

# California State University San Marcos Corporation

Financial Statements and Supplemental Information

Year Ended June 30, 2023



**CALIFORNIA STATE UNIVERSITY SAN MARCOS CORPORATION**  
**Financial Statements and Supplemental Information**  
Year Ended June 30, 2023

---

**Table of Contents**

	<u>Page</u>
Independent Auditor's Report	1
Financial Statements:	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	8
Supplemental Information:	
Schedule of Net Position	25
Schedule of Revenues, Expenses, and Changes in Net Position	26
Other Information	27
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	37
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	39
Schedule of Expenditures of Federal Awards	41
Notes to Schedule of Expenditures of Federal Awards	43
Schedule of Findings and Questioned Costs	44



## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying financial statement of California State University San Marcos Corporation, (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, 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 financial statements referred to above present fairly, in all material respects, the financial position of California State University San Marcos Corporation as of June 30, 2023, 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 and the standards applicable to financial audit contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of California State University San Marcos Corporation 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 California State University San Marcos Corporation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

#### Auditor's Responsibility 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 generally accepted auditing standards 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.

## INDEPENDENT AUDITOR'S REPORT, CONTINUED

In performing an audit in accordance with generally accepted auditing standards 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 California State University San Marcos Corporation'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 California State University San Marcos Corporation'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.

### Report on Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included on pages 25-36 is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2023, on our consideration of the California State University San Marcos Corporation'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 California State University San Marcos Corporation'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 California State University San Marcos Corporation's internal control over financial reporting and compliance.

*Aldrich CPAs + Advisors LLP*

San Diego, California  
September 28, 2023

# CALIFORNIA STATE UNIVERSITY SAN MARCOS CORPORATION

## Statement of Net Position

Year Ended June 30, 2023

### ASSETS

#### Current Assets:

Cash and cash equivalents	\$	2,075,605
Accounts receivable		2,106,506
Other receivables		578,720
Due from related parties		2,042,300
Prepaid expenses		56,053
Current portion of lease receivable - related party		3,501,979
Current portion of investments		10,909,010
Total Current Assets		<u>21,270,173</u>

#### Noncurrent Assets:

Property and equipment, net of accumulated depreciation		19,750,498
Right-to-Use Assets - Finance Lease, Net of accumulated amortization		7,687,045
Right-to-Use Assets - Operating Lease, Net of accumulated amortization - related party		85,024
Lease receivable - related party, less current portion		85,467,234
Investments, less current portion		4,764,638
Other assets		102,722
Total Noncurrent Assets		<u>117,857,161</u>
Total Assets	\$	<u><u>139,127,334</u></u>

### LIABILITIES AND NET ASSETS

#### Current Liabilities:

Accounts payable	\$	1,845,706
Due to related parties		1,106,976
Current portion of unearned income - direct financing lease		2,220,164
Current portion of finance lease		534,212
Current portion of operating lease - related party		57,850
Current portion of contract liabilities - deferred revenue		364,529
Current portion of other deferred revenue		2,430,520
Accrued payroll and benefits		1,012,513
Current portion of accrued postretirement benefit costs		28,615
Current portion of bond payable		1,263,065
Current portion of notes payable		1,060,866
Total Current Liabilities		<u>11,925,016</u>

#### Noncurrent Liabilities:

Unearned income - direct financing lease, net of current portion		30,858,144
Finance lease, net of current portion		4,271,488
Operating lease - related party, net of current portion		57,203
Contract liabilities - deferred revenue, net of current portion		801,511
Accrued postretirement benefit costs, net of current portion		1,362,188
Bond payable, net of current portion		12,744,620
Notes payable, net of current portion		57,386,855
Total Noncurrent Liabilities		<u>107,482,009</u>

Total Liabilities 119,407,025

Net Assets Without Donor Restrictions 19,720,309

Total Liabilities and Net Assets \$ 139,127,334

# CALIFORNIA STATE UNIVERSITY SAN MARCOS CORPORATION

## Statement of Activities

Year Ended June 30, 2023

---

Revenue, Gains, and Other Support Without Donor Restriction:	
Federal grants and contracts	\$ 12,771,995
Housing programs	6,768,252
Other programs	3,410,899
Other sponsored programs	2,489,726
Child care center in-kind rental income	641,773
Housing ground lease in-kind income	626,210
Commissions	411,149
Child care center ground lease in-kind income	340,510
Campus dining in-kind rental income	151,779
Rental income	3,250
	<hr/>
Total Revenue, Gains, and Other Support Without Donor Restrictions	27,615,543
Expenses:	
Operating Expenses:	
Program Services:	
Sponsored programs	14,928,488
Academic and auxiliary services	332,909
Housing programs	4,211,904
Dining operations	1,041,226
Other programs	1,969,550
	<hr/>
Total Program Services	22,484,077
Supporting Services:	
Management and general	3,334,752
	<hr/>
Total Operating Expenses	25,818,829
Non-operating revenues (Expenses):	
Earned capital lease income	2,273,841
Interest and dividend income	165,577
Interest expense	(2,722,253)
Net realized and unrealized gain on investments	76,856
Postretirement benefit	74,959
	<hr/>
Total Non-operating Expenses	(131,020)
Increase in Net Assets	1,665,694
Net Assets Without Donor Restrictions, beginning	18,054,615
	<hr/>
Net Assets Without Donor Restrictions, ending	\$ 19,720,309
	<hr/>

**CALIFORNIA STATE UNIVERSITY SAN MARCOS CORPORATION**

**Statement of Functional Expenses**

Year Ended June 30, 2023

	Program Services						Supporting	Total
	Sponsored Programs	Academic and Auxiliary Services	Housing Programs	Dining Operations	Other Programs	Total Programs	Management and General	
Benefits	\$ 1,421,229	\$ 22,831	\$ 188,185	\$ 63,173	\$ 325,735	\$ 2,021,153	\$ 195,918	\$ 2,217,071
Business service fees	-	-	-	-	-	-	424,374	424,374
Campus dining in-kind rent	-	-	-	151,779	-	151,779	-	151,779
Child care center ground lease in-kind	-	-	-	-	-	-	340,510	340,510
Child care center in-kind rental	-	-	-	-	-	-	641,773	641,773
Contractual services	351,788	24,012	429,069	26,313	43,493	874,675	153,176	1,027,851
Contribution to campus mission	-	-	-	-	1,795	1,795	-	1,795
Depreciation	269,327	-	984,799	404,581	11,833	1,670,540	490,944	2,161,484
Housing ground lease in-kind	-	-	626,210	-	-	626,210	-	626,210
Hospitality and events	163,041	-	9,164	1,532	95,367	269,104	4,329	273,433
Information technology/other equipment	92,752	2,695	14,457	6,396	13,326	129,626	19,493	149,119
Insurance	89,389	28,926	127,968	-	-	246,283	15,768	262,051
Other expenses	349,029	137,140	58,559	83,547	32,088	660,363	357,297	1,017,660
Repairs and maintenance	-	22,423	280,247	-	-	302,670	-	302,670
Salaries and wages	5,873,334	42,750	609,711	187,838	1,288,071	8,001,704	636,117	8,637,821
Scholarships	2,589,823	-	-	-	40,492	2,630,315	-	2,630,315
Services	157,975	-	-	-	-	157,975	-	157,975
Stipends	2,189,879	-	-	-	17,057	2,206,936	-	2,206,936
Subrecipient	662,325	-	-	-	-	662,325	-	662,325
Supplies	366,360	14,327	26,340	14	17,183	424,224	9,944	434,168
Travel	322,149	-	13,529	-	24,272	359,950	18,316	378,266
Utilities	30,088	37,805	843,666	116,053	58,838	1,086,450	26,793	1,113,243
<b>Total operating expenses</b>	<b>\$ 14,928,488</b>	<b>\$ 332,909</b>	<b>\$ 4,211,904</b>	<b>\$ 1,041,226</b>	<b>\$ 1,969,550</b>	<b>\$ 22,484,077</b>	<b>\$ 3,334,752</b>	<b>\$ 25,818,829</b>

# CALIFORNIA STATE UNIVERSITY SAN MARCOS CORPORATION

## Statement of Cash Flows

Year Ended June 30, 2023

---

Cash Flows from Operating Activities:	
Increase in net assets	\$ 1,665,694
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	2,161,484
Amortization of debt modification	128,816
Net realized and unrealized gain on investments	(76,856)
Loss on disposals of property and equipment	220
Operating lease	30,029
Change in accumulated postretirement benefit obligation	(70,802)
Changes in operating assets and liabilities:	
Accounts receivable	(4,149)
Other receivables, net	(196,652)
Due from related parties	90,706
Prepaid expenses	(35,095)
Lease receivable	3,495,564
Accounts payable	(739,298)
Due to related parties	(322,303)
Earned income - direct financing lease	(2,273,841)
Contract liabilities - deferred revenue	98,398
Other deferred revenue	1,520,362
Accrued payroll and benefits	31,726
Net Cash Provided by Operating Activities	<u>5,504,003</u>
Cash Flows from Investing Activities:	
Purchases of property and equipment	(708,498)
Proceeds from the sale of investments	10,371,000
Purchases of investments	<u>(11,489,794)</u>
Net Cash Used by Investing Activities	(1,827,292)
Cash Flows from Financing Activities:	
Payments on notes payable	(1,320,448)
Payments on bond payable	(1,241,681)
Payments on finance lease obligation	<u>(896,645)</u>
Net Cash Used by Financing Activities	<u>(3,458,774)</u>
Net Increase in Cash and Cash Equivalents	217,937
Cash and Cash Equivalents, beginning	<u>1,857,668</u>
Cash and Cash Equivalents, ending	<u>\$ 2,075,605</u>



**CALIFORNIA STATE UNIVERSITY SAN MARCOS CORPORATION**

**Statement of Cash Flows, continued**

Year Ended June 30, 2023

---

Supplemental Disclosures of Cash Flow Information:

Cash payments for interest \$ 2,707,413

Supplemental Disclosures of Noncash Investing and Financing Activities:

Noncash recognition of Finance lease:

Earned finance lease income \$ (2,273,841)

Right-of-use assets obtained in exchange for new finance lease liabilities 8,091,627

Right-of-use assets obtained in exchange for new operating lease liabilities 110,924

\$ 5,928,710

# CALIFORNIA STATE UNIVERSITY SAN MARCOS CORPORATION

## Notes to Financial Statements

Year Ended June 30, 2023

---

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

#### Nature of Activities

California State University San Marcos Corporation (Corporation), is a nonprofit California corporation and an auxiliary organization of California State University San Marcos (University or CSUSM), organized and operated in accordance with the California Code of Regulations and the Education Code of the State of California. The Corporation was organized in December 1989 to provide service and opportunity to the University.

#### Program Services

The Corporation provides program services in the following major areas:

- Sponsored Programs – represents transactions where the Corporation serves as administrator for the University on various research and educational grants and contracts awarded by both governmental and private institutions.
- Academic and Auxiliary Services – represents net transactions for the startup and operations of the new Extended Learning Building and Parking Project, in the Corporation's role of providing real property development and management.
- Housing Programs – represents transactions related to the Corporation management of student housing. The Corporation holds a ground and facility lease on the University Village Apartments (UVA), which provides housing and student-life activities for approximately 681 students, and contracts with Capstone On-Campus Management (Capstone), a third party administrator for UVA operations and management. Additionally, the Corporation manages the contractual affiliated relationship between The Quad and Cube 3, LLC developers (privately-owned housing properties for CSUSM students), the University and the Residential Education Team.
- Dining Operations - represents transactions related to the Corporation management of on campus dining services. The Corporation contracts with an unrelated third-party provider to operate the food service locations, which include retail sales, catering, concessions and a new residential meal program with a corresponding dining hall, which was added in the Fall of 2022. Transactions reflected include those which are incurred or paid by the Corporation, outside of the direct dining operational costs of payroll, food and beverage inventories, supplies and maintenance, which are reflected on the books of the third party provider.
- Other Programs – represents primarily the operational expenses of Campus Program projects and activities.

#### Related Parties

The Corporation is related to other auxiliaries of the University, including Associated Students, Inc. of California State University San Marcos (ASI), and California State University San Marcos Foundation (Foundation). These auxiliaries and the University, although independent, periodically provide various services to one another.

#### Basis of Presentation

The financial statements of the Corporation have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), which require the Corporation to report information regarding its financial position and activities according to the following net asset classifications:

- *Net assets without donor restrictions* – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Corporation. These net assets may be used at the discretion of the Corporation's management and the board of directors.
- *Net assets with donor restrictions* – Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Corporation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Corporation did not have any donor restrictions that were temporary or perpetual in nature for the year ended June 30, 2023.

# CALIFORNIA STATE UNIVERSITY SAN MARCOS CORPORATION

## Notes to Financial Statements

Year Ended June 30, 2023

---

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

#### Basis of Presentation, continued

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

#### Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### Cash and Cash Equivalents

The Corporation considers all highly liquid investments with original maturity dates of three months or less to be cash equivalents.

#### Receivables

The accounts receivable arises in the normal course of operations. It is the policy of management to review the outstanding accounts receivable at year end, as well as the implicit price concession. Receivables are stated at unpaid balances, less price concession. The Corporation provides for losses on receivables using the allowance method.

#### Investments

Investments in mutual funds with readily determinable fair values, based on daily share prices, are reported at fair value with gains and losses included in the statements of activities.

The investments of the Corporation are exposed to interest rate and market risk. Economic conditions can impact these risks and resulting fair values can be either positively or adversely affected. If the level of risk increases in the near term, it is possible that the investment balances and the amounts reported in the financial statements could be materially affected by market fluctuations. Although the fair value of investments is subject to fluctuations on a year-to-year basis, management believes the investment policy is prudent for the long-term welfare of the Corporation and its beneficiaries.

#### Property and Equipment

The Corporation capitalizes all expenditures for property and equipment in excess of \$5,000. Equipment and improvements are recorded at cost or at estimated fair value at date of gift if donated. Expenditures for maintenance and repairs are charged against operations. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets of 3 to 30 years.

#### Leases

##### *Adoption of New Policy*

Effective July 1, 2022, the Corporation adopted Accounting Standards Update (ASU) 2016-02 *Leases*, which hereinafter will be referred to as "ASC Topic 842", using the permitted modified retrospective method. The standard provides guidance on the recognition, measurement, presentation, and disclosure of leases. The new standard supersedes previous U.S. GAAP guidance on leases and requires substantially all leases to be reported on the statement of financial position as right-of-use assets and lease liabilities, as well as additional disclosures (See Note 12). Management has analyzed the provisions contained in ASC Topic 842 and determined that there is no impact on net assets as of July 1, 2022 due to the adoption of the new policy.

#### Unearned Income – Direct Financing Lease

Unearned income – direct financing lease represents the deferred rent revenue for payments made from the University to the Corporation for the Extended Learning Building and Parking Project.

# CALIFORNIA STATE UNIVERSITY SAN MARCOS CORPORATION

## Notes to Financial Statements

Year Ended June 30, 2023

---

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

#### Contract Liabilities – Deferred Revenue

Contract liabilities – deferred revenue represents the unamortized portion of property and equipment received from unrelated third parties as part of the agreements for the operation of the bookstore, beverage, and campus food services.

#### Other Deferred Revenue

Deferred revenue represents grant revenue received in advance.

#### Bond Premium

Bond premium is amortized for 19 years using the straight-line method, which approximates the effective interest method over the term of the bonds. The amortization is recorded as a reduction of interest expense.

#### Revenue Recognition

The Corporation analyzes revenue recognition on a portfolio approach under ASC Topic 606 *Revenue from Contracts with Customers*. The Corporation has determined that, for each distinct revenue stream identified, all contracts can be grouped into one portfolio. Based on past experience, customers within each distinct stream all behave similarly, contracts contain similar terms, and policies are the same across all contracts.

- Federal grants and contracts and other sponsored programs - support received under grants and contracts is recorded as revenue when conditions are met in accordance with agreements. Any funds received in advance are recorded as deferred revenue until these conditions are met.
- Housing programs – revenue received from housing program consist of management and service fees. Management and service fees are recognized as revenue over time as the related fees are earned and are realized or realizable.
- Other programs – revenue received from various programs offered by the Corporation. Revenue is recognized when earned for the services performed.
- Lease and rental income – revenue is recognized on a straight-line basis over the life of the lease agreement.
- Commissions – revenue is recognized as commission are earned under the various agreements with the customers.

#### Not Recognized Under ASC Topic 606

- Federal grants and contracts
- Other sponsored programs
- Lease and rental income
- In-kind income

#### Recognized Under ASC Topic 606

- Housing programs - recognized over time
- Other programs - recognized at point in time
- Commission - recognized at point in time

#### Income Taxes

The Corporation is a qualified nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. However, the Corporation remains subject to taxes on any net income which is derived from a trade or business regularly carried on and unrelated to its exempt purpose.

The Corporation follows accounting standards generally accepted in the United States of America related to the recognition of uncertain tax positions. The Corporation recognizes accrued interest and penalties associated with uncertain tax positions as part of the statements of activities, when applicable. Management has determined that the Corporation has no uncertain tax positions as of June 30, 2023; therefore, no amounts have been accrued.

#### Subsequent Events

The Corporation has evaluated subsequent events through September 28, 2023, which is the date the financial statements were available to be issued.

# CALIFORNIA STATE UNIVERSITY SAN MARCOS CORPORATION

## Notes to Financial Statements

Year Ended June 30, 2023

---

### Note 2 - Concentration of Credit Risk

The Corporation maintains cash and cash equivalents in bank deposit and investment accounts. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000 and investment accounts are insured by the Securities Investor Protection Corporation (SIPC) up to a limit of \$500,000. The Corporation's account balances may, at times, exceed the limits. The Corporation has not experienced any such losses in these accounts.

### Note 3 - Financial Assets and Liquidity Resources

#### Board Designations

Net assets without donor restrictions consists of the following for the year ended June 30, 2023:

Undesignated	\$	9,409,619
Board designation:		
Reserved for working capital and current operations		6,553,690
Reserved for capital replacement		2,375,000
Reserved for venture capital/opportunity		1,382,000
		<hr/>
Total board designation		10,310,690
		<hr/>
	\$	19,720,309
		<hr/> <hr/>

#### Liquidity

The following reflects the Corporation's financial assets as of June 30, 2023, reduced by amounts not available for general use because of board designated or contractual restrictions within one year of the statement of financial position date. Amounts not available include board designated amounts set aside for working and operating capital, capital replacement, and venture capital opportunities. In the event of an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash, the board can approve adjustments to move net assets from board designated net assets to undesignated net assets.

Financial assets available to be used within one year:		
Cash and cash equivalents	\$	2,075,605
Accounts receivable		2,106,506
Other receivables		578,720
Due from related parties		2,042,300
Current portion of lease receivable - related party		3,501,979
Investments		10,909,010
		<hr/>
Total financial assets		21,214,120
Less amounts not available for general use within one year:		
Board designated - Reserved for capital replacement		(2,375,000)
Board designated - Reserved for venture capital/opportunity		(1,382,000)
		<hr/>
Financial assets available to meet cash needs for general expenditure within one year	\$	17,457,120
		<hr/> <hr/>

# CALIFORNIA STATE UNIVERSITY SAN MARCOS CORPORATION

## Notes to Financial Statements

Year Ended June 30, 2023

---

### Note 4 - Fair Value Measurement

The Corporation defines fair value as the exchange price that would be received for an asset or paid for a liability in the principal or most advantageous market. The Corporation applies fair value measurements to assets and liabilities that are required to be recorded at fair value under generally accepted accounting principles. Fair value measurement techniques maximize the use of observable inputs and minimize the use of unobservable inputs and are categorized in a fair value hierarchy based on the transparency of inputs. In addition, the Corporation reports certain investments using the net asset value per share as determined by investment managers, allowing the net asset value per share to represent fair value for reporting purposes when the criteria for using this method are met. The three levels are defined as follows:

- Level 1 - Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 - Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the same term of the financial instrument.
- Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of June 30, 2023.

Mutual funds: Valued at the closing price reported on the active market on which the individual securities are traded.

Certificates of deposit: Reported at cost plus earned interest, which approximates market prices.

Government securities: Reported at cost plus earned interest, which approximates market prices.

Investments and certificates of deposit at fair value according to the fair value hierarchy are as follows as of June 30, 2023:

	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs	Total
	Level 1	Level 2	Level 3	
Mutual funds:				
Domestic Nontraditional Bond	\$ 2,804,337	\$ -	\$ -	2,804,337
Domestic Short-Term Bond	4,467,450	-	-	4,467,450
Fixed Income:				
Certificates of deposits	-	6,861,951	-	6,861,951
Government Securities	-	1,539,910	-	1,539,910
	<u>\$ 7,271,787</u>	<u>\$ 8,401,861</u>	<u>\$ -</u>	<u>15,673,648</u>

# CALIFORNIA STATE UNIVERSITY SAN MARCOS CORPORATION

## Notes to Financial Statements

Year Ended June 30, 2023

---

### Note 5 - Property and Equipment

Property and equipment consist of the following as of June 30, 2023:

Land improvements	\$	2,639,656
Building and improvements		31,965,611
Furniture and equipment		6,941,500
Leasehold improvements		2,381,829
		<u>43,928,596</u>
Less accumulated depreciation		<u>(24,663,333)</u>
		19,265,263
Construction in progress		485,235
	\$	<u>19,750,498</u>

The total cost of one building, UVA (Note 10), under direct financing lease, as of June 30, 2023 was \$27,579,873. Accumulated depreciation associated with this asset as of June 30, 2023 was \$13,666,405.

### Note 6 - Contracts With Customers

Accounts receivable from contracts with customers and contract liabilities from contracts with customers were as follows:

	<u>Accounts Receivable, net</u>		<u>Contract Liabilities - Deferred Revenue</u>	
Beginning of year	\$	376,465	\$	1,067,642
End of year	\$	607,448	\$	1,166,040

#### Significant Judgments

The Corporation analyzes revenue recognition on a portfolio approach under ASC Topic 606. Significant judgment is utilized in determining the appropriate portfolios to assess for meeting the criteria to recognize revenue under ASC Topic 606. The Corporation has determined that, for each distinct revenue stream identified, all contracts can be grouped into one portfolio. Based on past experience, customers within each distinct stream all behave similarly, contracts contain similar terms, and policies are the same across all contracts. The Corporation does not expect that revenue earned for the portfolio is significantly different as compared to revenue that would be earned if they were to assess each contract separately.

### Note 7 - Commitments and Contingencies

#### Leases

The Corporation has entered into various operating lease agreements with the University for facilities, with monthly rents totaling \$2,502 through June 30, 2023. Total rent expense was approximately \$30,029 for the year ended June 30, 2023.

# CALIFORNIA STATE UNIVERSITY SAN MARCOS CORPORATION

## Notes to Financial Statements

Year Ended June 30, 2023

---

### Note 7 - Commitments and Contingencies, continued

#### Bookstore Operating Agreement

The Corporation entered into an agreement with an unrelated third party to operate the campus bookstore. As part of the agreement, the unrelated third party relocated the bookstore to the former campus dining area and paid for the relocation and improvement costs related to the move. The cost will be depreciated and amortized over the contract term. All capital equipment or improvements not attached as fixtures to real estate are the property of the unrelated third-party. If the Corporation terminates the agreement prior to the termination date or if the unrelated third party terminates the agreement for cause, the Corporation is required to purchase any existing inventory at the time of termination at fair value according to the agreement, reimburse the unrelated third party for the book value of its capital improvements, and refund the unamortized portion of the bookstore build-out. The contract term was extended to June 30, 2025.

The contract commissions are 11.5 percent on gross revenues up to \$4,000,000 and 12.5 percent on gross revenues exceeding \$4,000,000. Under this agreement, commission revenue for the year ended June 30, 2023 was \$201,879

In addition, the unrelated third party placed into service \$836,241 of equipment, design and construction services for the build-out of the bookstore for the Corporation. The Corporation has ownership of the assets and has recorded a corresponding liability to contract liabilities - deferred revenues which is amortized to revenue over the 10 remaining years of the contract. The Corporation recognized revenues of \$83,351 for the year ended June 30, 2023. In addition, the Corporation has contract liabilities - deferred revenues of \$166,474 on June 30, 2023, related to the noncash transaction.

#### Child Care Center Lease Agreement

The Corporation owns and operates the Center for Children and Families and has a Child Care Center Development Agreement (Agreement) with KinderCare Education at Work LLC, a California Limited Liability Corporation, which expires on February 28, 2023. In exchange for operating, maintaining, and managing the center, the operator is not charged rent. Management estimated that the value of the Agreement was \$641,773 for the year ended June 30, 2023. The Corporation records this as contributed nonfinancial assets as child care center in-kind rental income and child care center in-kind rental expense shown within supporting services and management and general expenses on the statement of activities. Contributed nonfinancial assets are valued at the estimated fair market value for similar facilities.

For operating the child care center, the Corporation does not pay rent under the ground lease. Management estimated that the value of the lease agreement was \$340,510 for the year ended June 30, 2023. These amounts are reflected in the statements of activities for the year ended June 30, 2023 as property ground lease income and land leasing costs, which is included in ground lease income. As consideration for the Agreement the third party pays the Corporation an annual revenue share based on net revenue of the center. The Corporation records this as contributed nonfinancial assets as child care center ground lease in-kind income and ground lease in-kind expense shown within the supporting services and management and general expenses on the statement of activities. Contributed nonfinancial assets are valued at the estimated fair market value for similar facilities.

#### CSUSM Lease Agreement

In August 2019, the Corporation entered into a lease (as Lessor) with University (as Lessee) for use of space for Extended Learning and University programs in the building and adjoining parking garage. The lease has a term through March 2048 and calls for semi-annual rent payments corresponding to the Extended Learning debt obligation, as well as quarterly payments for operating expenses and capital fee for the facilities.



# CALIFORNIA STATE UNIVERSITY SAN MARCOS CORPORATION

## Notes to Financial Statements

Year Ended June 30, 2023

---

### Note 7 - Commitments and Contingencies, continued

#### Beverage Distribution Rights Contract

The Corporation has granted an unrelated third-party exclusive right to campus beverage sales and distribution. An agreement was entered into for a 10-year period which expires on December 31, 2031. As part of the agreement, the unrelated third party will have exclusive rights for beverage sale and distribution, including the right to provide all beverages at athletic events, club activities, special events, concessions, and vending locations.

As consideration for the agreement, the unrelated third party pays the Corporation annual partnership support funds based on minimum levels of product purchased. The Corporation is eligible for additional growth incentive funds if minimum levels are exceeded. Additional consideration includes Ascend scholarship support funds annually in the amount of \$8,000 as well as annual athletic partnership support funds, beginning year 1 in the amount of \$25,000 and in subsequent years thereafter, in the amount of \$5,000. There is a 35 percent commission paid monthly on actual cash collected by third party from vending machines, as well as the proceeds from credit and debit card transactions processed through the machines. Commission and support fund revenue received under this agreement included \$121,795 for the year ended June 30, 2023.

#### Campus Food Service Agreement

The Corporation has an agreement with an unrelated third party to operate the campus food services, including resident dining, retail sales, catering, and concessions. The term of the current agreement is through June 30, 2032, unless terminated by either party with advance notice, as defined in the agreement. As part of the agreement, the Corporation will continue to own the equipment used to operate the food services and the unrelated third party shall purchase and own the inventories of food, beverage and supplies used in operations. In the event of a termination by the Corporation, all amounts due to the unrelated third party shall be payable immediately as defined in the agreement. The Corporation does not expect early termination.

In January 2014, the unrelated third party purchased approximately \$1.4 million of equipment, design, and construction services for the build-out of retail concepts for the Corporation. During 2022, the unrelated third party additionally paid approximately \$400,000 for small wares, equipment, and other startup costs for the opening of the resident dining hall, along with updates to existing food venues. The Corporation has ownership of the assets and has recorded a corresponding liability to contract liabilities - deferred revenues which is being amortized to revenue through June 30, 2027. The Corporation recognized revenues of \$213,615 for the year ended June 30, 2023. The Corporation has contract liabilities - deferred revenues of \$961,558 as of June 30, 2023, related to the noncash transaction.

In October 2019, the Corporation entered into a lease agreement with the developer of the Quad affiliate housing facility (Landlord), to utilize space in the building for the future planned residential dining program.

The parties entered into an amendment to the lease in May 2022 which identified Landlord responsibility to construct tenant improvements in the premises, at the expense of the Corporation (Tenant), pursuant to plans, specifications and a guaranteed maximum price contract of \$4,200,000. Amendment called for Tenant to pay Landlord for the initial \$2,500,000 of tenant improvement costs, with the Landlord advancing payment of remaining costs through completion. Tenant improvements were completed and the repayment of funds advanced by Landlord, along with rent for space commenced in Fall of 2022.

# CALIFORNIA STATE UNIVERSITY SAN MARCOS CORPORATION

## Notes to Financial Statements

Year Ended June 30, 2023

---

### Note 7 - Commitments and Contingencies, continued

#### Sponsored Programs

The Corporation receives significant financial assistance from numerous federal, state, and local governmental agencies in the form of grants and operating subsidies. Disbursements of funds received under these programs generally require compliance with terms and conditions specified in the agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audit could become a liability to the Corporation. However in the opinion of management, any such disallowed claims would not have a material adverse impact on the overall financial position of the Corporation as of June 30, 2023.

#### Workers' Compensation Insurance

During the year ended June 30, 2023 the Corporation purchased workers' compensation insurance for \$58,853, through an approved self-insurance program in which the Corporation is a member, and which is administered by the California State University Risk Management Authority (CSURMA).

Involvement in alternative insurance programs such as the CSURMA's self-funded workers' compensation program is an attempt to control the increases in insurance costs, but also carry financial commitments to the liabilities of the program.

#### University Village Apartments

San Marcos University Corporation (UCorp) entered into a ground and facility lease agreement for student housing with the Board of Trustees of the California State University (the Board) on March 1, 2005. The lease term is for 28 years, with an option to extend an additional five years. In consideration of the execution of the lease agreement, UCorp would continue to operate the student housing facility on the site as part of refinancing the student housing improvements. The Corporation assumed the agreement as of July 1, 2017.

For operating the housing program, the Corporation does not pay rent under the ground lease. Management estimated that the value of the lease agreement was \$626,210 for the year ended June 30, 2023. These amounts are reflected in the statements of activities for the year ended June 30, 2023 as housing ground lease income. As consideration for the Agreement the third party pays the Corporation an annual revenue share based on net revenue of the housing program. The Corporation records this as contributed nonfinancial assets as housing ground lease income and housing ground lease in-kind expense shown within housing program on the statement of activities. Contributed nonfinancial assets are valued at the estimated fair market value for similar facilities.

#### Management Agreement

UCorp entered into a management agreement with Capstone On-Campus Management (Manager) to manage the operations of the student housing facilities from July 1, 2015 through September 30, 2018. The Agreement was amended on July 1, 2017 because of the Corporation merger with UCorp, assigning responsibilities to the Corporation and extending the contract to September 30, 2021. The agreement was further amended on October 1, 2021 to extend the term to September 20, 2024. The agreement requires an annual fee, payable monthly to the Manager, consisting of a fixed fee and a fixed percentage of revenue collected at 3%. For the year ended June 30, 2023 management fees paid were \$196,390. This amount is reflected in the statements of activities within student housing expenses for the year ended June 30, 2023.

#### Affiliation Agreements

The Corporation is party to an affiliation agreement with the University and the developer of the Quad affiliate housing facility, QUAD SM III, LLC and QUAD Housing, LLC. In May 2019 an amendment to the agreement was completed which established an end date of May 2040 and addressed summer use of the Quad facility and related revenue participation, as well as Right of First Offer. In August 2022 the Corporation entered into an additional affiliation agreement with the University and the developer of the North Commons housing facility, Cube 3, LLC. This agreement also has an end date of May 2040.

# CALIFORNIA STATE UNIVERSITY SAN MARCOS CORPORATION

## Notes to Financial Statements

Year Ended June 30, 2023

---

### Note 7 - Commitments and Contingencies, continued

#### Legal Proceedings

The Corporation may periodically be a party in litigation cases incidental to its business activities. While any litigation or investigation has an element of uncertainty, management believes that the outcome of any of these matters will not have a materially adverse effect on its financial position, results of operations or liquidity.

### Note 8 – Contract Liabilities - Deferred Revenue

Contract liabilities - deferred revenue are as follows as of June 30, 2023:

	<u>Current</u>	<u>Noncurrent</u>	<u>Total</u>
Campus food service	\$ 243,170	\$ 718,388	\$ 961,558
Bookstore	83,351	83,123	166,474
Beverage	24,500	-	24,500
Housing	13,508	-	13,508
Total	<u>\$ 364,529</u>	<u>\$ 801,511</u>	<u>\$ 1,166,040</u>

### Note 9 - Accrued Postretirement Benefits Costs

The Corporation has a postretirement program that provides lifetime medical, dental, and vision coverage to retiring employees age 65 or older with at least 10 years of service and having been enrolled in health benefits as of December 31, 2014 as a regular employee. Medical coverage will be provided through the AOA pooled medical program. Dependent spouses of eligible retirees will also receive lifetime medical, dental, and vision coverage.

The following tables include the postretirement healthcare benefits that are unfunded and the amounts recognized in the financial statements for the year ended June 30, 2023:

#### Change in Benefit Obligation:

Benefit obligation at beginning of year	\$ 667,186
Service cost	19,723
Interest cost	29,215
Actuarial (gain)/loss	(39,615)
Benefits paid	<u>(15,566)</u>
Benefit obligation at end of year	<u>\$ 660,943</u>

#### Funded Status:

Unamortized prior service cost (credit)	\$ (33,620)
Unrecognized net actuarial gain	(696,240)
Accrued benefit cost	<u>1,390,803</u>
Benefit obligation at June 30	<u>\$ 660,943</u>
Measurement date	6/30/2023
Funded status at end of year	<u>\$ (660,943)</u>

# CALIFORNIA STATE UNIVERSITY SAN MARCOS CORPORATION

## Notes to Financial Statements

Year Ended June 30, 2023

---

### Note 9 - Accrued Postretirement Benefits Costs, continued

Net Periodic Benefit Cost:

Service cost	\$	19,723
Interest cost		29,215
Amortization of prior service cost		(9,451)
Amortization of net (gain)/loss		<u>(94,723)</u>
Net periodic benefit cost	\$	<u><u>(55,236)</u></u>

The accrued postretirement benefit costs listed at the statement of financial position includes the unamortized prior service credit of \$33,620 and unrecognized net actuarial gain of \$696,240. Gains are a result of prior year changes in plan eligibility requirements and decreases in future premium liabilities, which were adjusted annually by changes in discount rates and coverage assumptions.

The components of net periodic postretirement benefit cost other than the service cost component are included in the line item "Postretirement benefit" in the statements of activities.

The weighted-average assumptions used to determine benefit obligations are as follows for the year ended June 30, 2023:

Discount Rate	4.43%
Expected long-term return on plan assets	N/A
Rate of compensation increase	N/A
Health care cost trend rate assumed for next year	9.00%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	4.00%
Year that the rate reaches the ultimate trend rate	4 yrs

Expected retiree payments as of June 30, 2023 are as follows:

<u>Expected Retiree Payments Over the Next 10 Years</u>	
2023/24	\$ 27,207
2024/25	28,615
2025/26	29,853
2026/27	31,042
2027/28	34,229
2028-33	227,550

### Note 10 - Long-Term Debt

#### Housing Program

In March 2002, UCorp issued \$27,990,000 of Series 2002 Student Housing Revenue Bonds. The proceeds were used to finance the construction of the UVA. In March 2005, the Board of Trustees of the California State University (the Board) issued \$25,230,000 of Series 2005A Systemwide Revenue Bonds, whose proceeds were used to pay in full the Series 2002 bonds and to purchase the facility from UCorp. In August 2013, a portion of the outstanding Series 2005A bonds were refunded with proceeds from Series 2013A bond issue. The 2005A bond refund resulted in a modification of the direct financing lease between the University and UCorp resulting in a gain on modification of \$697,885 for the year ended June 30, 2014.

# CALIFORNIA STATE UNIVERSITY SAN MARCOS CORPORATION

## Notes to Financial Statements

Year Ended June 30, 2023

---

### Note 10 - Long-Term Debt, continued

#### Housing Program, continued

In August 2014, the Board of Trustees of the California State University issued \$8,340,000 of Series 2014A Systemwide Revenue Bonds at a net premium of \$1,365,474. The Series 2014A bond proceeds were used to refund \$9,205,000 of the Series 2005A Systemwide Revenue Bonds. The remaining portion of the Series 2005A bond of \$705,000 was paid upon maturity in November 2014.

In March 2005, a ground and facility lease was signed between the Board and UCorp for a term of 28 years beginning on May 1, 2005, with an option to extend an additional 10 years. The Ground and Facility Lease agreement was amended in July 2017 due to the UCorp and Corporation merger. The Corporation is responsible for paying a base rent equal to the relating bond obligation and additional rental payments to cover all administrative costs and other expenses in connection with the refinancing or leasing of the facility. The bonds comprise Series 2013A and Series 2014A bonds bearing annual interest of 5.0 percent (paid semiannually). Rental payments are secured by a pledge of all Corporation revenues. The lease obligation due to the Board is treated as a financing arrangement. Accounting principles generally accepted in the United States of America preclude recognition of a real estate sale where there is continuing involvement with the property on the part of the seller.

If the seller-lessee has any continuing involvement other than the leaseback, sale leaseback accounting is prohibited. Additionally, if the seller is required to support operations or continue to operate the property at its own risk for an extended period of time, the transactions should be accounted for as a financing, leasing or profit-sharing arrangement. The financing method is used when the situations are generally significant enough that, in substance, the arrangement is a loan by the buyer-lessor to the seller-lessee.

Since the present value of the future lease payments on May 1, 2005 exceeded 90 percent of the fair value of the leased building, the building and the related liability under the direct financing leases were recorded in 2005 at the present value of the future payments due under the leases.

The balance of the liability under direct financing lease at June 30, 2023, in the amount of \$14,007,685, is net of the remaining \$627,521 of unamortized loss associated with the modification of the direct financing lease in July 2021, and represents the present value of the balance due in future years for lease rentals, discounted at 1.61 percent.

#### Extended Learning Building and Parking Project

The Extended Learning Building/Student Services Building and Parking Project (Project) was developed through a Public/Private Partnership with North City University One (Developer). The Project includes a 135,000 gross square foot, six-story building, and a 709-parking garage on 2-acres directly across the street from campus. The Corporation entered into a Purchase and Sale Agreement (PSA) with the Developer (North City University One, Inc.) to manage the design, construction, and final closeout of the Project.

The Corporation owns 120,400 gross square feet which is used for Extended Learning Programs, classrooms, class labs, student support centers, lab and research facilities, select CSUSM departments, CSUSM Corporation Administrative Offices, and CSUSM Corporation Innovation. The Developer owns 14,600 gross square feet which is to be used for retail. A condominium structure was created to divide ownership of the building and land and provides for shared use of the common spaces in the building. The Corporation and Developer commonly own the parking structure under a separate parking declaration. The Developer and CSUSM Corporation developed Covenants, Conditions and Restrictions (CCR&Rs) for the building and parking structure. The Project was completed August 2019.

The Corporation owns and operates the Project and act as landlord to the University. In August 2019, Corporation entered into a lease with CSUSM for use of space for Extended Learning and University programs. When the asset was placed in service during the year ended June 30, 2020, it was determined that the lease was a direct financing lease (Note 11). All advanced lease payments were incorporated into the direct financing lease.

# CALIFORNIA STATE UNIVERSITY SAN MARCOS CORPORATION

## Notes to Financial Statements

Year Ended June 30, 2023

### Note 10 - Long-Term Debt, continued

#### Extended Learning Building and Parking Project, continued

In March 2018, the Corporation received a loan from the Trustees of the California State University in the amount of \$14,900,000. Interest rates range from 1.32% to 2.9%. On August 2, 2018, the loan agreement between the Trustees of the California State University and the Corporation was amended to increase the loan amount to \$63,590,905 with a maturity date of November 1, 2048. The amended loan has deescalating principal payments of approximately \$3,000,000 to \$3,500,000.

#### Starbucks

The Corporation entered into a ten-year note payable with the University for \$250,000 to be used for the refurbishment and modernization of the on-campus Starbucks retail store. The note was amended to change the payment terms and interest rate from 3.00 percent to 2.75 percent per annum and is payable in annual principal and interest installments. The note agreement matures on July 1, 2024.

Summary of long-term debt as of June 30, 2023, are as follows:

	Bond Payable		Notes Payable		
	Housing Program	Extended Learning Building	Starbucks	Total Notes Payable	Total
June 30,					
2024	\$ 1,263,065	\$ 1,030,000	\$ 30,866	\$ 1,060,866	\$ 2,323,931
2025	1,266,209	1,075,000	31,711	1,106,711	2,372,920
2026	1,481,331	1,135,000	-	1,135,000	2,616,331
2027	1,498,271	1,185,000	-	1,185,000	2,683,271
2028	1,461,616	1,245,000	-	1,245,000	2,706,616
Thereafter	7,664,714	44,860,000	-	44,860,000	52,524,714
	14,635,206	50,530,000	62,577	50,592,577	65,227,783
Unamortized Premium Balance	-	7,855,144	-	7,855,144	7,855,144
Remaining Loss on Modification	(627,521)	-	-	-	(627,521)
	14,007,685	58,385,144	62,577	58,447,721	72,455,406
Less current portion	(1,263,065)	(1,030,000)	(30,866)	(1,060,866)	(2,323,931)
Noncurrent portion	\$ 12,744,620	\$ 57,355,144	\$ 31,711	\$ 57,386,855	\$ 70,131,475

### Note 11 - Direct Financing Lease

In August 2019, Corporation entered into a lease (as Lessor) with University (as Lessee) for use of space for Extended Learning and University programs in the building and adjoining parking garage. The lease payments mirror the principal and interest payments required to pay the Extended Learning Building loan. Lease payments are payable on or before May 1 and November 1 in each year, through November 1, 2048.

# CALIFORNIA STATE UNIVERSITY SAN MARCOS CORPORATION

## Notes to Financial Statements

Year Ended June 30, 2023

---

### Note 11 - Direct Financing Lease, continued

Future minimum lease payments to be received and unearned income from direct financing lease as of June 30, 2023, are as follows:

<u>June 30,</u>	<u>Lease</u> <u>Receivable</u>	<u>Unearned Income -</u> <u>Direct Financing Lease</u>	<u>Net Investment in</u> <u>Direct Financing Lease</u>
2024	\$ 3,501,979	\$ (2,220,163)	\$ 1,281,816
2025	3,495,852	(2,164,478)	1,331,374
2026	3,502,047	(2,106,712)	1,395,335
2027	3,495,430	(2,046,799)	1,448,631
2028	3,496,018	(1,984,768)	1,511,250
Thereafter	71,477,887	(22,555,388)	48,922,499
Total	\$ <u>88,969,213</u>	\$ <u>(33,078,308)</u>	\$ <u>55,890,905</u>

### Note 12 - Leasing Arrangements

The Corporation has operating and finance leases of office space and resident dining hall space under agreements with contractual periods ranging from 1 to 15 years. The office and resident dining hall space are located in the San Marcos, California, United States of America. Certain lease agreements contain scheduled rent escalation clauses and others include rental payments adjusted periodically depending on an index or rate. Some of the leases contain one or more options to extend. The exercise of lease renewal options is generally at the Corporation's sole discretion. Options that are reasonably certain to be exercised, considering all relevant economic and financial factors, are included in the lease term. In one lease agreement the Corporation is the tenant and subleases the building to a third party. Certain lease agreements also contain lease incentives, such as tenant improvement allowances. Leases with an initial term of 12 months or less are not recorded on the statement of financial position. Lease expense is recognized for these leases on a straight-line basis over the lease term. The lease agreements do not contain any material residual value guarantees. The Corporation elected the package of practical expedients permitted under the transition guidance within the standard, which among other things, allowed the Corporation to carry forward the historical lease classification.

The Corporation has elected the practical expedient to account for the lease and non-lease components as a single lease component (e.g., maintenance and operating services). Therefore, for those leases, the lease payments used to measure the lease liability include all the fixed consideration in the contract. All variable payments not based on a market rate or an index are expensed as incurred.

The Corporation determines if an arrangement is or contains a lease at contract inception. The Corporation recognizes a right-of-use asset and a lease liability at the lease commencement date. The lease liability is initially measured at the present value of the unpaid lease payments at the lease commencement date. Key estimates and judgments include how the Corporation determines the discount rate, the lease term, and the lease payments.

When the discount rate implicit in a lease is not readily determinable, the Corporation calculates the lease liability using the risk-free rate.

# CALIFORNIA STATE UNIVERSITY SAN MARCOS CORPORATION

## Notes to Financial Statements

Year Ended June 30, 2023

---

### Note 12 - Leasing Arrangements, continued

The following summarizes the operating and finance leases as of June 30, 2023:

#### Operating Leases

Operating lease right-of-use assets	\$	<u>110,924</u>
Current portion of operating lease liabilities	\$	57,850
Operating lease liabilities, net of current portion		<u>57,203</u>
Total operating lease liabilities	\$	<u>115,053</u>

#### Finance Leases

Property and equipment	\$	8,091,626
Accumulated amortization		<u>(404,581)</u>
Property and equipment, net	\$	<u>7,687,045</u>
Current portion of finance lease liabilities	\$	534,212
Finance lease liabilities, net of current portion		<u>4,271,488</u>
Total finance lease liabilities	\$	<u>4,805,700</u>

The amounts contractually due on lease liabilities as of June 30, 2023 were as follows:

	<u>Operating</u>	<u>Finance</u>
2024	\$ 59,701	\$ 730,971
2025	30,208	277,827
2026	30,208	338,548
2027	-	387,209
2028	-	408,364
Thereafter	-	4,408,399
Total lease payments	<u>120,117</u>	<u>6,551,318</u>
Less interest	<u>(5,064)</u>	<u>(1,745,618)</u>
Present value of lease liabilities	<u>\$ 115,053</u>	<u>\$ 4,805,700</u>

The following summarizes the line items in the income statement which include the components of lease expense for the year ended June 30, 2023:

Operating lease expense	\$	30,029
Finance Leases:		
Amortization of lease assets, included in operating expense		404,581
Interest on lease liabilities, included in interest expense		<u>173,836</u>
Total lease cost	\$	<u>608,446</u>



# CALIFORNIA STATE UNIVERSITY SAN MARCOS CORPORATION

## Notes to Financial Statements

Year Ended June 30, 2023

---

### Note 12 - Leasing Arrangements, continued

Supplemental cash flow information related to leases for the year ended June 30, 2023 was as follows:

Cash paid for amounts included in measurement of lease liabilities:	
Operating cash flows from finance leases	\$ 155,974
Financing cash flows from finance leases	3,285,927
Lease assets obtained in exchange for lease liabilities	
Operating leases	\$ 110,924
Finance leases	8,091,627

Supplemental balance sheet information related to leases as of June 30, 2023 was as follows:

Weighted average remaining lease term - Operating leases	3.00
Weighted average remaining lease term - Finance leases	14.26
Weighted average discount rate - Operating leases	3.66%
Weighted average discount rate - Finance leases	4.46%

Related party leases include the following information at June 30, 2023:

Operating lease right-of-use assets	\$ 110,924
Operating lease liabilities	115,053
Operating lease expense	85,024
Operating cash flows from operating leases	30,029

Leasehold improvements related to leases with entities under common control are amortized over their useful life.

### Note 13 - Related Party Transactions

The Corporation reimburses the University for salaries and other program-related costs for personnel working on contracts, fiscal services, and providing other business and operation services.

The Corporation entered into a payroll processing agreement with ASI.

The University remits bond interest payments for the debt related to the Corporation's direct financing lease of student housing. The Corporation then reimburses the University for the payments.

# CALIFORNIA STATE UNIVERSITY SAN MARCOS CORPORATION

## Notes to Financial Statements

Year Ended June 30, 2023

### Note 13 - Related Party Transactions, continued

Related party transactions are as follows:

<u>Related Parties</u>	<u>Description</u>	<u>Reported in</u>	
Expenses to:			
University	Salaries and reimbursed costs	Various expenses	\$ 5,474,564
University	Bond Interest	Interest expense	348,582
ASI	Services, programs and other	Various expenses	375
Foundation	Services, programs and other	Various expenses	11,347
			<u>\$ 5,834,868</u>
Revenue from:			
University	Services and programs	Revenue and expenses	\$ 12,835,744
ASI	Payroll processing, administrative expenses and other expenses	Revenue	1,072,152
Foundation	Services and cost reimbursement	Revenue	60,797
			<u>\$ 13,968,693</u>
Assets:			
University	Salaries, benefits, and other expenses	Due from related parties	\$ 1,278,213
University	Lease receivable (Note 11)	Lease receivable	88,969,213
University	Space lease	Operating lease	85,024
CSU Chancellor's Office	Other expenses	Due from related parties	422,492
ASI	Salaries, benefits, and other expenses	Due from related parties	188,248
Foundation	Other expenses	Due from related parties	153,347
			<u>\$ 91,096,537</u>
Liabilities:			
University	Cost reimbursement	Due to related parties	\$ 650,088
CSU Chancellor's Office	Other expenses	Due to related parties	416,161
University	Bond Interest (Note 10)	Due to related parties	35,602
University	Starbucks loan (Note 10)	Notes payable	62,577
University	Space Lease	Lease liabilities	115,053
Foundation	Various liabilities	Due to related parties	1,000
ASI	Cost reimbursement	Due to related parties	4,125
			<u>\$ 1,284,606</u>

### Note 14 - Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include depreciation, which is allocated on a square-footage basis, as well as salaries and benefits, which are allocated on the basis of estimates and time and effort.

## SUPPLEMENTAL INFORMATION

# CALIFORNIA STATE UNIVERSITY SAN MARCOS CORPORATION

## Schedule of Net Position

June 30, 2023

(for inclusion in the California State University)

Assets:	
Current assets:	
Cash and cash equivalents	\$ 2,075,605
Short-term investments	10,909,010
Accounts receivable, net	4,727,526
Lease receivable, current portion	3,501,979
P3 receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	-
Prepaid expenses and other current assets	56,053
Total current assets	<u>21,270,173</u>
Noncurrent assets:	
Restricted cash and cash equivalents	-
Accounts receivable, net	-
Lease receivable, net of current portion	85,467,234
P3 receivable, net of current portion	-
Notes receivable, net of current portion	-
Student loans receivable, net	-
Pledges receivable, net	-
Endowment investments	-
Other long-term investments	4,764,638
Capital assets, net	27,522,567
Other assets	102,722
Total noncurrent assets	<u>117,857,161</u>
Total assets	<u>139,127,334</u>
Deferred outflows of resources:	
Unamortized loss on debt refunding	627,521
Net pension liability	-
Net OPEB liability	-
Leases	-
P3	-
Others	-
Total deferred outflows of resources	<u>627,521</u>
Liabilities:	
Current liabilities:	
Accounts payable	2,952,682
Accrued salaries and benefits	319,265
Accrued compensated absences, current portion	693,248
Unearned revenue, current portion	5,015,213
Lease liabilities, current portion	1,855,127
SBITA liabilities, current portion	-
P3 liabilities, current portion	-
Long-term debt obligations, current portion	1,060,866
Claims liability for losses and loss adjustment expenses, current portion	-
Depository accounts	-
Other liabilities	-
Total current liabilities	<u>11,896,401</u>
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	-
Unearned revenue, net of current portion	31,659,655
Grants refundable	-
Lease liabilities, net of current portion	17,700,832
SBITA liabilities, net of current portion	-
P3 liabilities, net of current portion	-
Long-term debt obligations, net of current portion	57,386,855
Claims liability for losses and loss adjustment expenses, net of current portion	-
Depository accounts	-
Net other postemployment benefits obligations	1,390,803
Net pension liability	-
Other liabilities	-
Total noncurrent liabilities	<u>108,138,145</u>
Total liabilities	<u>120,034,546</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	5,381,746
Restricted for:	
Nonexpendable – endowments	-
Expendable:	
Scholarships and fellowships	-
Research	-
Loans	-
Capital projects	-
Debt service	-
Others	-
Unrestricted	<u>14,338,563</u>
Total net position	<u>\$ 19,720,309</u>

See independent auditor's report.

# CALIFORNIA STATE UNIVERSITY SAN MARCOS CORPORATION

## Schedule of Revenues, Expenses, and Changes in Net Position

Year Ended June 30, 2023

(for inclusion in the California State University)

Revenues:		
Operating revenues:		
Student tuition and fees, gross	\$	-
Scholarship allowances		-
Grants and contracts, noncapital:		
Federal		12,771,995
State		2,158,661
Local		2,571
Nongovernmental		328,494
Sales and services of educational activities		3,410,899
Sales and services of auxiliary enterprises, gross		8,942,923
Scholarship allowances		-
Other operating revenues		-
Total operating revenues		<u>27,615,543</u>
Expenses:		
Operating expenses:		
Instruction		3,139,537
Research		4,930,818
Public service		232,807
Academic support		1,909,242
Student services		3,184,451
Institutional support		517,553
Operation and maintenance of plant		-
Student grants and scholarships		2,630,315
Auxiliary enterprise expenses		7,037,663
Depreciation and amortization		2,161,484
Total operating expenses		<u>25,743,870</u>
Operating income (loss)		<u>1,871,673</u>
Nonoperating revenues (expenses):		
State appropriations, noncapital		-
Federal financial aid grants, noncapital		-
State financial aid grants, noncapital		-
Local financial aid grants, noncapital		-
Nongovernmental and other financial aid grants, noncapital		-
Other federal nonoperating grants, noncapital		-
Gifts, noncapital		-
Investment income (loss), net		2,516,274
Endowment income (loss), net		-
Interest expense		(2,722,253)
Other nonoperating revenues (expenses) - excl. interagency transfers		-
Net nonoperating revenues (expenses)		<u>(205,979)</u>
Income (loss) before other revenues (expenses)		<u>1,665,694</u>
State appropriations, capital		-
Grants and gifts, capital		-
Additions (reductions) to permanent endowments		-
Increase (decrease) in net position		<u>1,665,694</u>
Net position:		
Net position at beginning of year, as previously reported		18,054,615
Restatements		-
Net position at beginning of year, as restated		<u>18,054,615</u>
Net position at end of year	\$	<u><u>19,720,309</u></u>

# CALIFORNIA STATE UNIVERSITY SAN MARCOS CORPORATION

## Other Information

June 30, 2023

(for inclusion in the California State University)

### 1 Cash and cash equivalents:

Portion of restricted cash and cash equivalents related to endowments	\$	-
All other restricted cash and cash equivalents		-
Noncurrent restricted cash and cash equivalents		-
Current cash and cash equivalents		2,075,605
Total	\$	2,075,605

### 2.1 Composition of investments:

Investment Type	Current	Noncurrent	Total
Money market funds	\$ -	\$ -	\$ -
Repurchase agreements	-	-	-
Certificates of deposit	2,097,313	4,764,638	6,861,951
U.S. agency securities	-	-	-
U.S. treasury securities	1,539,910	-	1,539,910
Municipal bonds	-	-	-
Corporate bonds	-	-	-
Asset backed securities	-	-	-
Mortgage backed securities	-	-	-
Commercial paper	-	-	-
Mutual funds	7,271,787	-	7,271,787
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 (excluding SWIFT)	-	-	-
CSU Consolidated Investment Pool (formerly SWIFT)	-	-	-
State of California Local Agency Investment Fund (LAIF)	-	-	-
State of California Surplus Money Investment Fund (SMIF)	-	-	-
Total investments	10,909,010	4,764,638	15,673,648
Less endowment investments	-	-	-
Total investments, net of endowments	\$ 10,909,010	\$ 4,764,638	\$ 15,673,648

See independent auditor's report.

# CALIFORNIA STATE UNIVERSITY SAN MARCOS CORPORATION

## Other Information, continued

June 30, 2023

(for inclusion in the California State University)

### 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	\$ -	\$ -	\$ -	\$ -	-
Repurchase agreements	-	-	-	-	-
Certificates of deposit	6,861,951	-	6,861,951	-	-
U.S. agency securities	-	-	-	-	-
U.S. treasury securities	1,539,910	-	1,539,910	-	-
Municipal bonds	-	-	-	-	-
Corporate bonds	-	-	-	-	-
Asset backed securities	-	-	-	-	-
Mortgage backed securities	-	-	-	-	-
Commercial paper	-	-	-	-	-
Mutual funds	7,271,787	7,271,787	-	-	-
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 (excluding SWIFT)	-	-	-	-	-
CSU Consolidated Investment Pool (formerly SWIFT)	-	-	-	-	-
State of California Surplus Money Investment Fund (SMIF)	-	-	-	-	-
State of California Local Agency Investment Fund (LAIF)	-	-	-	-	-
Other Investments	-	-	-	-	-
<b>Total investments</b>	<b>\$ 15,673,648</b>	<b>\$ 7,271,787</b>	<b>\$ 8,401,861</b>	<b>\$ -</b>	<b>-</b>

### 2.3 Investments held by the University under contractual agreements: Not Applicable

# CALIFORNIA STATE UNIVERSITY SAN MARCOS CORPORATION

## Other Information, continued

June 30, 2023

(for inclusion in the California State University)

### 3.1 Capital Assets, excluding ROU assets:

Composition of capital assets, excluding ROU assets:	Balance	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance	Additions	Retirements	Transfer of completed CWIP	Balance
	June 30, 2022				June 30, 2022 (Restated)				June 30, 2023
<b>Non-depreciable/Non-amortizable capital assets:</b>									
Land and land improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Works of art and historical treasures	-	-	-	-	-	-	-	-	-
Construction work in progress (CWIP)	2,726,327	-	-	-	2,726,327	148,189	(2,389,281)	-	485,235
Intangible assets:									
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Intangible assets in progress (PWIP)	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
<b>Total non-depreciable/non-amortizable capital assets</b>	<b>2,726,327</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,726,327</b>	<b>148,189</b>	<b>(2,389,281)</b>	<b>-</b>	<b>485,235</b>
<b>Depreciable/Amortizable capital assets:</b>									
Buildings and building improvements	31,967,731	-	-	-	31,967,731	23,396	(25,516)	-	31,965,611
Improvements, other than buildings	2,639,656	-	-	-	2,639,656	-	-	-	2,639,656
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	2,200,274	-	-	-	2,200,274	181,555	-	-	2,381,829
Personal property:									
Equipment	6,594,116	-	-	-	6,594,116	355,358	(7,974)	-	6,941,500
Library books and materials	-	-	-	-	-	-	-	-	-
Intangible assets:									
Software and websites	-	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
<b>Total depreciable/amortizable capital assets</b>	<b>43,401,777</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>43,401,777</b>	<b>560,309</b>	<b>(33,490)</b>	<b>-</b>	<b>43,928,596</b>
<b>Total capital assets</b>	<b>46,128,104</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>46,128,104</b>	<b>708,498</b>	<b>(2,422,771)</b>	<b>-</b>	<b>44,413,831</b>
<b>Less accumulated depreciation/amortization:</b>									
Buildings and building improvements	(14,563,166)	-	-	-	(14,563,166)	(947,081)	25,297	-	(15,484,950)
Improvements, other than buildings	(2,017,380)	-	-	-	(2,017,380)	(155,738)	-	-	(2,173,118)
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	(1,312,939)	-	-	-	(1,312,939)	(207,649)	-	-	(1,520,588)
Personal property:									
Equipment	(5,046,215)	-	-	-	(5,046,215)	(446,435)	7,973	-	(5,484,677)
Library books and materials	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
<b>Total accumulated depreciation/amortization</b>	<b>(22,939,700)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(22,939,700)</b>	<b>(1,756,903)</b>	<b>33,270</b>	<b>-</b>	<b>(24,663,333)</b>
<b>Total capital assets, net excluding ROU assets</b>	<b>\$ 23,188,404</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 23,188,404</b>	<b>\$ (1,048,405)</b>	<b>\$ (2,389,501)</b>	<b>\$ -</b>	<b>\$ 19,750,498</b>

See independent auditor's report.



# CALIFORNIA STATE UNIVERSITY SAN MARCOS CORPORATION

## Other Information, continued

June 30, 2023

(for inclusion in the California State University)

Composition of capital assets - Lease ROU, net	Balance	Reclassifications	Prior Period	Prior Period	Balance	Additions	Retirements	Transfer of completed CWIP	Balance
	June 30, 2022		Additions	Retirements	June 30, 2022 (Restated)				June 30, 2023
<b>Non-depreciable/Non-amortizable capital assets:</b>									
Land and land improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total non-depreciable/non-amortizable lease assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Depreciable/Amortizable lease assets:</b>									
Land and land improvements	-	-	-	-	-	-	-	-	-
Buildings and building improvements	-	-	-	-	-	8,202,551	-	-	8,202,551
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	-	-	-	-	-	-	-	-	-
<b>Total depreciable/amortizable lease assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,202,551</b>	<b>-</b>	<b>-</b>	<b>8,202,551</b>
<b>Less accumulated depreciation/amortization:</b>									
Land and land improvements	-	-	-	-	-	-	-	-	-
Buildings and building improvements	-	-	-	-	-	(430,482)	-	-	(430,482)
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	-	-	-	-	-	-	-	-	-
<b>Total accumulated depreciation/amortization</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(430,482)</b>	<b>-</b>	<b>-</b>	<b>(430,482)</b>
<b>Total capital assets, Lease ROU, net</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,772,069</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,772,069</b>
<b>Capital Assets, Right of Use</b>									
<b>Composition of capital assets - SBITA ROU, net</b>	<b>Balance</b>	<b>Reclassifications</b>	<b>Prior Period</b>	<b>Prior Period</b>	<b>Balance</b>	<b>Additions</b>	<b>Retirements</b>	<b>Transfer of completed</b>	<b>Balance</b>
	<b>June 30, 2022</b>		<b>Additions</b>	<b>Retirements</b>	<b>June 30, 2022 (Restated)</b>			<b>CWIP</b>	<b>June 30, 2023</b>
<b>Depreciable/Amortizable SBITA assets:</b>									
Software	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total depreciable/amortizable SBITA assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Less accumulated depreciation/amortization:</b>									
Software	-	-	-	-	-	-	-	-	-
<b>Total accumulated depreciation/amortization</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total capital assets, Lease ROU, net</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

# CALIFORNIA STATE UNIVERSITY SAN MARCOS CORPORATION

## Other Information, continued

June 30, 2023

(for inclusion in the California State University)

Composition of capital assets - P3 ROU, net	Balance June 30, 2022	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2022 (Restated)	Additions	Retirements	Transfer of completed CWIP	Balance June 30, 2023
<b>Non-depreciable/Non-amortizable P3 assets:</b>									
Land and land improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total non-depreciable/non-amortizable P3 assets</b>	-	-	-	-	-	-	-	-	-
<b>Depreciable/Amortizable lease assets:</b>									
Land and land improvements	-	-	-	-	-	-	-	-	-
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Personal property:	-	-	-	-	-	-	-	-	-
Equipment	-	-	-	-	-	-	-	-	-
<b>Total depreciable/amortizable P3 assets</b>	-	-	-	-	-	-	-	-	-
<b>Less accumulated depreciation/amortization:</b>									
Land and land improvements	-	-	-	-	-	-	-	-	-
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	-	-	-	-	-	-	-	-	-
Personal property:	-	-	-	-	-	-	-	-	-
Equipment	-	-	-	-	-	-	-	-	-
<b>Total accumulated depreciation/amortization</b>	-	-	-	-	-	-	-	-	-
<b>Total capital assets, P3 ROU, net</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total capital assets, net including ROU assets</b>									\$ 27,522,567

### 3.2 Detail of depreciation and amortization expense:

Depreciation and amortization expense - capital assets, excluding ROU assets	\$ 1,756,903
Amortization expense - Leases ROU	430,482
Amortization expense - SBITA ROU	-
Amortization expense - P3 ROU	-
Depreciation and Amortization expense - Others	(25,901)
<b>Total depreciation and amortization</b>	<u>\$ 2,161,484</u>

# CALIFORNIA STATE UNIVERSITY SAN MARCOS CORPORATION

## Other Information, continued

June 30, 2023

(for inclusion in the California State University)

### 4 Long-term liabilities:

	Balance June 30, 2022	Prior Period Adjustments/ Reclassifications	Balance June 30, 2022 (Restated)	Additions	Reductions	Balance June 30, 2023	Current Portion	Noncurrent Portion
1. Accrued compensated absences	\$ 643,152	\$ -	\$ 643,152	\$ 163,751	\$ (113,655)	\$ 693,248	\$ 693,248	\$ -
2. Claims liability for losses and loss adjustment expenses	-	-	-	-	-	-	-	-
3. Capital lease obligations (pre-ASC 842):								
Gross balance	15,876,888	-	15,876,888	-	(15,876,888)	-	-	-
Unamortized net premium/(discount)	-	-	-	-	-	-	-	-
Total capital lease obligations (pre-ASC 842)	15,876,888	-	15,876,888	-	(15,876,888)	-	-	-
4. Long-term debt obligations:								
4.1 Auxiliary revenue bonds (non-SRB related)	-	-	-	-	-	-	-	-
4.2 Commercial paper	-	-	-	-	-	-	-	-
4.3 Notes payable (SRB related)	51,505,000	-	51,505,000	-	(975,000)	50,530,000	1,030,000	49,500,000
4.4 Finance purchase of capital assets	-	-	-	-	-	-	-	-
4.5 Others:								
Note Payable	92,617	-	92,617	-	(30,039)	62,578	30,866	31,712
Total others	92,617	-	92,617	-	(30,039)	62,578	30,866	31,712
Sub-total long-term debt	51,597,617	-	51,597,617	-	(1,005,039)	50,592,578	1,060,866	49,531,712
4.6 Unamortized net bond premium/(discount)	8,170,552	-	8,170,552	-	(315,409)	7,855,143	-	7,855,143
Total long-term debt obligations	59,768,169	-	59,768,169	-	(1,320,448)	58,447,721	1,060,866	57,386,855
5. Lease, SBITA, P3 liabilities:								
Lease liabilities	-	-	20,797,641	-	(1,241,682)	19,555,959	1,855,127	17,700,832
SBITA liabilities	-	-	-	-	-	-	-	-
P3 liabilities - SCA	-	-	-	-	-	-	-	-
P3 liabilities - non-SCA	-	-	-	-	-	-	-	-
Sub-total P3 liabilities	-	-	-	-	-	-	-	-
Total Lease, SBITA, P3 liabilities	-	-	20,797,641	-	(1,241,682)	19,555,959	1,855,127	17,700,832
<b>Total long-term liabilities</b>						<b>\$ 78,696,928</b>	<b>\$ 3,609,241</b>	<b>\$ 75,087,687</b>

**CALIFORNIA STATE UNIVERSITY SAN MARCOS CORPORATION**

**Other Information, continued**

June 30, 2023

(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	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest
Year ending June 30:												
2024	\$ 1,855,127	\$ 401,138	\$ 2,256,265	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,855,127	\$ 401,138	\$ 2,256,265
2025	1,382,463	375,078	1,757,541	-	-	-	-	-	-	1,382,463	375,078	1,757,541
2026	1,665,926	349,557	2,015,483	-	-	-	-	-	-	1,665,926	349,557	2,015,483
2027	1,709,926	319,770	2,029,696	-	-	-	-	-	-	1,709,926	319,770	2,029,696
2028	1,704,657	287,945	1,992,602	-	-	-	-	-	-	1,704,657	287,945	1,992,602
2029 - 2033	9,263,315	917,395	10,180,710	-	-	-	-	-	-	9,263,315	917,395	10,180,710
2034 - 2038	1,974,545	200,905	2,175,450	-	-	-	-	-	-	1,974,545	200,905	2,175,450
2039 - 2043	-	-	-	-	-	-	-	-	-	-	-	-
2044 - 2048	-	-	-	-	-	-	-	-	-	-	-	-
2049 - 2053	-	-	-	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-	-	-	-
Total minimum payments	\$ 19,555,959	\$ 2,851,788	\$ 22,407,747	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,555,959	\$ 2,851,788	\$ 22,407,747
Less: amounts representing interest												(2,851,788)
Present value of future minimum lease payments												19,555,959
Total leases, SBITA, P3 liabilities												19,555,959
Less: current portion												(1,855,127)
Leases, SBITA, P3 liabilities, net of current portion												\$ 17,700,832

# CALIFORNIA STATE UNIVERSITY SAN MARCOS CORPORATION

## Other Information, continued

June 30, 2023

(for inclusion in the California State University)

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

	Auxiliary revenue bonds (non-SRB related)			All other long-term debt obligations			Total long-term debt obligations		
	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest
Year ending June 30:									
2024	\$ -	\$ -	\$ -	\$ 1,060,866	\$ 2,473,700	\$ 3,534,566	\$ 1,060,866	\$ 2,473,700	\$ 3,534,566
2025	-	-	-	1,106,712	2,421,726	3,528,438	1,106,712	2,421,726	3,528,438
2026	-	-	-	1,135,000	2,367,047	3,502,047	1,135,000	2,367,047	3,502,047
2027	-	-	-	1,185,000	2,310,430	3,495,430	1,185,000	2,310,430	3,495,430
2028	-	-	-	1,245,000	2,251,018	3,496,018	1,245,000	2,251,018	3,496,018
2029 - 2033	-	-	-	7,260,000	10,247,060	17,507,060	7,260,000	10,247,060	17,507,060
2034 - 2038	-	-	-	9,290,000	8,221,683	17,511,683	9,290,000	8,221,683	17,511,683
2039 - 2043	-	-	-	11,875,000	5,622,928	17,497,928	11,875,000	5,622,928	17,497,928
2044 - 2048	-	-	-	13,420,000	2,450,992	15,870,992	13,420,000	2,450,992	15,870,992
2049 - 2053	-	-	-	3,015,000	75,225	3,090,225	3,015,000	75,225	3,090,225
Thereafter	-	-	-	-	-	-	-	-	-
Total minimum payments	\$ -	\$ -	\$ -	\$ 50,592,578	\$ 38,441,809	\$ 89,034,387	\$ 50,592,578	\$ 38,441,809	\$ 89,034,387
Less: amounts representing interest									(38,441,809)
Present value of future minimum payments									50,592,578
Unamortized net premium/(discount)									7,855,143
Total long-term debt obligations									58,447,721
Less: current portion									(1,060,866)
<b>Long-term debt obligations, net of current portion</b>									<b>\$ 57,386,855</b>

### 7 Transactions with related entities:

Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$ 108,212
Payments to University for other than salaries of University personnel	4,097,977
Payments received from University for services, space, and programs	12,835,744
Gifts-in-kind to the University from discretely presented component units	-
Gifts (cash or assets) to the University from discretely presented component units	1,268,375
Accounts payable to University	(650,088)
Other amounts payable to University	(213,232)
Accounts receivable from University	1,278,212
Other amounts receivable from University	88,969,213

**CALIFORNIA STATE UNIVERSITY SAN MARCOS CORPORATION**

**Other Information, continued**

June 30, 2023

(for inclusion in the California State University)

**8 Restatements: Not Applicable**

**9 Natural classifications of operating expenses:**

	<b>Salaries</b>	<b>Benefits - Other</b>	<b>Benefits - Pension</b>	<b>Benefits - OPEB</b>	<b>Scholarships and fellowships</b>	<b>Supplies and other services</b>	<b>Depreciation and amortization</b>	<b>Total operating expenses</b>
Instruction	\$ 1,120,292	\$ 368,374	\$ -	\$ -	\$ -	\$ 1,650,871	\$ -	\$ 3,139,537
Research	2,649,570	549,119	-	(72,155)	-	1,804,284	-	4,930,818
Public service	105,468	16,102	-	-	-	111,237	-	232,807
Academic support	1,101,664	274,095	-	-	-	533,483	-	1,909,242
Student services	1,888,792	483,759	-	-	-	811,900	-	3,184,451
Institutional support	295,619	55,515	-	-	-	166,419	-	517,553
Operation and maintenance of plant	-	-	-	-	-	-	-	-
Student grants and scholarships	-	-	-	-	2,630,315	-	-	2,630,315
Auxiliary enterprise expenses	1,476,416	470,107	-	(2,804)	-	5,093,944	-	7,037,663
Depreciation and amortization	-	-	-	-	-	-	2,161,484	2,161,484
<b>Total operating expenses</b>	<b>\$ 8,637,821</b>	<b>\$ 2,217,071</b>	<b>\$ -</b>	<b>\$ (74,959)</b>	<b>\$ 2,630,315</b>	<b>\$ 10,172,138</b>	<b>\$ 2,161,484</b>	<b>\$ 25,743,870</b>

# CALIFORNIA STATE UNIVERSITY SAN MARCOS CORPORATION

## Other Information, continued

June 30, 2023

(for inclusion in the California State University)

---

### 10 Deferred outflows/inflows of resources:

#### 1. Deferred Outflows of Resources

Deferred outflows - unamortized loss on refunding(s)	\$	627,521
Deferred outflows - net pension liability		-
Deferred outflows - net OPEB liability		-
Deferred outflows - leases		-
Deferred outflows - P3		-
Deferred outflows - others:		
Sales/intra-entity transfers of future revenues		-
Gain/loss on sale leaseback		-
Loan origination fees and costs		-
Change in fair value of hedging derivative instrument		-
Irrevocable split-interest agreements		-
Total deferred outflows - others		-
<b>Total deferred outflows of resources</b>	<b>\$</b>	<b>627,521</b>

#### 2. Deferred Inflows of Resources

Deferred inflows - P3 service concession arrangements	\$	-
Deferred inflows - net pension liability		-
Deferred inflows - net OPEB liability		-
Deferred inflows - unamortized gain on debt refunding(s)		-
Deferred inflows - nonexchange transactions		-
Deferred inflows - leases		-
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		-
<b>Total deferred inflows of resources</b>	<b>\$</b>	<b>-</b>

### 11 Other nonoperating revenues (expenses): Not Applicable

**Independent Auditor's 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***

To the Board of Directors  
California State University San Marcos Corporation

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audit contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of California State University San Marcos Corporation, (nonprofit organization), which comprise the statement of financial position as of June 30, 2023, 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 September 28, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered California State University San Marcos Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of California State University San Marcos Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the California State University San Marcos Corporation's internal control.

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

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

**Report on Compliance and Other Matters**

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



**Independent Auditor's 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*, continued**

**Purpose of this Report**

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

*Aldrich CPAs + Advisors LLP*

San Diego, California  
September 28, 2023

**Independent Auditor's Report on Compliance  
For Each Major Program and on Internal Control  
Over Compliance Required by the Uniform Guidance**

To the Board of Directors  
California State University San Marcos Corporation

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited California State University San Marcos Corporation's 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 California State University San Marcos Corporation's major federal programs for the year ended June 30, 2023. California State University San Marcos Corporation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, California State University San Marcos Corporation complied, in all material respects, with the types of 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, 2023.

***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; the standards applicable to financial audit 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 Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of California State University San Marcos Corporation 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 California State University San Marcos Corporation'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 California State University San Marcos Corporation's federal programs.

***Auditor's 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 California State University San Marcos Corporation'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 generally accepted auditing standards, *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

**Independent Auditor's Report on Compliance  
For Each Major Program and on Internal Control  
Over Compliance Required by the Uniform Guidance, continued**

influence the judgment made by a reasonable user of the report on compliance about California State University San Marcos Corporation's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 California State University San Marcos Corporation'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 California State University San Marcos Corporation'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 California State University San Marcos Corporation'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.

***Report on Internal Control over Compliance***

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Aldrich CPAs + Advisors LLP*

San Diego, California  
September 28, 2023

# CALIFORNIA STATE UNIVERSITY SAN MARCOS CORPORATION

## Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

Federal/Pass-Through Grantor and Program Title	Assistance Listing Number	Agency or Pass-Through Grantor No.	Expenditures	Subrecipients
Research and Development Cluster:				
<b>Department of Defense</b>				
<i>Direct Programs</i>				
Basic and Applied Scientific Research	12.300	N/A	\$ 2,658,189	\$ -
<b>Total Department of Defense</b>			<u>2,658,189</u>	<u>-</u>
<b>Department of Energy</b>				
<i>Direct Programs</i>				
Office of Science Financial Assistance Program	81.049	N/A	142,120	131,556
<b>Total Department of the Interior</b>			<u>142,120</u>	<u>131,556</u>
<b>Department of Education</b>				
<i>Direct Programs</i>				
Higher Education Institutional Aid	84.031	N/A	1,123,970	17,400
Minority Science and Engineering Improvement	84.120	N/A	201,735	-
<b>Total Department of Education</b>			<u>1,325,705</u>	<u>17,400</u>
<b>Department of Health and Human Services</b>				
<i>Direct Programs</i>				
Environmental Health	93.113	N/A	112,143	-
Mental Health Research Grants	93.242	N/A	15,392	-
Discovery and Applied Research for Technological Innovations to Improve	93.286	N/A	71,140	-
Minority Health and Health Disparities Research	93.307	N/A	27,300	-
Trans-NIH Research Support	93.310	N/A	321,735	274,530
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	N/A	118,654	-
Biomedical Research and Research Training	93.859	N/A	1,858,735	107,048
<b>Total Department of Health and Human Services</b>			<u>2,535,747</u>	<u>381,578</u>
<b>Department of Agriculture</b>				
<i>Direct Programs</i>				
Community Food Projects	10.225	N/A	33,284	-
Agriculture and Food Research Initiative	10.310	N/A	86,301	-
Beginning Farmer and Rancher Development Program	10.311	N/A	40,372	38,825
<b>Total Department of Agriculture</b>			<u>159,957</u>	<u>38,825</u>
<b>National Aeronautical and Space Administration</b>				
<i>Direct Programs</i>				
Science	43.001	N/A	651,934	196,991
Office of Stem Engagement (OSTEM)	43.008	N/A	66,264	-
<b>Total National Aeronautical and Space Administration</b>			<u>718,198</u>	<u>196,991</u>
<b>National Endowment for the Humanities</b>				
<i>Direct Programs</i>				
Promotion of the Humanities Research	45.161	N/A	14,000	-
<b>Total National Endowment for the Humanities</b>			<u>14,000</u>	<u>-</u>
<b>National Science Foundation</b>				
<i>Direct Programs</i>				
Engineering	47.041	N/A	31,132	-
Computer and Information Science and Engineering	47.070	N/A	149,844	-
Biological Sciences	47.074	N/A	257,023	-
Education and Human Resources	47.076	N/A	1,473,943	539,474
Social, Behavioral, and Economic Sciences	47.075	N/A	71,553	-
Mathematical and Physical Sciences	47.049	N/A	89,635	-
Geosciences	47.050	N/A	9,322	-
<b>Total National Science Foundation</b>			<u>2,082,452</u>	<u>539,474</u>
<b>Total Research and Development Cluster</b>			<u>\$ 9,636,368</u>	<u>\$ 1,305,824</u>

**CALIFORNIA STATE UNIVERSITY SAN MARCOS CORPORATION**

**Schedule of Expenditures of Federal Awards**

Year Ended June 30, 2023

Federal/Pass-Through Grantor and Program Title	Assistance Listing Number	Agency or Pass-Through Grantor No.	Expenditures	Subrecipients
TRIO Cluster:				
<b>Department of Education</b>				
<i>Direct Programs</i>				
Student Support Services	84.042	N/A	\$ 328,745	\$ -
Talent Search	84.044	N/A	285,573	-
Upward Bound	84.047	N/A	414,140	-
McNair Postbaccalaureate Achievement Program	84.217	N/A	233,455	-
<b>Total Department of Education</b>			<u>1,261,913</u>	<u>-</u>
<b>Total TRIO Cluster</b>			<u>1,261,913</u>	<u>-</u>
Other Programs:				
<b>Department of Commerce</b>				
<i>Pass-through from University of San Diego</i>				
Cluster Grants	11.020	ED19HDQ020 0025	13,918	-
<b>Total Department of Commerce</b>			<u>13,918</u>	<u>-</u>
<b>Department of State</b>				
<i>Direct Programs</i>				
Professional and Cultural Exchange Programs - Citizen Exchanges	19.415	N/A	24,297	-
<b>Total Department of State</b>			<u>24,297</u>	<u>-</u>
<b>Department of Education</b>				
<i>Direct Programs</i>				
Migrant Education College Assistance Migrant Program	84.149	N/A	544,456	-
Child Care Access Means Parents in School	84.335	N/A	149,385	-
English Language Acquisition State Grants	84.365	N/A	246,931	-
Supporting Effective Instruction State Grants	84.367	N/A	35,137	-
<b>Total Department of Education</b>			<u>975,909</u>	<u>-</u>
<b>Department of Health and Human Services</b>				
<i>Pass-through from University of California Berkeley:</i>				
Foster Care - Title IV-E	93.658	15-IA-00850	859,590	-
<b>Total Department of Health and Human Services</b>			<u>859,590</u>	<u>-</u>
<b>Total Other Programs</b>			<u>1,873,714</u>	<u>-</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 12,771,995</u>	<u>\$ 1,305,824</u>

# CALIFORNIA STATE UNIVERSITY SAN MARCOS CORPORATION

## Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

---

### Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of California State University San Marcos Corporation and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the 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)

### Note 2 - Summary of Significant Accounting Policies

California State University San Marcos Corporation did not elect to use the 10% de minimus cost rate as covered in the Uniform Guidance 2.CFR.200.414 Indirect costs.

**CALIFORNIA STATE UNIVERSITY SAN MARCOS CORPORATION**  
**Schedule of Findings and Questioned Costs**  
Year Ended June 30, 2023

---

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Significant deficiency(ies) identified?	None reported
Material weakness(es) identified?	No
Noncompliance material to the financial statements noted?	No

**Federal Awards**

Internal control over major program:	
Significant deficiency(ies) identified?	None reported
Material weakness(es) identified?	No

Type of auditor's report issued on compliance for major programs	Unmodified
--	------------

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance, 2 CFR Section 200.516(a)?	No
--	----

Identification of major programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
Various 93.658	Research and Development Cluster Foster Care Title IV-E

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
--	-----------

Auditee qualified as a low-risk auditee under the Uniform Grant Guidance, 2 CFR Section 200.520?	Yes
--	-----

**Section II - Financial Statement Findings**

None reported.

**Section III - Federal Award Findings and Questioned Costs**

None reported.

**Section IV - Schedule of Prior Year Findings**

None reported.