northwest National Laboratory</i>				
Office of Science Financial Assistance Program	81.049	756171	-	91,310
<i>Passed-through from Regents of The University of California</i>				
Conservation Research and Development	81.086	7633678	-	73,574
<i>Passed-through from Regents of The University of California</i>				
Renewable Energy Research and Development	81.087	7738660	-	27,231
Total U.S. U.S. Department of Energy			-	209,529

See accompanying Notes to Schedule of Expenditures of Federal Awards.

UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
(FEIN: 95-6067343)
YEAR ENDED JUNE 30, 2025

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed- Through to Subrecipients	Federal Expenditures
U.S. Department of Education				
<i>Direct Programs</i>				
International: Overseas - Faculty Research Abroad	84.019A		-	47,577
National Institute of Health and Human Services				
<i>Direct Programs</i>				
Mental Health Research Grants	93.242		-	162,146
Trans-NIH Research Support	93.310		-	34,758
ACL National Institute on Disability, Independent Living, and Rehabilitation Research	93.433		-	7,052
Biomedical Research and Research Training	93.859		-	932,265
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		-	206,050
Aging Research	93.866		13,401	215,587
<i>Passed-through from The Regents of the University of California</i>				
Prevention of Disease, Disability and Death by Infectious Diseases	93.084	A23-0750-S020	-	18,582
<i>Passed-through from San Diego State University Foundation</i>				
Mental Health Research Grants	93.242	D1227702SA1189A05A36	-	47,909
<i>Passed-through from The National Alliance For Hispanic Health</i>				
Trans-NIH Research Support	93.310	OT2OD025277-01S6	-	6,715
<i>Passed-through from The Scripps Research Institute</i>				
Alcohol Research Programs	93.273	5-54972	-	44,809
<i>Passed-through from Washington State University</i>				
Aging Research	93.866	135230 SPC003906	-	253,511
Total National Institute of Health and Human Services			13,401	1,929,384
Total Research and Development Cluster			204,175	8,609,424
Total Expenditures of Federal Awards			<u>\$ 2,983,320</u>	<u>\$ 29,260,900</u>

(1) - Pass-Through Entity Identifying Number not readily available.

N/A - Not applicable, not a pass-through award.

See accompanying Notes to Schedule of Expenditures of Federal Awards.

UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2025

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the UEC under programs of the federal government for the year ended June 30, 2025. The information in this schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the UEC, it is not intended to and does not present the financial position, changes in net assets or cash flows of the UEC.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

NOTE 3 INDIRECT COST RATE

A nonfederal entity may have a federally negotiated indirect cost rate that is being used for federal awards. In general, under 2 CFR 200.414(f), if an entity has never received a negotiated indirect cost rate, the entity may elect to use a 10 percent de minimis indirect cost rate. The entity has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? x yes no
 - Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes x none reported
3. Noncompliance material to financial statements noted? yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? yes x no
 - Significant deficiency(ies) identified that are not considered to be material weakness(es)? x yes none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)? x yes no

Identification of Major Federal Programs

CFDA Number(s)	Name of Federal Program or Cluster
Various	Research and Development Cluster
84.335	Child Care Access Means Parents in School
93.493	Congressional Directives
Various	TRIO Cluster
84.031	Higher Education Institutional Aid

Dollar threshold used to distinguish between Type A and Type B programs: \$ 877,827

Auditee qualified as low-risk auditee pursuant? yes x no

**UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2025**

Section II – Financial Statement Findings

2025–001: Revenue Recognition

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Condition: The UEC incorrectly recorded grant revenues for the year ended June 30, 2025. Management recorded activity on a cash basis and did not properly adjust to accrual basis at year-end for the grants identified with errors.

Criteria or specific requirement: The UEC should review financial records timely as part of the internal controls system that may prevent or detect material errors that may misstate the financial statements.

Context: During testing of grant revenues and related activities, various exceptions were noted, which resulted to an understated on grant revenues of \$476,370. Although controls exist for the review of journal entries and financial reporting, they are not sufficiently designed and implemented to ensure that revenue is recognized in the correct accounting period. Specifically, we noted instances where revenue pertaining to the prior fiscal year was only recognized in the current year. While the timing differences may offset multiple periods, the volume and variability of revenue transactions from year to year could result in misstatements that are potentially material to the financial statements.

Effect: Misstatements in grant-related activities may remain undetected for substantial periods of time.

Cause: Management did not properly record grant activities on an accrual basis.

Repeat Finding: Yes, see finding 2024-001.

Recommendation: The UEC should review the grant activities and financial records timely to ensure proper revenue recognition.

Views of Responsible Officials: Management agrees with the finding and has developed a plan to correct the finding.

**UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2025**

Section III – Findings and Questioned Costs – Major Federal Programs

2025-002: Activities Allowed or Unallowed and Allowable Costs/Cost Principles

Federal Agency: 11 – Department of Commerce, 12 – Department of Defense, 15 – Department of the Interior, 16 – Department of Justice, 43 – National Aeronautics and Space Administration, 47 – National Science Foundation, 81 – Department of Energy, 84 – Department of Education, 93 – Department of Health and Human Services

Federal Program Title: R&D Cluster and TRIO Cluster

Assistance Listing Number: R&D and 84.TRIO

Award Period: July 1, 2024, through June 30, 2025

Type of Finding:

- Significant Deficiency in Internal Control over Compliance

Criteria or Specific Requirement: In accordance with 2 CFR §200.403(a), costs charged to Federal awards must be necessary, reasonable, and allocable to the Federal award. Additionally, 2 CFR §200.309 requires costs to be incurred during the approved period of performance of the Federal award.

Further, 2 CFR §200.302(a) requires non-Federal entities to maintain financial management systems that provide for accurate, current, and complete disclosure of the financial results of each Federal award, and 2 CFR §200.303 requires non-Federal entities to establish and maintain effective internal control over Federal awards.

Condition/Context: The population sizes below are presented only for programs in which exceptions were identified for the applicable compliance test.

Cash Disbursement Testing – TRIO Cluster (Control Finding Only):

- For 2 of the 40 TRIO samples tested, the related expenses were allowable and incurred within the awards' approved periods of performance; however, the expenses were improperly recorded in fiscal year 2025. Specifically, 1 expense related to fiscal year 2024, and 1 expense represented a prepayment for a fiscal year 2026 cost. The resulting misstatement to the Schedule of Expenditures of Federal Awards (SEFA) totaled \$5,260, which is less than program materiality.

Payroll Testing – R&D Cluster (Control Finding Only):

- For 10 of the 40 R&D samples tested, timesheets were not submitted timely, resulting in variances between the payroll register and the recalculated gross wages for the applicable pay periods. No unallowable payroll costs were identified; however, controls over timely payroll documentation and reconciliation did not operate effectively.
- For 1 of the 40 R&D samples tested, the timesheet was not signed by the supervisor, indicating that payroll review controls were not consistently applied.

Questioned Costs: None.

**UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2025**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

2025-002: Activities Allowed or Unallowed and Allowable Costs/Cost Principles (Continued)

Effect: Although the costs tested were allowable and incurred within the approved periods of performance, improper period recognition and untimely or incomplete payroll documentation increase the risk that Federal expenditures are not recorded in the proper fiscal period and that Federal financial reporting is not accurate.

Cause: The UEC's internal controls were not designed or implemented to consistently ensure that expenditures are recorded in the proper fiscal period and that payroll documentation is submitted, reviewed, and approved timely.

Repeat Finding: No.

Recommendation: We recommend the UEC strengthen its controls over expenditure recognition to ensure costs are recorded in the appropriate fiscal period and enhance payroll review procedures to ensure timesheets are submitted and reviewed timely to support accurate payroll reporting.

Views of Responsible Officials: Management agrees with the finding and has developed a plan to correct the finding.

2025-003: Cash Management

Federal Agency: 11 – Department of Commerce, 12 – Department of Defense, 15 – Department of the Interior, 16 – Department of Justice, 43 – National Aeronautics and Space Administration, 47 – National Science Foundation, 81 – Department of Energy, 84 – Department of Education, 93 – Department of Health and Human Services

Federal Program Title: R&D Cluster, Child Care Access Means Parents in School, TRIO Cluster, and Higher Education Institutional Aid

Assistance Listing Number: R&D, 84.335, 84.TRIO, and 84.031

Award Period: July 1, 2024, through June 30, 2025

Type of Finding:

- Significant Deficiency in Internal Control over Compliance
- Other Matters

Criteria or Specific Requirement: In accordance with 2 CFR §200.305(b), when using the reimbursement method, Federal drawdowns must be limited to allowable costs that have been incurred and supported. Additionally, 2 CFR §200.302(a) requires non-Federal entities to maintain financial management systems that provide for accurate, current, and complete disclosure of the financial results of each Federal award.

Further, 2 CFR §200.303 requires non-Federal entities to establish and maintain effective internal control over Federal awards to ensure transactions are recorded in the proper accounting period and in accordance with applicable Federal requirements.

**UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2025**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

2025-003: Cash Management (Continued)

Condition/Context: During our testing of Cash Management, we selected a sample of 85 reimbursement requests, consisting of 40 R&D Cluster samples, 12 Child Care Access Means Parents in School samples, 23 TRIO Cluster samples, and 10 Higher Education Institutional Aid. The following exceptions were noted:

R&D Cluster, TRIO Cluster, and Higher Education Institutional Aid:

For 4 of the 40 R&D samples tested, 9 of the 23 TRIO samples tested, and 1 of the 10 Higher Education Institutional Aid samples tested, instances of noncompliance were identified.

- For 4 of the 4 R&D samples, 8 of the 9 TRIO samples, and 1 of the 1 Higher Education Institutional Aid samples with instances of noncompliance noted, a portion of the reimbursement drawn down during fiscal year 2025 related to expenses incurred outside to the current fiscal year. Additionally, 1 of the 4 R&D samples included expenses incurred as far back as October 2020.
- For 1 of the 9 TRIO samples with instances of noncompliance noted, supporting documentation (such as invoice support, indirect cost recalculations, or payroll registers) was not provided for a portion of the expenses included in the reimbursement requests. As a result, we were unable to determine the period to which the funds drawn down related.

Child Care Access Means Parents in School (Control Finding Only):

- For 1 of the 12 samples tested, the UEC was ultimately in compliance with cash management requirements; however, internal controls did not operate effectively. Specifically, there was an approximate six-month delay between the incurrence of program costs and the submission of the reimbursement request.

Questioned Costs: \$68,759

Effect: Reimbursement requests that include costs incurred outside the applicable fiscal period or costs that are not supported increase the risk that Federal expenditures are not recorded in the proper accounting period and that Federal financial reporting is not accurate. Additionally, delays in submitting reimbursement requests increase the risk that expenditures are not timely reported in accordance with Federal requirements.

Cause: The UEC's internal controls were not designed or implemented to consistently ensure that costs included in reimbursement requests are recorded in the appropriate fiscal period, supported by adequate documentation, and submitted timely in accordance with Federal cash management and financial reporting requirements.

**UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2025**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

2025-003: Cash Management (Continued)

Repeat Finding: No.

Recommendation: We recommend the UEC strengthen its cash management and financial reporting procedures to ensure reimbursement requests include only costs incurred in the appropriate fiscal period, are supported by adequate documentation, and are submitted timely. The UEC should also enhance review controls to verify proper period recognition of costs prior to submission of reimbursement requests.

Views of Responsible Officials: Management agrees with the finding and has developed a plan to correct the finding.

2025-004: Equipment and Real Property Management

Federal Agencies: 11 – Department of Commerce, 12 – Department of Defense, 15 – Department of the Interior, 16 – Department of Justice, 43 – National Aeronautics and Space Administration, 47 – National Science Foundation, 81 – Department of Energy, 84 – Department of Education, 93 – Department of Health and Human Services

Federal Program Title: R&D Cluster and Congressional Directives

Assistance Listing Number: R&D and 93.493

Award Period: July 1, 2024, through June 30, 2025

Type of Finding:

- Significant Deficiency in Internal Control over Compliance
- Other Matters

Criteria or Specific Requirement: In accordance with 2 CFR §200.313(d), non-Federal entities must maintain effective control and accountability for all equipment acquired under a Federal award. Property records must be maintained and include, at a minimum, a description of the equipment (including a serial number or other identification number), source of funding (including the Federal award identification number), who holds title, acquisition date, cost of the equipment, percentage of Federal participation in the cost, location, use and condition of the equipment, and any ultimate disposition data, including the date of disposal and sales price or the method used to determine current fair market value.

Additionally, 2 CFR §200.313(d)(2) requires a physical inventory of equipment to be taken and the results reconciled with the property records at least once every two years. 2 CFR §200.313(d)(3) further requires non-Federal entities to establish adequate safeguards to prevent loss, damage, or theft of equipment.

**UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2025**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

2025-004: Equipment and Real Property Management (Continued)

Condition/Context: During our testing of Equipment and Real Property Management, we selected a sample of 11 equipment items, consisting of 6 items from the R&D Cluster and 5 items from the Congressional Directives program. The following exceptions were noted:

- For 2 of the 6 R&D equipment items, the UEC did not perform a physical inventory within the last two years.
- For 1 of the 6 R&D equipment items and 1 of the 5 Congressional Directives equipment items, the UEC did not maintain property records containing the information required under Federal equipment management requirements.
- For 1 of the 6 R&D equipment items, we were unable to physically inspect the equipment, as photographs or other evidence of existence were not provided by the UEC.
- For 1 of the 6 R&D equipment items, while initial property records (invoice support demonstrating review and confirmation that the equipment was received) were available, we were unable to confirm that ongoing control systems were in place to safeguard the equipment after initial acquisition.

Questioned Costs: \$77,610.

Effect: Without complete property records, timely physical inventories, and adequate safeguarding controls, the UEC is unable to demonstrate compliance with Federal equipment management requirements, increasing the risk of loss, misuse, or improper disposition of equipment purchased with Federal funds.

Cause: The UEC's internal controls over equipment tracking, inventory, and safeguarding were not designed or implemented to consistently ensure compliance with Federal equipment management requirements across Federal programs.

Repeat Finding: No.

Recommendation: We recommend the UEC establish and implement equipment management procedures to ensure property records are complete, physical inventories are performed at least biennially, and adequate safeguards are maintained for all equipment acquired with Federal funds.

Views of Responsible Officials: Management agrees with the finding and has developed a plan to correct the finding.

**UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2025**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

2025-005: Suspension and Debarment

Federal Agency: 84 – Department of Education
Federal Program Title: Higher Education Institutional Aid
Assistance Listing Number: 84.031
Award Period: July 1, 2024, through June 30, 2025

Type of Finding:

- Significant Deficiency in Internal Control over Compliance
- Other Matters

Criteria or Specific Requirement: In accordance with 2 CFR §200.214, non-Federal entities must comply with the requirements of 2 CFR Part 180, which adopts the governmentwide requirements for suspension and debarment. These requirements prohibit non-Federal entities from entering into covered transactions with parties that are suspended or debarred and require verification of eligibility prior to entering into such transactions.

Condition/Context: During our testing of Suspension and Debarment compliance, we selected a sample of 4 contracts under the Higher Education Institutional Aid program. We noted that for 1 of the 4 contracts tested, suspension and debarment verification was not completed prior to the contract date.

Questioned Costs: \$45,000

Effect: Failure to verify suspension and debarment status prior to contract execution increases the risk that the UEC could enter into covered transactions with suspended or debarred parties, resulting in noncompliance with Federal requirements.

Cause: The UEC's internal controls did not consistently ensure that suspension and debarment verification procedures were completed prior to contract execution.

Repeat Finding: No.

Recommendation: We recommend the UEC strengthen its procurement procedures to ensure suspension and debarment verification is consistently performed and documented prior to entering into covered transactions funded with Federal awards.

Views of Responsible Officials: Management agrees with the finding and has developed a plan to correct the finding.

**UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2025**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

2025-006: Reporting

Federal Agency: 84 – Department of Education
Federal Program Title: Higher Education Institutional Aid
Assistance Listing Number: 84.031
Award Period: July 1, 2024, through June 30, 2025

Type of Finding:

- Significant Deficiency in Internal Control over Compliance
- Other Matters

Criteria or Specific Requirement: In accordance with 2 CFR §200.328, non-Federal entities must submit required performance reports in accordance with the terms and conditions of the Federal award and include all information required by the Federal awarding agency. Performance reports must be submitted in the form, manner, and frequency prescribed in the award agreement.

Additionally, 2 CFR §200.303 requires non-Federal entities to establish and maintain effective internal control over Federal awards, including controls to ensure required reports are reviewed, approved, documented, and submitted in accordance with award requirements.

Condition/Context: During our testing of Reporting, we selected a sample of 5 Higher Education Institutional Aid performance reports. This major program includes 5 award agreements, of which 2 agreements have quarterly reporting requirements, 2 agreements have semi-annual reporting requirements, and 4 agreements have annual reporting requirements. The following exceptions were noted:

- For 2 of the 5 reports tested, the reports were prepared; however, evidence supporting submission was not provided, and documentation could not be provided to demonstrate that the reports were reviewed and approved prior to submission. As a result, evidence of management review and report submission could not be verified.

Questioned Costs: None.

Effect: Failure to retain documentation supporting report submission and management review limits the UEC's ability to demonstrate compliance with Federal reporting requirements and increases the risk that required reports are not reviewed or submitted in accordance with award terms.

Cause: The UEC's internal controls were not designed or implemented to consistently ensure that required performance reports are reviewed, approved, and submitted in accordance with Federal award requirements, and that documentation is retained to support evidence of review and submission.

Repeat Finding: No.

**UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2025**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

2025-006: Reporting (Continued)

Recommendation: We recommend the UEC strengthen its reporting procedures to ensure required performance reports are reviewed and approved prior to submission and that documentation is retained to support evidence of management review and report submission in accordance with Federal award requirements.

Views of Responsible Officials: Management agrees with the finding and has developed a plan to correct the finding.

**UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2024**

Section II – Financial Statement Findings

2024–001: Revenue Recognition

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Condition: The UEC incorrectly recorded grant revenue, receivables, and unearned revenue. Management recorded activity on a cash basis and did not properly adjust to accrual basis at year-end for the grants identified with errors.

Status: Repeat Finding. See 2025-001.

**UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS (CONTINUED)
YEAR ENDED JUNE 30, 2024**

Section III – Findings and Questioned Costs – Major Federal Programs

There were no prior year federal findings to report.

University Enterprises Corporation at CSUSB respectfully submits the following corrective action plan for the year ended June 30, 2025.

Audit period: July 1, 2024, to June 30, 2025

The findings from the schedule of findings and costs questioned are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS—FINANCIAL STATEMENT AUDIT

2025-001: REVENUE RECOGNITION

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Recommendation: The UEC should review the grant activity and financial records in a timely manner to ensure proper revenue recognition.

Views of Responsible Officials: There is no disagreement with the audit finding.

Action Taken in Response to Finding: To address the incorrect recording of grant revenue, Accounting Services will implement enhanced procedures to ensure proper revenue recognition. Historically, during the month-end process, earned or unearned revenue for sponsored, funded awards has been identified by running the Billing Report in the Sponsored Programs Administration Data Warehouse Module and filtering for agreement type 'Cost Reimbursement' only. The Grant Module is initiated, updated, and maintained by the Sponsored Programs Administration (SPA). SPA ensures that the Grant Module contains accurate, timely information, which is crucial for fiscal integrity and accurate reporting.

Additionally, University Enterprises Corporation (UEC), in collaboration with Sponsored Programs Administration (SPA), is developing an accrual year-end process and associated procedures to strengthen accrual accuracy and ensure alignment with federal requirements. As part of this effort, UEC and SPA will also establish enhanced subaward management protocols to support timely and accurate financial reporting.

These enhancements include formal communication and escalation procedures to ensure sub-awardee compliance with reporting expectations and the June 30 deadlines. Sub-awardees are required to submit financial information by established deadlines, with structured follow-up and escalation to ensure receipt. Escalation measures include formal notifications, reinforced deadline communications, and, where necessary, enforcement actions up to and including termination of subaward agreements for non-compliance.

These actions are designed to ensure the timely receipt of required financial data, improve period-end accuracy, and support consistent and compliant revenue recognition.

Contacts Responsible for Corrective Action: Initiates with the respective Research Analyst in SPA for the grant. Reviewed by Director of Sponsored Programs Administration, CSUSB Post-Award Accountant.

Planned Completion Date for Corrective Action: June 30, 2026

2025-002: ACTIVITIES ALLOWED OR UNALLOWED AND ALLOWABLE COSTS/COST PRINCIPLES

Federal Program Title: R&D Cluster and TRIO Cluster

Assistance Listing Number: R&D and 84.TRIO

Type of Finding:

- Significant Deficiency in Internal Control over Compliance

Recommendation: We recommend that UEC strengthen its controls over expenditure recognition to ensure costs are recorded in the appropriate fiscal period and enhance payroll review procedures to ensure timesheets are submitted and reviewed in a timely manner to support accurate payroll reporting.

Views of Responsible Officials: There is no disagreement with the audit finding.

Action Taken in Response to Finding: University Enterprises Corporation (UEC), as the entity responsible for fiscal oversight, compliance, and financial reporting for sponsored programs, has initiated and continues to implement enhancements to strengthen internal controls and ensure expenditures are recorded in the appropriate fiscal period. These actions include strengthening period-end review and accrual practices to improve fiscal accuracy, reinforcing expectations for timely payroll documentation and supervisory review through formal communication and standardized procedures, clarifying roles and responsibilities across UEC and campus partners to support consistent compliance, enhancing documentation standards and internal review processes, and establishing ongoing monitoring to ensure sustained adherence to federal requirements. These efforts build upon recent communications and procedural updates issued to Deans, Principal Investigators, and campus leadership to reinforce compliance expectations and accountability.

Contact(s) Responsible for Corrective Action: UEC Executive Director

Planned Completion Date for Corrective Action: In action as of February 2026.

2025-003: CASH MANAGEMENT

Federal Program Title: R&D Cluster, Child Care Access Means Parents in School, and TRIO Cluster

Assistance Listing Number: R&D, 84.335, and 84.TRIO

Type of Finding:

- Significant Deficiency in Internal Control over Compliance
- Other Matters

Recommendation: We recommend that the UEC strengthen its cash management and financial reporting procedures to ensure reimbursement requests include only costs incurred in the appropriate fiscal period, are supported by adequate documentation, and are submitted in a timely manner. The UEC should also enhance review controls to verify proper period recognition of costs before submitting reimbursement requests.

Views of Responsible Officials: There is no disagreement with the audit finding.

Action Taken in Response to Finding: University Enterprises Corporation (UEC) has implemented and is continuing to strengthen internal controls over cash management, reimbursement timing, and supporting documentation. Corrective actions include the implementation of a revised subaward management process to improve documentation, period alignment, and pre-submission review, strengthening controls to ensure reimbursement requests include only costs incurred within the appropriate fiscal period, reinforcing documentation and validation requirements prior to submission, establishing clearer expectations and monitoring for timely reimbursement processing, and clarifying roles and responsibilities to support consistent compliance.

Contact(s) Responsible for Corrective Action: Director of Sponsored Programs Administration

Planned Completion Date for Corrective Action: June 30, 2026.

2025-004: EQUIPMENT AND REAL PROPERTY MANAGEMENT

Federal Program Title: R&D Cluster and Congressional Directives
Assistance Listing Number: R&D and 93.493

Type of Finding:

- Significant Deficiency in Internal Control over Compliance
- Other Matters

Recommendation: We recommend that UEC establish and implement equipment management procedures to ensure property records are complete, physical inventories are performed at least biennially, and adequate safeguards are maintained for all equipment acquired with Federal funds.

Views of Responsible Officials: There is no disagreement with the audit finding.

Action Taken in Response to Finding: University Enterprises Corporation (UEC) has implemented and is continuing to strengthen internal controls over equipment and real property management to ensure compliance with federal requirements.

Corrective actions include implementing standardized equipment management procedures to ensure complete and accurate property records, establishing inventory protocols to support

required physical inventories, and reinforcing safeguarding and accountability measures for equipment acquired with federal funds. These efforts are being carried out in coordination with

CSUSB Procurement and Property Management to ensure alignment in asset tracking, inventory practices, and documentation. UEC is the title holder of all equipment and property. Upon the conclusion of a grant, the equipment will be transferred to CSUSB, and annual oversight requirements will be enhanced in collaboration with CSUSB Property Management to ensure consistent monitoring and compliance.

Contact(s) Responsible for Corrective Action: UEC Executive Director, and CSUSB Property Management

Planned Completion Date for Corrective Action: June 30, 2026

2025-005: Suspension and Debarment

Federal Program Title: Higher Education Institutional Aid

Assistance Listing Number: 84.031

Type of Finding:

- Significant Deficiency in Internal Control over Compliance
- Other Matters

Recommendation: We recommend that the UEC strengthen its procurement procedures to ensure suspension and debarment verification is consistently performed and documented prior to entering into covered transactions funded with Federal awards.

Views of Responsible Officials: There is no disagreement with the audit finding.

Action Taken in Response to Finding: University Enterprises Corporation (UEC) maintains an established process requiring suspension and debarment verification prior to contract execution. While procurement activities are coordinated in conjunction with CSUSB Procurement, UEC is responsible for ensuring that required verification procedures are completed and appropriately documented for all federally funded transactions.

The instance identified represents a lapse in documentation, not a lack of control. UEC has reinforced expectations to ensure verification is consistently documented within the official project file and has strengthened pre-award review procedures to confirm compliance prior to execution. UEC will continue to monitor adherence to ensure consistent application of established controls.

Contact(s) Responsible for Corrective Action: Director of Sponsored Programs

Planned Completion Date for Corrective Action: June 30, 2026

2025-006: REPORTING

Federal Program Title: Higher Education Institutional Aid
Assistance Listing Number: 84.031

Type of Finding:

- Significant Deficiency in Internal Control over Compliance
- Other Matters

Recommendation: We recommend that UEC strengthen its reporting procedures to ensure required performance reports are reviewed and approved prior to submission and that documentation is retained to support evidence of management review and report submission in accordance with Federal award requirements.

Views of Responsible Officials: There is no disagreement with the audit finding.

Action Taken in Response to Finding: Sponsored Programs, in coordination with the Office of Academic Research, will implement formal procedures requiring documented review and approval of all performance and annual reports prior to submission. Standardized processes, including approval documentation and retention of supporting records, will be established in accordance with Federal requirements. Roles and responsibilities will be defined, and compliance will be monitored.

Targeted training will be provided to ensure staff understand reporting requirements and the updated procedures.

Contact(s) Responsible for Corrective Action: Director of Sponsored Programs

Planned Completion Date for Corrective Action: June 30, 2026

If federal agencies have questions regarding this plan, please call Michelle Bulaon at 909-537-3644.

University Enterprises Corporation at CSUSB respectfully submits the following summary schedule of prior audit findings for the year ended June 30, 2024.

Audit period: July 1, 2023 to June 30, 2024

The findings from the prior audit's schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the prior year.

FINDINGS—FINANCIAL STATEMENT AUDIT

2024-001: Revenue Recognition

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Condition: The UEC incorrectly recorded grant revenue, receivables, and unearned revenue. Management recorded activity on a cash basis and did not properly adjust to accrual basis at year-end for the grants identified with errors.

Status: Repeat Finding. See 2025-001.

Reason for Finding's Recurrence: The finding recurred due to delays in the submission of expenditure reports by sub awardees under sponsored programs. These delays prevented management from obtaining complete and timely information necessary to accurately record expenditures and related accruals in the proper reporting period. As a result, certain grant-related revenues, receivables, and unearned revenue adjustments were not identified or recorded on an accrual basis at year-end.

Corrective Action: In response to the prior finding, Accounting Services implemented enhanced procedures beginning January 1, 2025, to improve revenue recognition for sponsored programs. These actions included expanding the monthly review process to capture all sponsored funded award agreements within the Grant Module, rather than limiting the review to "Cost Reimbursement" agreements. In addition, quarterly reconciliations between the Billing Report and the Financial Summary Report were implemented to strengthen controls over the completeness and accuracy of grant-related activity.

Building on these improvements, and to further strengthen internal controls, University Enterprises Corporation (UEC), in collaboration with Sponsored Programs Administration (SPA), is developing and implementing formal year-end accrual procedures. These procedures will establish a standardized process for identifying and recording accruals related to sponsored programs, including consideration of incomplete or delayed sub awardee reporting.

In addition, UEC and SPA will implement enhanced subaward monitoring controls to ensure timely submission of expenditure reports. These controls include formal communication of reporting deadlines and expectations, structured follow-up on outstanding reports, and defined escalation protocols for non-compliance, including enforcement actions where necessary.

FINDINGS— FEDERAL AWARD PROGRAMS AUDITS

There were no financial statement findings in the prior year.

If federal agencies have questions regarding this schedule, please call Michelle Bulaon, at 909-537-3644.



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