Report of Independent Auditors
and Financial Statements

University Enterprises Corporation at CSUSB

June 30, 2026 and 2025

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University Enterprises Corporation at CSUSB

Board of Directors

June 30, 2026

Officers

Tomás D. Morales	Chief Executive Officer (University President)
Paz Olivérez	Chair (Vice President of Student Affairs)
Valerie Zellmer	Vice Chair (Community Member)
Sam Sudhakar	Treasurer (Vice President, Finance, Technology & Operations)
Taewon Yang	Secretary (Professor & Department Chair, Accounting & Finance)

Board Members

Tomás D. Morales	Director, Chief Executive Officer (University President)
Paz Olivérez	Director, Chair (Vice President of Student Affairs)
Valerie Zellmer	Director, Vice Chair (Community Member)
Sam Sudhakar	Director, Treasurer (Vice President, Finance, Technology & Operations)
Taewon Yang	Director, Secretary (Professor & Department Chair, Accounting & Finance)
Anthony Roberson	Director (Staff)
Diego Rendon	Director (Student)
David Dufault-Hunter	Director (Vice President, Strategic Enrollment & Marketing))
Dorothy Chen-Maynard	Director (Faculty)
Evajuani Bynum	Director (Community Member)
Jennifer Sorenson	Director (Staff)
Jeremy Dodsworth	Director (Faculty)
Mike Razo	Director (Community Member)
Rafik Mohamed	Director (Provost & Vice President, Academic Affairs)
Raymond Watts	Director (Interim Vice President, University Advancement)
Robin Phillips	Director (Vice President, Human Resources)
Timothy Akers	Director (Associate Provost, Academic Research)

Report of Independent Auditors

The Board of Directors
University Enterprises Corporation at CSUSB

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of University Enterprises Corporation at CSUSB (the "Organization"), which comprise the statement of financial position as of June 30, 2026, 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, 2026, 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 *(Government Auditing Standards)*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 the Organization's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 the Organization'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 the Organization'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 an opinion on the financial statements as a whole. The schedule of net position, schedule of revenues, expenses and changes in net position, and the schedule of other information, in addition to the listing of the 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 supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Report on Summarized Comparative Information

The financial statements of University Enterprise Corporation at CSUSB as of and for the year ended June 30, 2025, were audited by a predecessor auditor, whose report dated October 16, 2025, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2025, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2026, 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.

Baker Tilly US, LLP

San Diego, California
October 5, 2026

Financial Statements

University Enterprises Corporation at CSUSB
Statements of Financial Position
June 30, 2026 and 2025

	2026	2025
ASSETS		
Cash and cash equivalents	$ 7,034,237	$ 8,523,314
Investments	12,248,638	14,344,678
Grants receivable	12,584,227	11,514,910
Due from related party	217,937	1,429,621
Assets for post-employment medical benefits	1,917,680	1,779,510
Other receivables	296,317	218,383
Prepaid expenses	321,591	389,768
Property and equipment, net	3,408,496	2,557,897
Right-of-use assets	2,284,335	3,438,048
Total assets	$ 40,313,458	$ 44,196,129
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	$ 4,396,066	$ 4,505,731
Due to related party	3,086,718	825,290
Accrued wages and benefits	1,077,721	1,070,501
Accrued vacation	419,156	466,037
Other accrued liabilities	1,566,800	1,415,984
Refundable deposits	9,928,897	12,100,334
Deferred revenue	2,178,868	2,384,056
Liabilities for pension benefits	4,604,278	4,673,756
Lease liabilities	2,178,218	3,294,109
Total liabilities	29,436,722	30,735,798
NET ASSETS		
Without donor restrictions		
Undesignated	8,649,368	11,232,962
Board-designated	2,227,368	2,227,369
Total without donor restrictions	10,876,736	13,460,331
Total net assets	10,876,736	13,460,331
Total liabilities and net assets	$ 40,313,458	$ 44,196,129

See accompanying notes.

University Enterprises Corporation at CSUSB
Statement of Activities
Year Ended June 30, 2026 (with Comparative Totals for 2025)

	Without Donor Restrictions	With Donor Restrictions	2026 Total	2025 Total
REVENUES				
Grants and contracts	$ 48,641,240	$ -	$ 48,641,240	$ 51,370,304
Special programs	864,817	-	864,817	755,006
Miscellaneous income	554,310	-	554,310	997,717
Commissions	700,075	-	700,075	813,512
Parent fees	489,255	-	489,255	441,485
Investment income, net	485,069	-	485,069	525,321
Realized gain on investments	117,878	-	117,878	27,900
Unrealized loss on investments	(16,040)	-	(16,040)	(17,771)
Total revenues from operations	51,836,604	-	51,836,604	54,913,474
Transfers from university and other auxiliary organizations	771,942	-	771,942	662,980
Total revenues	52,608,546	-	52,608,546	55,576,454
EXPENSES				
Program expenses				
Commercial operations	1,245,796	-	1,245,796	1,269,264
Sponsored programs	48,760,693	-	48,760,693	51,803,040
Campus programs	2,144,770	-	2,144,770	2,356,115
Management and general	3,076,074	-	3,076,074	514,848
Total expenses	55,227,333	-	55,227,333	55,943,267
CHANGES IN NET ASSETS FROM OPERATIONS	(2,618,787)	-	(2,618,787)	(366,813)
NON-OPERATING ACTIVITIES				
Transfers to University/other auxiliary organizations	(172,450)	-	(172,450)	(74,915)
Net change in pension liability valuation	138,166	-	138,166	(846,104)
Net change in OPEB asset valuation	69,476	-	69,476	824,651
Total non-operating activities	35,192	-	35,192	(96,368)
CHANGES IN NET ASSETS INCLUDING NON-OPERATING ACTIVITIES	(2,583,595)	-	(2,583,595)	(463,181)
NET ASSETS				
Beginning of year, as restated	13,460,331	-	13,460,331	13,923,512
End of year	$ 10,876,736	$ -	$ 10,876,736	$ 13,460,331

See accompanying notes.

University Enterprises Corporation at CSUSB
Statement of Functional Expenses
Year Ended June 30, 2026 (with Comparative Totals for 2025)

	2026						2025
	Program Activities				Supporting Activities		
	Commercial Operations	Sponsored Programs	Campus Programs	Total Program Activities	Management and General	Total Expenses	Total Expenses
Salaries	$ -	$ 19,305,140	$ 1,526,776	$ 20,831,916	$ 1,929,782	$ 22,761,698	$ 22,513,801
Employee benefits	-	5,353,373	408,455	5,761,828	527,827	6,289,655	6,081,395
Administrative costs	-	22,048	5,861	27,909	14,926	42,835	38,270
Bad debts	-	-	-	-	14,227	14,227	-
Bank and credit fees	538	-	230	768	13,105	13,873	4,675
Small equipment purchases	140	-	702	842	7,437	8,279	1,368,678
Conferences and meetings	-	846,642	988	847,630	25,642	873,272	482,816
Contract services	2,360	4,208,024	14,290	4,224,674	320,594	4,545,268	3,371,238
Cost of goods sold	10,301	-	-	10,301	-	10,301	10,662
Depreciation and amortization	322,013	416,174	262	738,449	87,353	825,802	676,956
Campus services expense	-	-	-	-	2,870,944	2,870,944	2,507,303
Dues, memberships			-	-	-		
and subscriptions	48,200	24,687	-	72,887	32,687	105,574	51,827
Food	-	62,547	31,726	94,273	713	94,986	101,755
Grant indirect costs	-	5,055,041	-	5,055,041	(5,055,041)	-	-
Honoraria	-	500	-	500	3,000	3,500	8,850
Information technology costs	-	116,670	28,430	145,100	57,584	202,684	539,110
Insurance	-	28,046	-	28,046	414,611	442,657	345,639
Interest	-	6,032	-	6,032	-	6,032	4,857
Leases	-	1,548,530	-	1,548,530	-	1,548,530	1,322,994
Licenses and permits	10,485	35,417	2,268	48,170	18,705	66,875	39,847
Grant subrecipient costs	-	1,745,332	-	1,745,332	-	1,745,332	3,050,850
Other expenses	8,027	431,123	-	439,150	634,593	1,073,743	1,008,052
Postage	-	2,421	156	2,577	4,074	6,651	5,424
Printing	-	17,880	1,494	19,374	3,344	22,718	14,069
Professional development							
and training	-	122,847	15,319	138,166	57,239	195,405	459,536
Professional fees	-	-	6,633	6,633	168,051	174,684	211,325
Public relations	-	8,472	820	9,292	2,077	11,369	76,226
Rental, equipment and space	240,385	-	-	240,385	-	240,385	272,281
Repairs	413,312	189,152	3,248	605,712	2,933	608,645	1,743,355
Stipends, room and board	-	5,628,815	-	5,628,815	560	5,629,375	5,220,651
Supplies	-	2,439,885	85,817	2,525,702	645,183	3,170,885	2,248,756
Travel	-	894,548	3,644	898,192	273,043	1,171,235	1,735,273
Utilities and telephone	190,035	251,347	7,651	449,033	881	449,914	426,796
	$ 1,245,796	$ 48,760,693	$ 2,144,770	$ 52,151,259	$ 3,076,074	$ 55,227,333	$ 55,943,267

See accompanying notes.

University Enterprises Corporation at CSUSB
Statements of Cash Flows
Year Ended June 30, 2026 (with Comparative Totals for 2025)

	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (2,583,595)	$ (463,181)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities		
Depreciation and amortization	790,850	647,392
Unrealized loss on investments	16,040	17,771
Changes in assets and liabilities		
Grants receivable	(1,069,317)	2,477,160
Due from related party	1,211,684	(956,531)
Assets for post-employment medical benefits	(138,170)	(824,651)
Other receivables	(77,934)	(78,632)
Prepaid expenses	68,177	38,408
Accounts payable	(109,665)	1,125,022
Due to related party	2,261,428	(1,441,119)
Accrued wages and benefits	7,220	105,547
Accrued vacation	(46,881)	(35,660)
Other accrued liabilities	150,816	103,914
Refundable deposits	(2,171,437)	4,112,826
Deferred revenue	(205,188)	(170,866)
Liabilities for pension benefits	(69,478)	846,104
Right-of-use assets and liabilities, net	72,466	(258,782)
Net cash (used in) provided by operating activities	(1,892,984)	5,244,722
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(1,641,449)	(487,918)
Purchases of investments	(4,003,196)	(6,199,061)
Proceeds from sale of investments	6,083,196	5,645,827
Net cash provided by (used in) investing activities	438,551	(1,041,152)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on finance leases	(34,644)	(3,273)
Net cash used in financing activities	(34,644)	(3,273)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,489,077)	4,200,297
CASH AND CASH EQUIVALENTS		
Beginning of year	8,523,314	4,323,017
End of year	$ 7,034,237	$ 8,523,314

See accompanying notes.

Note 1 – Nature of the Organization

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 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, 2035.

Major Program Services – The UEC's major program services include:

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

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 consists of the operation of the on-campus Child Care Center, Infant Toddler Center, PC lab, and alumni relations.

Note 2 – Summary of Operations and Significant Accounting Policies

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. 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.

Board-Designated Net Assets Without Donor Restrictions – Net assets without donor restrictions that have been designated by UEC's governing board for specific purposes or reserves. These designations represent internal actions of the governing board and do not result from donor-imposed restrictions. Accordingly, the governing board retains the authority to modify or remove such designations and to redirect the related net assets for other purposes.

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.

Measure of operations – Transactions deemed by management to be directly related to the programs of UEC are reported as operating revenue and expenses. Non-operating activities include transfers to university and other auxiliary organizations, net change in pension liability valuation, and net change in OPEB asset valuation.

Use of 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.

Cash and Cash Equivalents and Concentrations – For purposes of the statements 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, 2026 and 2025, UEC had $6,784,237 and $8,273,314, respectively, 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 are reported at fair value in the statements of financial position. The fair value of investments in securities is based on the quoted market price of the underlying securities. Unrealized gains and losses are included in the change in net assets.

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 – Grants receivable consist of unconditional amounts due from governmental agencies, foundations, and other grantors and are recorded at the amount expected to be collected. Conditional grants are not recognized as receivables until the conditions on which they depend have been substantially met. Management evaluates the collectability of grants receivable based on a review of individual balances, the financial condition and payment history of grantors, historical collection experience, and other relevant facts and circumstances. An allowance for credit losses is established when management determines that amounts may not be fully collectible. Grants receivable are written off when they are determined to be uncollectible.

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 grants and other receivables as of June 30, 2026 and 2025 are fully collectible, and, therefore, no allowance for credit losses has been presented.

Property and Equipment – Property and equipment are carried at cost or, if contributed, at fair 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 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.

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 therefrom are subject to federal and state regulations.

Depreciation is computed on the straight-line method over estimated useful lives as set forth in the following table:

Asset Class	Estimated Life
Buildings	30 years
Equipment, furniture, and fixtures	5–10 years
Leasehold improvements	Shorter of useful life or lease term
Intangible assets	Contractual or legal useful life unless indefinite

Donated Services – Volunteers contribute time to UEC's 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. Contributions with donor restrictions 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.

Unconditional promises to give are recognized initially at fair value using a discounted cash flow model as contributions revenue in the period such promises are made by donors. Conditional promises are recorded as revenue once the conditions are 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 restrictions and reported in the statement of activities as net assets released from restrictions.

Grants and contracts comprise primarily cost-reimbursable grants and contracts that are accounted for as conditional contributions. Revenue is recognized when the conditions of the award are substantially met, generally as qualifying expenditures are incurred in accordance with the terms of the grant or contract. Amounts received but not yet earned are reported as refundable deposits in the statements of financial position. UEC received cost reimbursable grants of $9,754,255 and $12,100,334 that have not been recognized as of June 30, 2026 and 2025, respectively, because qualifying expenditures have not yet been incurred.

Commissions revenue is recognized when earned in accordance with the terms and conditions contained in the agreements with 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. Deferred revenue represents consideration received in advance under UEC's agreements for which the related performance obligations have not yet been satisfied. Deferred revenue is recognized as revenue as the related performance obligations are satisfied in accordance with the terms of the agreements. Deferred revenue in the statements of financial position was $2,178,868 and $2,384,056 as of June 30, 2026 and 2025, respectively.

Parent fee revenue relates to childcare services and is recognized as services are provided over the applicable enrollment period.

Special programs revenue consists primarily of unconditional contributions.

Rental and space revenue is recognized over the period in which the related space or facilities are made available to the customer in accordance with the terms of the applicable agreement.

Miscellaneous income consists of various ancillary revenues and is recognized when the related services are provided or other applicable earning conditions have been satisfied.

Concentrations – UEC receives funds under various research grants from federal and non-federal agencies. For the years ended June 30, 2026 and 2025, funding from two and three governmental agencies represents approximately 32% and 45% of total grants and contracts revenue, respectively.

Allocation of Functional Expenses – The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Such expenses are allocated among program services and supporting activities using reasonable and consistently applied allocation methods. Salaries and related costs are allocated based on estimates of time and effort, while occupancy and other shared costs are allocated based on measures such as square footage, usage, or other reasonable bases, as applicable.

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.

Comparative Totals – Certain financial statements include prior-year summarized comparative information in total but not by net asset class. Such prior-year information does not include sufficient detail to constitute a complete presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, the prior-year summarized comparative information should be read in conjunction with UEC's financial statements for the year ended June 30, 2025, from which such information was derived.

Leases – UEC leases its facilities under noncancelable lease 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 whether 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 finance leases are included right-of-use (ROU) assets and lease liabilities on the accompanying statements of financial position. 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 exclude 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 not to recognize an ROU asset or lease liability for leases that are 12 months or less in duration.

UEC has elected not to separate non-lease components from lease components and instead accounts for each separate lease component and the non-lease component as a single lease component. UEC's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Reclassification – Certain prior year amounts have been reclassified to conform to the current year presentation. As of June 30, 2025, $12,100,334 previously reported as deferred revenue has been reclassified to refundable deposits. The remaining $2,384,056 represents deferred revenue. These reclassifications had no effect on total liabilities, net assets, the change in net assets, or cash flows.

Subsequent Events – Management has evaluated subsequent events through October 5, 2026, the date the financial statements were available to be issued.

Note 3 – 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 UEC 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.

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

The following is a description of the valuation methodologies:

Cash and cash equivalents – Balances in cash equivalents include demand deposits and money market accounts held for investment. Money market accounts are valued at the broker statement values, which represent the amounts for which UEC could convert the money market funds to cash.

United States treasuries – United States Treasury securities are valued using quoted market prices in active markets or other observable market inputs, such as benchmark yields and market-corroborated pricing information.

Exchange traded funds – Shares of exchange traded funds are valued at quoted market prices on active markets.

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

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, 2026 and 2025 are as follows:

	Fair Value Measurements at June 30, 2026				
	Total	Level 1	Level 2	Level 3	NAV
Investments					
Cash and cash equivalent	$ 9,685,001	$ 9,685,001	$ -	$ -	$ -
United States treasuries	1,987,000	1,987,000	-	-	-
CSU Systemwide Investment Pool	123,827	-	-	-	123,827
Exchange traded funds					
Domestic equity	273,318	273,318	-	-	-
Fixed income	179,492	179,492	-	-	-
Total investments	$ 12,248,638	$ 12,124,811	$ -	$ -	$ 123,827

	Fair Value Measurements at June 30, 2025				
	Total	Level 1	Level 2	Level 3	NAV
Investments					
Money Market Funds	$ 11,945,287	$ 11,945,287	$ -	$ -	$ -
CSU Systemwide Investment Pool	2,096,644	-	-	-	2,096,644
Mutual Funds	302,747	302,747	-	-	-
Total investments	$ 14,344,678	$ 12,248,034	$ -	$ -	$ 2,096,644

UEC has pooled investments with the CSU Systemwide Investment Pool. 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 CSU Systemwide Investment Pool investment portfolio for the purpose of enhancing centralized cash and investment management. Because the central banking system and CSU Systemwide Investment Pool are inextricably linked, each member in the central banking system is also a member in CSU Systemwide Investment Pool, also referred to collectively as “the Bank of CSU”. The CSU Systemwide Investment Pool 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 years ended June 30, 2026 and 2025 amounted to $23,767 and $23,336, respectively, and are netted against investment income on the statement of activities.

Note 4 – Property and Equipment

Property and equipment consisted of the following at June 30, 2026 and 2025:

	2026	2025
Land	$ 4,640	$ 4,640
Buildings	2,196,396	2,196,396
Equipment, furniture, and fixtures	6,802,752	5,162,519
Leasehold improvements	3,015,871	3,015,871
Intangible assets	189,057	189,057
	12,208,716	10,568,483
Less: accumulated depreciation and amortization	(8,800,220)	(8,010,586)
Total property and equipment, net	$ 3,408,496	$ 2,557,897

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

Depreciation and amortization expense for the years ended June 30, 2026 and 2025 was $790,850 and $647,392, respectively.

Note 5 – Leases

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, 2026 and 2025:

	2026	2025
Operating leases		
Operating lease right-of-use assets	$ 2,211,939	$ 3,391,566
Operating lease liabilities, current portion	1,401,223	1,235,928
Operating lease liabilities, net of current portion	702,457	2,009,767
Total operating lease liabilities	$ 2,103,680	$ 3,245,695

Finance Leases		
Finance lease right-of-use assets	$ 72,396	$ 46,482
Finance lease liabilities, current portion	$ 32,466	$ 26,810
Finance lease liabilities, net of current portion	42,072	21,604
Total finance lease liabilities	$ 74,538	$ 48,414

The following summarizes the weighted average remaining lease term and discount rate as of June 30, 2026 and 2025:

	2026	2025
Weighted Average Remaining Lease Term		
Operating leases	3.15 years	3.32 years
Finance leases	3.42 years	1.77 years
Weighted Average Discount Rate		
Operating leases	4.33%	4.17%
Finance leases	4.66%	5.15%

The maturities of lease liabilities as of June 30, 2026 were as follows:

Year Ending June 30,	Operating	Finance
2027	$ 1,467,829	$ 35,086
2028	139,703	13,008
2029	132,396	13,008
2030	136,368	13,008
2031	140,459	6,504
Thereafter	268,541	-
Total undiscounted lease payments	2,285,296	80,614
Less: present value discount	(181,616)	(6,076)
Total lease liabilities	$ 2,103,680	$ 74,538

The following summarizes the line items in the statement of activities which include the components of lease expense for the years ended June 30, 2026 and 2025:

	2026	2025
Operating lease expenses	$ 1,532,876	$ 1,322,994
Finance lease expenses		
Amortization of lease assets	$ 34,954	$ 28,995
Interest on lease liabilities	3,677	3,149
Total finance lease expenses	$ 38,631	$ 32,144

The following summarizes cash flow information related to leases for the years ended June 30, 2026 and 2025:

	2026	2025
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	$ 1,510,920	$ 1,389,521
Operating cash flows from finance leases	3,785	28,887
Finance cash flows from finance leases	34,644	3,273
Lease assets obtained in exchange for lease obligations		
Operating leases	-	1,063,281
Finance leases	60,867	-

Note 6 – Board-Designated and Donor Restricted Net Assets

UEC's governing board has designated $2,227,368 of net assets without donor restrictions for the following purposes as of both June 30, 2026 and 2025:

	2026	2025
Board-designated net assets		
Current operations reserve	$ 302,253	$ 302,253
Working capital reserve	990,104	990,105
Unplanned capital replacement reserve	409,620	409,620
General reserve	25,391	25,391
Sponsored programs reserve for disallowances	500,000	500,000
	$ 2,227,368	$ 2,227,369

There were no net assets with donor restrictions as of both June 30, 2026 and 2025.

Note 7 – 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 with at least five years of credited service may retire as early as age 50. However, employees whose service was earned entirely on or after January 1, 2013, must be at least age 52 to retire. Eligible retirees are entitled to an annual retirement benefit, payable for life, calculated as a percentage of the average monthly pay rate for their highest consecutive 12 months of compensation, with the applicable percentage determined based on age and years of credited service. 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 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 under 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 years ended June 30, 2026 and 2025 was 15.38% and 15.26% for the miscellaneous plan and 8.27% and 8.18% for the miscellaneous tier 1 plan (PEPRA), respectively. The payroll for employees covered by PERS for the years ended June 30, 2026 and 2025 was $10,522,470 and $11,281,776, respectively. Total payroll for the years ended June 30, 2026 and 2025 amounted to $22,761,698 and $22,513,801, respectively. Employer contributions for the years ended June 30, 2026 and 2025 were $1,011,078 and $1,050,867, respectively, based on amounts required to be contributed. Total employee contributions for the years ended June 30, 2026 and 2025 were $797,275 and $866,147, respectively.

The following table presents a reconciliation of net pension liability as of June 30, 2026 and 2025:

	2026		
	Plan Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Plan Net Pension Liability (c)=(a)-(b)
Miscellaneous Plan	$ 48,172,944	$ 42,993,329	$ 5,179,615

	2025		
	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

The amount reported as liabilities for pension benefits in the statement of financial position differs from the net pension liability presented above because the reported balance also includes pension-related valuation adjustments that are recognized over future periods. These adjustments arise primarily from changes in actuarial assumptions, differences between expected and actual experience and investment performance, and other changes in the measurement of the pension obligation and plan assets. Accordingly, the amount presented in the statement of financial position reflects the net pension liability together with these related valuation adjustments.

Plan assets and funded status of the plan were as follows as of June 30, 2026 and 2025:

		2026			
Valuation Date	Measurement Date	Accrued Liability	Actuarial Value of Assets (AVA)	Funding Actuarial Deficit	Funded Ratio AVA
June 30, 2024	June 30, 2025	$ 48,172,944	$ 42,993,329	$ 5,179,615	89.25%

		2025			
Valuation Date	Measurement Date	Accrued Liability	Actuarial Value of Assets (AVA)	Funding Actuarial Deficit	Funded Ratio AVA
June 30, 2023	June 30, 2024	$ 45,083,430	$ 38,395,970	$ 6,687,460	85.17%

Net periodic pension costs recognized as expenses in the statement of activities for the years ended June 30, 2026 and 2025 were $941,599 and $1,896,971, respectively.

Actuarial Assumptions	Miscellaneous Plan
Valuation date	June 30, 2024 and 2023
Measurement date	June 30, 2025 and 2024
Actuarial cost method	Entry age actuarial cost method
Asset valuation	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.

Note 8 – Other Post-Employment 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 $706 per month for retiree coverage, and $1,365 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 post-employment benefit obligation, change in plan assets, and funded status of the plan as of June 30, 2026 and 2025.

	2026	2025
Change in accumulated postemployment benefit obligation (APBO)		
APBO at beginning of year	$ 2,438,948	$ 2,970,185
Service cost	4,575	13,750
Interest cost	123,761	150,732
Actuarial loss	415,779	(450,954)
Benefits paid	(228,186)	(244,765)
APBO at end of year	2,754,877	2,438,948
Change in plan assets		
Fair value of assets at beginning of year	4,218,458	3,925,044
Actual return on assets, net of expenses	614,099	458,414
Employer contribution	228,186	244,765
Benefits paid	(228,186)	(244,765)
Other disbursements	(160,000)	(165,000)
Fair value of plan assets at end of year	4,672,557	4,218,458
Funded status - overfunded OPEB asset	$ 1,917,680	$ 1,779,510
Components of net periodic post-employment benefit cost (NPPBC)		
Service cost	$ 4,575	$ 13,750
Interest cost	123,761	150,732
Expected return on plan assets	(248,377)	(230,625)
Amortization of net gain	(455,521)	(412,114)
Net periodic post-employment benefit cost	(575,562)	(478,257)
Other changes in plan assets and benefit obligations recognized in net assets without donor restrictions		
Net actuarial loss	50,061	(678,743)
Amortization of actuarial loss	455,521	412,114
Total other changes recognized	505,582	(266,629)
Total recognized change in net assets	$ (69,980)	$ (744,886)

The assumptions used in the measurement of UEC's benefit obligation and net periodic post-employment benefit cost included weighted-average discount rates of 5.32% and 5.29% as well as and expected long-term rates of return on plan assets of 6.00% and 6.00% as of and for the years ended June 30, 2026 and 2025, respectively.

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

Year Ending June 30,	Rate
2027	6.00%
2028–2070	4.70%
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 as of June 30, 2026:

	Dollar Increase	Percent Increase
Accumulated post-employment benefit obligation (increase)	$ 282,711	10.30%

A 1% decrease in the assumed healthcare trend rates would have the following effects as of June 30, 2026:

	Dollar Decrease	Percent Decrease
Accumulated post-employment benefit obligation (decrease)	$ 241,784	8.80%

The Plan has accumulated assets available to fund post-employment benefits. UEC's current funding practice is to make annual employer contributions generally equal to the expected benefit payments for the year. UEC paid $228,186 and $244,765 during the years ended June 30, 2026 and 2025, respectively, for current benefit payments.

The expected benefits to be paid are as follows:

Year Ending June 30,	
2027	$ 178,488
2028	183,009
2029	186,880
2030	189,237
2031	191,048
2032-2036	942,069
Total	$ 1,870,731

Note 9 – 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, as the space cannot be utilized by any organization outside of those affiliated with the University, there is not a market for such property. Accordingly, these amounts are not recorded in the financial statements.

Schedules of related party transactions between UEC, University, and other auxiliary organizations as of and for the years ended June 30, 2026 and 2025 are as follows:

As of and for the year ended June 30, 2026	CSUSB	Associated Students	Philanthropic Foundation	Santos Manuel Student Union	Total
Expenses					
Payments to Univ/Aux for salaries of personnel working on contracts, grants, and other programs	$ 6,918,521	$ -	$ 17,195	$ -	$ 6,935,716
Payments to Univ/Aux for other than salaries of personnel	7,159,651	-	276,075	85,629	7,521,355
Revenues					
Payments received from Univ/Aux for services, space and programs	6,677,810	145,000	867,052	1,197	7,691,059
Due to					
Accounts Payable due to Univ/Aux as of June 30, 2026	(2,757,726)	-	(84,993)	(243,999)	(3,086,718)
Due from					
Accounts Receivable due from Univ/Aux as of June 30, 2026	85,091	-	132,846	-	217,937

As of and for the year ended June 30, 2025	CSUSB	Associated Students	Philanthropic Foundation	Santos Manuel Student Union	Total
Expenses					
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
Revenues					
Payments received from Univ/Aux for services, space and programs	4,720,547	154,943	789,171	-	5,664,661
Due to					
Accounts Payable due to Univ/Aux as of June 30, 2025	(790,267)	-	(22,389)	(12,634)	(825,290)
Due from					
Accounts Receivable due from Univ/Aux as of June 30, 2025	1,381,741	-	47,880	-	1,429,621

Note 10 – Liquidity and Availability

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, investments, 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.

As of June 30, 2026, 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 statement of financial position date to meet general expenditures.

Financial assets	
Cash and cash equivalents	$ 7,034,237
Investments convertible to cash in the next 12 months	12,248,638
Grants receivable	12,584,227
Due from related parties	217,937
Other receivables	296,317
Total	$ 32,381,356
Financial assets available to meet general expenditures over the next 12 months	
Cash and cash equivalents	7,034,237
Investments convertible to cash in the next 12 months	12,248,638
Grants receivable	12,584,227
Due from related parties	217,937
Other receivables	296,317
Total	32,381,356
Less: board-designated net assets	(2,227,368)
Total	$ 30,153,988

Supplementary Information

University Enterprises Corporation at CSUSB
Schedule of Net Position
Year Ended June 30, 2026
(For Inclusion in the California State University)

ASSETS

CURRENT ASSETS		
Cash and cash equivalents	$	7,034,237
Short-term investments		12,248,638
Accounts receivable, net		13,098,481
Lease receivable, current portion		-
P3 receivable, current portion		-
Notes receivable, current portion		-
Pledges receivable, net		-
Prepaid expenses and other current assets		321,591
Total current assets		32,702,947
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		5,692,831
Other assets		1,917,680
Total noncurrent assets		7,610,511
Total assets		40,313,458
DEFERRED OUTFLOWS OF RESOURCES		
Unamortized loss on debt refunding		-
Net pension liability		-
Net OPEB liability		-
Leases		-
P3		-
Others		-
Total deferred outflows of resources		-

See accompanying independent auditor's report.

University Enterprises Corporation at CSUSB
Schedule of Net Position
Year Ended June 30, 2026
(For Inclusion in the California State University)

LIABILITIES

CURRENT LIABILITIES		
Accounts payable	$	7,482,784
Accrued salaries and benefits		1,077,721
Accrued compensated absences, current portion		209,578
Unearned revenues		10,012,051
Lease liabilities, current portion		1,433,689
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		1,566,800
Total current liabilities		21,782,623
NONCURRENT LIABILITIES		
Accrued compensated absences, net of current portion		209,578
Unearned revenues		2,095,714
Grants refundable		-
Lease liabilities, net of current portion		744,529
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		4,604,278
Other liabilities		-
Total noncurrent liabilities		7,654,099
Total liabilities		29,436,722
DEFERRED INFLOWS OF RESOURCES		
P3 service concession arrangements		-
Net pension liability		-
Net OPEB liability		-
Unamortized gain on debt refunding		-
Nonexchange transactions		-
Lease		-
P3		-
Others		-
Total deferred inflows of resources		-
NET POSITION		
Net investment in capital assets		-
Restricted for:		-
Nonexpendable endowments		-
Expendable:		-
Scholarships and fellowships		-
Research		-
Loans		-
Capital projects		-
Debt service		-
Others		-
Unrestricted		10,876,736
Total net position	$	10,876,736

See accompanying independent auditor's report.

University Enterprises Corporation at CSUSB
Schedule of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2026
(For Inclusion in the California State University)

REVENUES	
Operating revenues	
Student tuition and fees, gross	$ -
Scholarship allowances (enter as negative)	-
Student financial aid grants	
Federal financial aid grants	-
State financial aid grants	-
Local financial aid grants	-
Nongovernmental and other financial aid grants	-
Grants and contracts, noncapital	
Federal	24,963,325
State	19,302,302
Local	3,459,763
Nongovernmental	915,850
Sales and services of educational activities	-
Sales and services of auxiliary enterprises, gross	700,075
Scholarship allowances (enter as negative)	-
Other operating revenues	1,908,382
Total operating revenues	51,249,697
EXPENSES	
Operating expenses	
Instruction	806,101
Research	7,802,405
Public service	27,174,552
Academic support	1,406,811
Student services	12,070,405
Institutional support	4,182,282
Operation and maintenance of plant	-
Student grants and scholarships	-
Auxiliary enterprise expenses	923,783
Depreciation and amortization	825,802
Total operating expenses	55,192,141
NonCapital Subsidies:	
State appropriations	-
Gifts	-
Other Noncapital Subsidies received/(provided)	771,942
Federal Noncapital Subsidies received/(provided)	-
Total NonCapital Subsidies Received:	771,942
Operating Income (Loss) and NonCapital Subsidies:	(3,170,502)

See accompanying independent auditor's report.

University Enterprises Corporation at CSUSB
Schedule of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2026
(For Inclusion in the California State University)

NONOPERATING REVENUES (EXPENSES)	
Federal subsidies, capital received/(provided)	$ -
State appropriations, capital	-
Capital subsidies received/(provided)	-
Grants and gifts, capital	-
Investment income (loss), net	586,907
Endowment income (loss), net	-
Interest revenue	-
Interest expense	-
Gains or losses on capital assets	-
Additions (reductions) to permanent endowments	-
Total nonoperating revenues (expenses)	586,907
INCREASE (DECREASE) IN NET POSITION	(2,583,595)
NET POSITION	
Net position at beginning of year, as previously reported	13,460,331
Restatements	-
Net position - beginning of year, as restated	13,460,331
NET POSITION - END OF YEAR	$ 10,876,736

See accompanying independent auditor's report.

University Enterprises Corporation at CSUSB
Other Information
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1 Cash and cash equivalents

Portion of restricted cash and cash equivalents related to endowments	
All other restricted cash and cash equivalents	
Noncurrent restricted cash and cash equivalents	$ -
Current cash and cash equivalents	7,034,237
Total	$ 7,034,237

2.1 Composition of investments

Investment Type	Current	Noncurrent	Total
Money market funds	$ 9,685,001	$ -	$ 9,685,001
Repurchase agreements	-	-	-
Certificates of deposit	-	-	-
U.S. agency securities	-	-	-
U.S. treasury securities	1,987,000	-	1,987,000
Municipal bonds Corporate bonds	-	-	-
Asset backed securities	-	-	-
Mortgage backed securities	-	-	-
Commercial paper	-	-	-
Supranational	-	-	-
Mutual funds	-	-	-
Exchange traded funds	452,810	-	452,810
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)	123,827	-	123,827
State of California Local Agency Investment Fund (LAIF)	-	-	-
State of California Surplus Money Investment Fund (SMIF)	-	-	-
Other investments	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
Total other investments	-	-	-
Total investments	12,248,638	-	12,248,638
Less endowment investments (enter as negative number)	-	-	-
Total investments, net of endowments	$ 12,248,638	$ -	$ 12,248,638

See accompanying independent auditor's report.

University Enterprises Corporation at CSUSB
Other Information
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2.2 Fair value hierarchy in investments

Investment type	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Inputs (Level 2)	Significant Unobserva le Inputs (Level 3)	Net Asset Value (NAV)
Money market funds	$ 9,685,001	$ 9,685,001	$ -	$ -	$ -
Repurchase agreements	-	-	-	-	-
Certificates of deposit	-	-	-	-	-
U.S. agency securities	-	-	-	-	-
U.S. treasury securities	1,987,000	1,987,000	-	-	-
Municipal bonds	-	-	-	-	-
Corporate bonds	-	-	-	-	-
Asset backed securities	-	-	-	-	-
Mortgage backed securities	-	-	-	-	-
Commercial paper	-	-	-	-	-
Supranational	-	-	-	-	-
Mutual funds	-	-	-	-	-
Exchange traded funds	452,810	452,810	-	-	-
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)	123,827	-	-	-	123,827
State of California Local Agency Investment Fund (LAIF)	-	-	-	-	-
State of California Surplus Money Investment Fund (SMIF)	-	-	-	-	-
Other investments:					
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
Total other investments:	-	-	-	-	-
Total investments	$ 12,248,638	$ 12,124,811	$ -	$ -	$ 123,827

2.3 Investments held by the University under contractual agreements
Instruction: Amounts should agree with the 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)	$ 123,827	$ -	$ -

University Enterprises Corporation at CSUSB
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Year Ended June 30, 2026
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3.1 Capital Assets, excluding ROU assets

Composition of capital assets, excluding ROU assets

	Balance June 30, 2025	Reclassification	Prior Period Additions	Prior Period Retirements	Balance June 30, 2025 (Restated)	Additions	Retirements	Transfer of Completed SWIP/PWIP	Balance June 30, 2026
Non-depreciable/Non-amortizable capital assets									
Land and land improvements	$ 4,640	$ -	$ -	$ -	$ 4,640	$ -	$ -	$ -	$ 4,640
Works of are and historical treasures	-	-	-	-	-	-	-	-	-
Construction work in progress (CWIP	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copy rights and trademarks	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets									
	-	-	-	-	-	-	-	-	-
Total other intangible assets	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total non-depreciable/non-amortizable capital assets	4,640	-	-	-	4,640	-	-	-	4,640
Depreciable/Amortizable capital assets	-	-	-	-	-	-	-	-	-
Buildings and building improvements	2,196,396	-	-	-	2,196,396	-	-	-	2,196,396
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	3,015,871	-	-	-	3,015,871	-	-	-	3,015,871
Personal property									
Equipment	5,162,519	-	-	-	5,162,519	1,640,234	-	-	6,802,753
Liabrary books and materials	-	-	-	-	-	-	-	-	-
Intangible assets									
Software and websites	72,804	-	-	-	72,804	-	-	-	72,804
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	116,253	-	-	-	116,253	-	-	-	116,253
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets									
	-	-	-	-	-	-	-	-	-
Total other intangible assets	-	-	-	-	-	-	-	-	-
Total intangible assets	189,057	-	-	-	189,057	-	-	-	189,057
Total accumulated depreciation/amortization	10,563,843	-	-	-	10,563,843	1,640,234	-	-	12,204,077
Total capital assets, net excluding ROW assets	$ 10,568,483	$ -	$ -	$ -	$ 10,568,483	$ 1,640,234	$ -	$ -	$ 12,208,717
Less accumulated depreciation/amortization: (enter as negative number, except for reductions enter as postitive number)									-
Building and building improvements	(1,512,271)	-	-	-	(1,512,271)	(56,922)	-	-	(1,569,193)
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	(2,143,122)	-	-	-	(2,143,122)	(266,543)	-	-	(2,409,665)
Personal property						-	-	-	-
Equipment	(4,166,136)	-	-	-	(4,166,136)	(466,170)	-	-	(4,632,306)
Library books and materials	-	-	-	-	-	-	-	-	-
Intangible assets									
Software and websites	(72,804)	-	-	-	(72,804)	-		-	(72,804)
Rights and esements	-	-	-	-	-	-		-	-
Patents, copyrights and trademarks	(116,253)	-	-	-	(116,253)	-		-	(116,253)
Licenses and permits	-	-	-	-	-	-		-	-
Other intangble assets									
	-	-	-	-	-	-		-	-
Total other intangible assets	-	-	-	-	-	-	-	-	-
Total intangible assets	(189,057)	-	-	-	(189,057)	-	-	-	(189,057)
Total accumulated depreciation/amortization	(8,010,586)	-	-	-	(8,010,586)	(789,635)	-	-	(8,800,221)
Total capital assets, net excluding ROU assets	$ 2,557,897	$ -	$ -	$ -	$ 2,557,897	$ 850,599	$ -	$ -	$ 3,408,496

Does the component unit have any capital assets for sale? No

Date sale approved:	Item:	Asset Category:	Asset Cost (+)	Accumulated Depreciation	NBV	Is asset pledged as collateral?	Debt Outstanding Balance	Sale probable within one year?
					-			
					-			
					-			
					-			

See accompanying independent auditor's report.

University Enterprises Corporation at CSUSB
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Capital Assets, Right of Use

Composition of capital assets - Lease ROU, net	Balance June 30, 2025	Prior Period Reclassifications	Prior Period Additions	Prior Period Reductions	Balance June 30, 2025 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2026
Non-depreciable/Non-amortizable lease assts									
Land and land improvements	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total non-depreciable/non-amortizable lease assets	-	-	-	-	-	-	-	-	-
Depreciable/Amortizable lease assets									
Land and land improvements	-	-	-	-	-	-	-	-	-
Buildings and building improvements	3,490,124	-	-	-	3,490,124	283,584	-	(1,402,343)	2,371,365
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Personal property									
Equipment	-	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	3,490,124	-	-	-	3,490,124	283,584	-	(1,402,343)	2,371,365
Less accumulated depreciation/amortization (enter as negative number, except for reductions enter as positive number)									
Land and land improvements	-	-	-	-	-	-	-	-	-
Buildings and building improvements	(52,076)	-	-	-	(52,076)	(34,954)	-	-	(87,030)
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Personal property									
Equipment	-	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	(52,076)	-	-	-	(52,076)	(34,954)	-	-	(87,030)
Total capital assets - lease ROU, net	$ 3,438,048	$ -	$ -	$ -	$ 3,438,048	$ 248,630	$ -	$ (1,402,343)	$ 2,284,335

Composition of capital assets - SBITA ROU, net	Balance June 30, 2025	Prior Period Reclassifications	Prior Period Additions	Prior Period Reductions	Balance June 30, 2025 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2026
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	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

See accompanying independent auditor's report.

University Enterprises Corporation at CSUSB
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Composition of capital assets - P3 ROU, net	Balance June 30, 2025	Prior Period Reclassifications	Prior Period Additions	Prior Period Reductions	Balance June 30, 2025 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2026
Non-depreciable/Non-amortizable lease assts									
Land and land improvements	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total non-depreciable/non-amortizable P3 assets	-	-	-	-	-	-	-	-	-
Depreciable/Amortizable lease assets									
Land and land improvements	-	-	-	-	-	-	-	-	-
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Personal property									
Equipment	-	-	-	-	-	-	-	-	-
Total depreciatable/amortizable P3 assets	-	-	-	-	-	-	-	-	-
Less accumulated depreciation/amortization (enter as negative number, except for reductions enter as positive number)									
Land and land improvements	-	-	-	-	-	-	-	-	-
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Personal property									
Equipment	-	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	-	-	-	-	-	-	-	-	-
Total capital assets - lease ROU, net	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total capital assets, net including ROU assets									$ 5,692,831

3.2 Detail of depreciation and amortiztion expense			
Depreciation and amortization expense related to capital assets	$ 789,635		
Amortizataion expense - Leases ROU	34,954		
Amortization expense - SBITA ROU	-		
Amortiztion expense - P3 ROU	-		
Depreciation and amortiztion expense - others	1,213	Provide explanation for others:	These were accruals at June 30, 2026 ($818 and $397) GL 660795 and 660798, including rounding.
Total depreciation and amortization	$ 825,802		

See accompanying independent auditor's report.

University Enterprises Corporation at CSUSB
Other Information
Year Ended June 30, 2026
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4 Long-term liabilities

	Balance June 30, 2025	Prior Period Adjustments/ Reclassifications	Balance June 30, 2025 (Restated)	Additions	Reductions	Balance June 30, 2025	Current Portion	Noncurrent Portion
1. Accrued compensated absences	$ 466,037	$ -	$ 466,037	$ (46,881)	$ -	$ 419,156	$ 209,578	$ 209,578
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 Auxilary revenue bonds								
4.1 Auxilary revenue bonds (non-SRB related)	-	-	-	-	-	-	-	-
4.2 Commercial paper	-	-	-	-	-	-	-	-
4.3 Notes payable (SRB related)	-	-	-	-	-	-	-	-
4.4 Finance purchase of capital assets	-	-	-	-	-	-	-	-
4.5 Others								
	-	-	-	-	-	-	-	-
Total others	-	-	-	-	-	-	-	-
Sub-total long-term debt	-	-	-	-	-	-	-	-
4.6 Unamortized net bond premium/(discount)	-	-	-	-	-	-	-	-
Total long-term debt obligations	-	-	-	-	-	-	-	-

5. Lease, SBITA, P3 liabilities	Balance June 30, 2025	Prior Period Adjustments/ Reclassifications	Additions	Remeasurements	Reductions	Balance June 30, 2025	Current Portion	Noncurrent Portion
Lease liabilities	$ 3,294,109	$ -	$ 182,606	$ 237,067	$ (1,535,564)	$ 2,178,218	$ 1,433,689	$ 744,529
SBITA liabilities	-	-	-	-	-	-	-	-
P3 liabilities - SCA	-	-	-	-	-	-	-	-
PE liabilities - non-SCA	-	-	-	-	-	-	-	-
Subtotal P3 liabilities	-	-	-	-	-	-	-	-
Total lease, SBITA, P3 liabilities	3,294,109	-	182,606	237,067	(1,535,564)	2,178,218	1,433,689	744,529
Total long-term liabilities	$ -	$ -	$ -	$ -	$ -	$ 2,597,374	$ 1,643,267	$ 954,107

See accompanying independent auditor's report.

University Enterprises Corporation at CSUSB
Other Information
Year Ended June 30, 2026
(For Inclusion in the California State University)

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												
2027	$ 1,433,689	$ 69,226	$ 1,502,915	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,433,689	$ 69,226	$ 1,502,915
2028	117,335	35,375	152,710	-	-	-	-	-	-	117,335	35,375	152,710
2029	115,722	29,682	145,404	-	-	-	-	-	-	115,722	29,682	145,404
2030	125,857	23,519	149,376	-	-	-	-	-	-	125,857	23,519	149,376
2031	130,085	16,878	146,963	-	-	-	-	-	-	130,085	16,878	146,963
2032-2036	255,530	13,011	268,541	-	-	-	-	-	-	255,530	13,011	268,541
2037-2041	-	-	-	-	-	-	-	-	-	-	-	-
2042-2046	-	-	-	-	-	-	-	-	-	-	-	-
2052-2056	-	-	-	-	-	-	-	-	-	-	-	-
Threafter	-	-	-	-	-	-	-	-	-	-	-	-
Total minimum lease payments	2,178,218	187,691	2,365,909	-	-	-	-	-	-	2,178,218	187,691	2,365,909
Present value of future minimum lease payments												(187,691)
Total leases, SBITA, P3 liabilities												2,178,218
Less current portion												(1,433,689)
Leases SBITA, P3 liabilities, net of current portion												$ 744,529

6. Future minimum payments s hedule - 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									
2027	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2028	-	-	-	-	-	-	-	-	-
2029	-	-	-	-	-	-	-	-	-
2030	-	-	-	-	-	-	-	-	-
2031	-	-	-	-	-	-	-	-	-
2032-2036	-	-	-	-	-	-	-	-	-
2037-2041	-	-	-	-	-	-	-	-	-
2042-2046	-	-	-	-	-	-	-	-	-
2052-2056	-	-	-	-	-	-	-	-	-
Threafter	-	-	-	-	-	-	-	-	-
Total minimum lease 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 salaraies of University personnel working on contracts, grants and other programs	$ 6,918,521
Payments to University for other than salaries of Univesrsity personnel	7,159,651
Payments received from University for services, space, and programs	6,677,810
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)	(2,757,726)
Other amounts (payable to) University (enter as negative number	-
Accounts receivable from University (enter as positive number)	85,091
Other amounts re eivable from University (enter as positive number)	-

See accompanying independent auditor's report.

University Enterprises Corporation at CSUSB
Schedule of Findings and Responses
For the Year Ended June 30, 2026

8 Restatements

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

Note: Additional account details can be found in the Table of Object Codes and CSU Fund Definitions

Restatement #1	Enter transaction description	Deductions
Select the reason for restatement:	Enter transaction description	$ -
Select net position category		-
		$ -

Restatement #2		
Select the reason for restatement:	Enter transaction description	$ -
Select net position category		-
		$ -

9 Natural classifications of operating expenses

	Salaries	Benefits - Other	Benefits - Pension	Benefits - OPEB	Scholarships and Fellowships	Supplies and Other Services	Depreciation and Amortization	Total Operating Expenses
Instruciton	$ 357,586	$ 78,751	$ 3,084	$ -	$ -	$ 366,680	$ -	$ 806,101
Research	2,800,373	450,774	39,558	-	-	4,511,700	-	7,802,405
Public service	9,999,324	1,733,488	1,084,108	-	-	14,357,632	-	27,174,552
Academic support	708,259	283,835	28,647	-	-	386,070	-	1,406,811
Student services	5,944,639	1,407,059	406,376	-	-	4,312,331	-	12,070,405
Institutional support	2,605,985	634,126	(92,427)	(69,476)	-	1,104,074	-	4,182,282
Student grants and scholarships	-	-	-	-	-	-	-	-
Auxiliary enterprise expenses	-	-	-	-	-	923,783	-	923,783
Depreciation and amortization	-	-	-	-	-	-	825,802	825,802
Total operating expenses	$ 22,416,166	$ 4,588,033	$ 1,469,346	$ (69,476)	$ -	$ 25,962,270	$ 825,802	$ 55,192,141

	Defined Benefit Plan	-Ok-	Explanation for error:
Select type of pension plan >>			

10 Deferred outflows/inflows of resources

1. Deferred Outflows of Resources	
Deferred outflows - unamortized loss of refunding(s)	$ -
Deferred outflows - net pension liability	-
Deferreed outflows - net OPEB liability	-
Deferred outflows - leases	-
Deferred outflows - P3	-
Deferred outflows - others:	
Sales/intra-entity transfers of future revenues	-
Gain/loss on sale leaseback	-
Loan origination fees and costs	-
Change in fair value of hedging derivative instrument	-
Irrevocable split-interest agreements	-
Total deferred outflows - others	-
Total deferred outflows of resources	$ -
2. Deferred Inflows of Resources	
Deferred inflows - service concession arrangements	$ -
Deferred inflows - net pension liability	-
Deferred inflows - net OPEB liability	-
Deferred inflows - unamortized gain on debt refunding(s)	-
Deferred inflows - nonexchange transactions	-
Deferred inflows - leases	-
Deferred inflows - P3	-
Deferred inflows - others	
Sales/intra-entity transfers of future revenues	-
Gain/loss on sale leaseback	-
Loan origination fees and costs	-
Change in fair value of hedging derivative instrument	-
Irrevocable split-interest agreements	-
	-
Total deferred inflows - others	-
Total deferred inflows of resources	$ -

11 Other nonoperating revenues (expenses)

Other nonoperating revenues	$ -
Other nonoperating (expenses)	-
Total nonoperating revenues (expenses)	$ -

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

The Board of Trustees
University Enterprises Corporation at CSUSB

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 University Enterprises Corporation at CSUSB, which comprise the statement of financial position as of June 30, 2026, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated October 5, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered University Enterprises Corporation at CSUSB' 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of University Enterprises Corporation at CSUSB' internal control. Accordingly, we do not express an opinion on the effectiveness of University Enterprises Corporation at CSUSB' internal control.

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

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

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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*.

Purpose of this Report

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

Baker Tilly US, LLP

San Diego, California
October 5, 2026

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