

# California State University San Marcos Foundation

Financial Report  
June 30, 2014

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## Independent Auditor's Report

To the Board of Directors  
California State University  
San Marcos Foundation  
San Marcos, CA

### Report on the Financial Statements

We have audited the accompanying financial statements of California State University San Marcos Foundation, which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP); 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of California State University San Marcos Foundation as of June 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended, in conformity with U.S. GAAP.

**Report on Schedules to be Included in the California State University System's Financial Report  
(Supplementary Information)**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits 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 U.S. GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*McGladrey LLP*

San Diego, CA  
September 19, 2014

California State University San Marcos Foundation

Statements of Financial Position  
June 30, 2014 and 2013

<b>Assets</b>	<b>2014</b>	<b>2013</b>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 177,462	\$ 70,651
Other receivables (Note 2)	16,574	55,437
Due from University Auxiliary and Research Services Corporation (UARSC) (Notes 2 and 4)	8,076,094	7,527,922
Pledges receivable, net (Note 3)	1,091,215	1,043,840
<b>Total current assets</b>	<b>9,361,345</b>	<b>8,697,850</b>
Pledges Receivable, net (Note 3)	1,784,488	2,269,953
Investments, at fair value (Note 5)	21,766,956	18,430,314
Student Loans Receivable	388,793	501,285
	<b>23,940,237</b>	<b>21,201,552</b>
	<b>\$ 33,301,582</b>	<b>\$ 29,899,402</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 325,537	\$ 84,874
Accrued payroll and benefits	25,417	-
<b>Total current liabilities</b>	<b>350,954</b>	<b>84,874</b>
<b>Net Assets:</b>		
Unrestricted:		
Board-designated:		
Campus programs	4,873,659	3,950,267
Scholarships	699,006	566,790
Undesignated	3,181	218,505
Donor-restricted endowment fund deficiencies (Note 5)	(3,181)	(218,505)
<b>Total unrestricted</b>	<b>5,572,665</b>	<b>4,517,057</b>
Temporarily restricted (Notes 6 and 7)	8,234,004	6,500,005
Permanently restricted (Notes 6 and 7)	19,143,959	18,797,466
<b>Total net assets</b>	<b>32,950,628</b>	<b>29,814,528</b>
	<b>\$ 33,301,582</b>	<b>\$ 29,899,402</b>

See Notes to Financial Statements.

California State University San Marcos Foundation

Statement of Activities  
Year Ended June 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue, Gains and Other Support:				
Campus programs	\$ 518,118	\$ -	\$ -	\$ 518,118
Contributions	1,964,878	981,961	346,493	3,293,332
Interest income	159,262	-	-	159,262
Investment income	-	354,111	-	354,111
Net realized and unrealized gain on investments	467,595	2,489,931	-	2,957,526
Net assets released from restriction (Note 6)	2,092,004	(2,092,004)	-	-
<b>Total revenue, gains and other support</b>	<b>5,201,857</b>	<b>1,733,999</b>	<b>346,493</b>	<b>7,282,349</b>
Expenses:				
Program services:				
Campus programs	3,124,081	-	-	3,124,081
Student scholarships	683,173	-	-	683,173
<b>Total program services</b>	<b>3,807,254</b>	<b>-</b>	<b>-</b>	<b>3,807,254</b>
Fundraising	32,328	-	-	32,328
General administration	306,667	-	-	306,667
<b>Total expenses</b>	<b>4,146,249</b>	<b>-</b>	<b>-</b>	<b>4,146,249</b>
<b>Change in net assets before transfer of net assets</b>	<b>1,055,608</b>	<b>1,733,999</b>	<b>346,493</b>	<b>3,136,100</b>
Net Assets, beginning	4,517,057	6,500,005	18,797,466	29,814,528
Net Assets, ending	<b>\$ 5,572,665</b>	<b>\$ 8,234,004</b>	<b>\$ 19,143,959</b>	<b>\$ 32,950,628</b>

See Notes to Financial Statements.

California State University San Marcos Foundation

Statement of Activities  
Year Ended June 30, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue, Gains and Other Support:				
Campus programs	\$ 780,686	\$ -	\$ -	\$ 780,686
Contributions	1,529,754	1,340,634	2,230,302	5,100,690
Interest income	157,802	-	-	157,802
Investment income	-	178,745	-	178,745
Net realized and unrealized gain on investments	699,201	1,041,828	-	1,741,029
Net assets released from restriction (Note 6)	1,348,591	(1,348,591)	-	-
<b>Total revenue, gains and other support</b>	<b>4,516,034</b>	<b>1,212,616</b>	<b>2,230,302</b>	<b>7,958,952</b>
Expenses:				
Program services:				
Campus programs (Note 2)	4,064,475	-	-	4,064,475
Student scholarships	934,247	-	-	934,247
<b>Total program services</b>	<b>4,998,722</b>	<b>-</b>	<b>-</b>	<b>4,998,722</b>
Fundraising	101,619	-	-	101,619
General administration	176,358	-	-	176,358
<b>Total expenses</b>	<b>5,276,699</b>	<b>-</b>	<b>-</b>	<b>5,276,699</b>
<b>Change in net assets before transfer of net assets</b>	<b>(760,665)</b>	<b>1,212,616</b>	<b>2,230,302</b>	<b>2,682,253</b>
Net Assets, beginning	5,277,722	5,287,389	16,567,164	27,132,275
Net Assets, ending	<b>\$ 4,517,057</b>	<b>\$ 6,500,005</b>	<b>\$ 18,797,466</b>	<b>\$ 29,814,528</b>

See Notes to Financial Statements.

**California State University San Marcos Foundation**

**Statements of Cash Flows**  
**Year Ended June 30, 2014 and 2013**

	<b>2014</b>	<b>2013</b>
<b>Cash Flows From Operating Activities</b>		
Increase in net assets	\$ 3,136,100	\$ 2,682,253
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Contributions restricted for long-term investment	(346,493)	(2,230,302)
Contributions of investments	-	(1,494,233)
Net realized and unrealized gain on investments	(2,957,526)	(1,741,029)
(Increase) decrease in assets:		
Other receivables	151,355	198,425
Due from UARSC	(548,172)	846,072
Pledges receivable, net	438,090	(556,449)
Increase (decrease) in liabilities:		
Accounts payable	240,663	(27,127)
Accrued payroll and benefits	25,417	-
<b>Net cash provided by (used in) operating activities</b>	<b>139,434</b>	<b>(2,322,390)</b>
<b>Cash Flows From Investing Activities</b>		
Purchases of investments	(2,898,156)	(8,522,076)
Proceeds from sale of investments	2,519,040	8,395,160
<b>Net cash used in investing activities</b>	<b>(379,116)</b>	<b>(126,916)</b>
<b>Cash Flows From Financing Activities</b>		
Contributions restricted for long-term investment	346,493	2,230,302
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>106,811</b>	<b>(219,004)</b>
Cash and Cash Equivalents, beginning of year	70,651	289,655
Cash and Cash Equivalents, end of year	<u>\$ 177,462</u>	<u>\$ 70,651</u>
<b>Supplemental Disclosure of Noncash Activities</b>		
Contribution of investments	\$ -	\$ 1,494,233

See Notes to Financial Statements.



## California State University San Marcos Foundation

### Notes to Financial Statements

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#### Note 1. Nature of Operations and Summary of Significant Accounting Policies

**Nature of operations:** California State University San Marcos Foundation (the Foundation) is a nonprofit California corporation and an auxiliary organization of California State University San Marcos (the University), organized and operated in accordance with the California Code of Regulations and the Education Code of the State of California. The Foundation was formed in 2009 to focus on attracting gifts to the University and to assist the University in accumulating and managing endowment, student loan and student scholarship funds.

The Foundation's financial statements are included as a component unit of the University's annual general-purpose financial statements. This is required by accounting principles generally accepted in the United States of America (U.S. GAAP) applicable to governmental entities.

**Affiliated organizations:** The Foundation is related to other auxiliaries of the University, including the University Auxiliary and Research Services Corporation (UARSC), San Marcos University Corporation (UCorp) and Associated Students, Inc. Although independent, these auxiliaries and the University periodically provide various services to one another.

**A summary of significant accounting policies is as follows:**

**Basis of accounting and reporting:** The Foundation reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

- Unrestricted net assets represent expendable funds available for operations, which are not otherwise limited by donor restrictions.
- Temporarily restricted net assets consist of contributed funds subject to donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time before the Foundation may spend the funds and accumulated endowment earnings in compliance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA).
- Permanently restricted net assets are subject to irrevocable donor restrictions requiring that the assets be maintained in perpetuity, usually for the purpose of generating investment earnings to fund current operations.

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are released to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are satisfied within the same reporting period are reported as unrestricted support in that period.

**Cash and cash equivalents:** The Foundation maintains accounts at one financial institution with funds insured by the Federal Deposit Insurance Corporation (FDIC). The Foundation's accounts at this institution may, at times, exceed FDIC-insured limits. The Foundation has not experienced any such losses.

## California State University San Marcos Foundation

### Notes to Financial Statements

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#### **Note 1. Nature of Operations and Summary of Significant Accounting Policies (Continued)**

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

**Investments:** The Foundation has significant investments in equity securities and mutual funds, and is therefore subject to concentrations of credit risk. The investments in equity securities and mutual funds with readily determinable fair values, based on daily share prices and daily provided net asset values, are reported at fair value with gains and losses included in the statements of activities.

Investments in alternative investments represent shares in hedge funds that hold, among other investments, bonds, bank loans, busted converts, mezzanine debt, distressed assets, equity and real estate. The Foundation accounted for its investments in these hedge funds at fair value, using net asset value per share of the hedge funds.

The investments of the Foundation 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 Foundation and its beneficiaries.

**Pledges receivable:** Pledges that are expected to be collected within one year are recorded at their net realizable value. Pledges that are expected to be collected in future years are discounted to their estimated net present value. After pledges are originally recorded, an allowance for uncollectible pledges may be established based on specific circumstances. Contributions, including unconditional promises to give (pledges), are recognized in the year the promise is made as opposed to when the assets are received.

**Long-lived assets:** The Foundation evaluates the carrying value of long-lived assets for impairment whenever events or changes in circumstances indicate the carrying value of such assets may not be recoverable. The estimated future cash flows are based upon, among other things, assumptions about expected future operating performance and may differ from actual cash flows. Long-lived assets evaluated for impairment are grouped with other assets to the lowest level for which identifiable cash flows are largely independent of the cash flows of other groups of assets and liabilities. If the sum of the projected future undiscounted cash flows (excluding interest) is less than the carrying value of the assets, the assets will be written down to the estimated fair value in the period which the determination is made. Management has determined that no impairment of long-lived assets currently exists.

**Use of estimates:** The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates include determining the fair value of investments, determining the allowance for doubtful accounts for receivables, and discounting pledges receivable. Actual results could differ from those estimates used by management.

**Revenue recognition:** Revenue from campus programs is recognized in the fiscal year in which it is realized or realizable.

**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 benefited.

## California State University San Marcos Foundation

### Notes to Financial Statements

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#### Note 1. Nature of Operations and Summary of Significant Accounting Policies (Continued)

**Income taxes:** The Foundation is a qualified nonprofit organization that is generally exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. This exemption is for all income taxes except for those assessed on unrelated business income (UBI), if any. In order to maintain that status, the Foundation is precluded from making certain expenditures, principally in support of political parties. Management believes that no such expenditures have been made. The Foundation is not a private foundation.

The Foundation adopted accounting guidance relating to accounting for uncertainty in income taxes, which is primarily codified in Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740. The Foundation files a Form 990 (Return of Organization Exempt From Income Tax) annually. When these returns are filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the tax position taken or the amount of the position that would ultimately be sustained. Examples of tax positions common to the Foundation include such matters as the tax-exempt status of the entity and various positions relative to potential sources of UBI. UBI is reported on Form 990-T, as appropriate. The benefit of tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any.

Tax positions are not offset or aggregated with other positions. Tax positions that meet the more-likely-than-not recognition threshold are measured as the largest amount of tax benefit that is more than 50 percent likely to be realized on settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above is reflected as a liability for unrecognized tax benefits in the accompanying statements of financial position, along with any associated interest and penalties that would be payable to the taxing authorities upon examination. Upon the adoption and as of June 30, 2014, the Foundation has addressed uncertainty in its income tax position under the guidance, and there are no unrecognized/derecognized tax benefits requiring an accrual.

Forms 990 and 990-T filed by the Foundation are subject to examination by the Internal Revenue Service up to three years from the extended due date of each return. The Foundation believes Forms 990 and 990-T have been filed appropriately.

**Subsequent events:** The Foundation has evaluated subsequent events through September 19, 2014, the date the financial statements were available to be issued, and has determined that there were no subsequent events to recognize in these financial statements.

**Recent accounting guidance:** In April 2013, the FASB issued Accounting Standards Update 2013-06, *Not-for-Profit Entities (Topic 958)—Services Received from Personnel of an Affiliate*. These amendments are effective on a prospective basis for fiscal years beginning after June 15, 2014, and interim and annual periods thereafter. A recipient not-for-profit entity may apply the amendments using a modified retrospective approach under which all prior periods presented upon the date of adoption should be adjusted, but no adjustment should be made to the beginning balance of net assets of the earliest period presented. Early adoption is permitted. The adoption of this standard is not expected to have a material impact on the Foundation's financial position, results of operations or cash flows.

## California State University San Marcos Foundation

### Notes to Financial Statements

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#### Note 2. Transactions With Affiliates

The Foundation has an operating agreement with UARSC to receive certain administrative services, including cash management processes, gift account administration, and accounting and financial reporting assistance. UARSC receives an administrative fee when the Foundation's funds are expended. The due from UARSC asset in the accompanying statements of financial position represents the status of that relationship as of June 30, 2014 and 2013 in terms of balances held by UARSC that are being managed on behalf of the Foundation. The balance due from UARSC on June 30, 2014 and 2013 was \$8,076,094 and \$7,527,922, respectively.

**Transfer of funds:** During the year ended June 30, 2013, the Foundation made a payment of \$900,000 to the University from the President's Discretionary Fund to be used on various campus programs and is included as a campus program expense on the statement of activities.

The Foundation recognized \$33,971 and \$6,462 in contribution and event revenue from the University during the years ended June 30, 2014 and 2013, respectively, and had amounts receivable from the University of \$8,000 and \$6,352, which is included in other receivables at June 30, 2014 and 2013, respectively.

The Foundation reimburses the University for salaries and various services. The total amount of expenses incurred related to these services was \$1,861,983 and \$2,635,127 during the years ended June 30, 2014 and 2013, respectively. These amounts are paid by UARSC on behalf of the Foundation as part of their operating agreement as defined above. The amounts paid to the University by UARSC on behalf of Foundation were \$1,700,876 and \$2,676,165 for the years ended June 30, 2014 and 2013, respectively. The Foundation had amounts payable to the University for these services of \$173,248 and \$10,000 at June 30, 2014 and 2013, respectively, which is included in accounts payable in the statements of financial position.

The Foundation incurred expenses of \$333,251 and \$249,156 during the years ended June 30, 2014 and 2013, respectively, for event and conference services provided by UCorp. Amounts due to UCorp were \$97,159 and \$15,395 at June 30, 2014 and 2013, respectively, which are included in accounts payable in the statements of financial position.

#### Note 3. Pledges Receivable

Pledges receivable consisted of the following at June 30:

	2014	2013
Amounts due:		
In one year or less	\$ 1,091,215	\$ 1,043,840
Between one and five years	670,887	1,336,301
More than five years	2,748,061	2,748,061
Gross pledges	4,510,163	5,128,202
Less unamortized present value discount at rates ranging from 2.35% to 4.20%	(1,634,460)	(1,719,409)
Less allowance for uncollectible pledges	-	(95,000)
Pledges receivable, net	<u>\$ 2,875,703</u>	<u>\$ 3,313,793</u>

## California State University San Marcos Foundation

### Notes to Financial Statements

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#### Note 4. Restricted Amounts Due From UARSC

The following amounts are included in the total amounts due from UARSC and are restricted for the following purposes at June 30:

	2014	2013
Endowment, uninvested	\$ 1,106,672	\$ 1,688,406
Student loans	422,536	408,899
	<u>\$ 1,529,208</u>	<u>\$ 2,097,305</u>

#### Note 5. Investments

Investments consisted of the following at June 30:

	2014	2013
Core fixed-income institutional mutual funds	\$ 3,301,547	\$ 4,941,562
Domestic equity securities	4,649,617	3,846,877
Domestic equity mutual funds	4,495,456	3,502,549
International equity mutual funds	5,702,524	4,710,534
Investments in investment partnerships	1,480,537	-
Hedge funds	2,137,275	1,428,792
	<u>\$ 21,766,956</u>	<u>\$ 18,430,314</u>

As required by the Fair Value Measurement Topic of the FASB ASC, which establishes a three-tiered fair value hierarchy, the Foundation prioritizes the inputs used in measuring fair value as follows:

- Level 1: Observable inputs such as quoted prices in active markets. Classifications currently include equity securities and mutual funds that have share prices and net asset values provided daily.
- Level 2: Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly. Classifications currently include institutional mutual funds that have net asset values provided daily.
- Level 3: Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions. Classifications currently include hedge funds that do not have daily pricing but for which fair value could be determined based on the most recent report of the net asset value of the fund, and commingled domestic equity mutual funds that do not have daily pricing on an active exchange, but where a substantial portion of a fund's fair value could be determined based on quoted market prices of underlying investments held by the fund.

**California State University San Marcos Foundation**

**Notes to Financial Statements**

**Note 5. Investments (Continued)**

Investments at fair value according to the fair value hierarchy are as follows at June 30, 2014:

	Total	Level 1	Level 2	Level 3
Core fixed-income institutional mutual funds	\$ 3,301,547	\$ 3,301,547	\$ -	\$ -
Domestic equity securities	4,649,617	4,649,617	-	-
Domestic equity mutual funds	4,495,456	4,495,456	-	-
International equity mutual funds	5,702,524	5,702,524	-	-
Investments in investment partnerships	1,480,537	-	1,480,537	-
Hedge funds	2,137,275	-	-	2,137,275
	<u>\$ 21,766,956</u>	<u>\$ 18,149,144</u>	<u>\$ 1,480,537</u>	<u>\$ 2,137,275</u>

Investments at fair value according to the fair value hierarchy are as follows at June 30, 2013:

	Total	Level 1	Level 2	Level 3
Core fixed-income institutional mutual funds	\$ 4,941,562	\$ 4,941,562	\$ -	\$ -
Domestic equity securities	3,846,877	3,846,877	-	-
Domestic equity mutual funds	3,502,549	3,502,549	-	-
International equity mutual funds	4,710,534	4,710,534	-	-
Hedge funds	1,428,792	-	-	1,428,792
	<u>\$ 18,430,314</u>	<u>\$ 17,001,522</u>	<u>\$ -</u>	<u>\$ 1,428,792</u>

The following table reflects a reconciliation of beginning and ending investment balances in the Foundation's Level 3 investments:

	Hedge Funds
Balance as of June 30, 2012	\$ 2,145,109
Net additions, purchases, sales and maturities	(903,604)
Total realized and unrealized gains, net	187,287
Ending balance, June 30, 2013	1,428,792
Net additions, purchases, sales and maturities	500,000
Total realized and unrealized gains, net	208,483
Ending balance, June 30, 2014	<u>\$ 2,137,275</u>

## California State University San Marcos Foundation

### Notes to Financial Statements

#### Note 5. Investments (Continued)

The following table reflects a reconciliation of beginning and ending investment balances for the Foundation's total investments for the years ended June 30:

	2014	2013
Beginning balance	\$ 18,430,314	\$ 15,068,136
Contribution of equity securities	-	1,494,233
Net realized and unrealized gains	2,957,526	1,741,029
Net purchases	379,116	126,916
Ending balance	<u>\$ 21,766,956</u>	<u>\$ 18,430,314</u>

Uninvested endowments are included in restricted amounts due from UARSC (see Note 4).

The Foundation uses the net asset value to determine the fair value of all the underlying investments that (a) do not have readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. The following tables list the investments in investment companies as of June 30:

	2014				
	Fair Value	Number of Funds	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Investments in investment partnerships	\$ 1,480,537	1	\$ -	Quarterly	60 written days
Hedge fund	1,434,103	1	-	Quarterly	95 written days
Hedge fund	703,172	1	-	Quarterly	45 written days

  

	2013				
	Fair Value	Number of Funds	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedge fund	\$ 810,741	1	\$ -	Quarterly	95 written days
Hedge fund	618,051	1	-	Quarterly	45 written days

#### Note 6. Restrictions on Net Assets

Temporarily restricted net assets consisted of the following at June 30:

	2014	2013
Campus programs:		
Capital improvements	\$ 49,080	\$ 320,258
Campus programs	5,239,206	4,907,809
Student scholarships	2,945,718	1,271,938
	<u>\$ 8,234,004</u>	<u>\$ 6,500,005</u>

## California State University San Marcos Foundation

### Notes to Financial Statements

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#### Note 6. Restrictions on Net Assets (Continued)

Permanently restricted net assets consisted of the following at June 30:

	2014	2013
Earnings thereon are available for the following purposes:		
Campus programs	\$ 5,817,423	\$ 5,800,158
Student scholarships	12,000,502	11,671,274
Student loans	1,326,034	1,326,034
	<u>\$ 19,143,959</u>	<u>\$ 18,797,466</u>

Net assets released from time and donor restrictions, by incurring expenses or costs satisfying the restricted purpose or by occurrence of events specified by the donors, were as follows:

	2014	2013
Satisfaction of donor restrictions:		
Capital improvements	\$ 41,178	\$ -
Campus programs	-	152,255
Student scholarships	54,458	-
Appropriation of earnings for use:		
Campus programs	253,701	196,548
Student scholarships	383,614	236,237
Satisfaction of time restrictions	1,359,053	763,551
	<u>\$ 2,092,004</u>	<u>\$ 1,348,591</u>

#### Note 7. Endowments

The Foundation's endowments consist of 68 individual funds established for a variety of purposes. The endowments are all donor restricted for the purpose of student scholarships, student loans and campus program activities.

The Board of the Foundation has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulation to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner that is consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Foundation and the donor-restricted endowment fund
3. General economic conditions



**California State University San Marcos Foundation**

**Notes to Financial Statements**

**Note 7. Endowments (Continued)**

4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Foundation
7. The investment policies of the Foundation

At June 30, 2014, the endowments' net asset composition by type of fund consisted of the following:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ (3,181)	\$ 4,155,386	\$ 19,143,959	\$ 23,296,164

Changes in endowment net assets for the year ended June 30, 2014 consisted of the following:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ (218,505)	\$ 1,948,658	\$ 18,797,466	\$ 20,527,619
Investment return:				
Investment income, net of fees	-	354,111	-	354,111
Net realized and unrealized gains	217,884	2,489,931	-	2,707,815
Total investment return	217,884	2,844,042	-	3,061,926
Contributions	-	-	346,493	346,493
Appropriation of investment earnings for expenditure	(2,560)	(637,314)	-	(639,874)
Endowment net assets, end of year	\$ (3,181)	\$ 4,155,386	\$ 19,143,959	\$ 23,296,164

The investment management and advisory fees paid were \$85,728 for the year ended June 30, 2014.

At June 30, 2013, the endowments' net asset composition by type of fund consisted of the following:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ (218,505)	\$ 1,948,658	\$ 18,797,466	\$ 20,527,619

## California State University San Marcos Foundation

### Notes to Financial Statements

#### Note 7. Endowments (Continued)

Changes in endowment net assets for the year ended June 30, 2013 consisted of the following:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ (465,400)	\$ 1,160,870	\$ 16,567,164	\$ 17,262,634
Investment return:				
Investment income, net of fees	-	178,745	-	178,745
Net realized and unrealized losses	360,179	1,041,828	-	1,402,007
Total investment return	360,179	1,220,573	-	1,580,752
Contributions	-	-	2,230,302	2,230,302
Appropriation of investment earnings for expenditure	(113,284)	(432,785)	-	(546,069)
Endowment net assets, end of year	\$ (218,505)	\$ 1,948,658	\$ 18,797,466	\$ 20,527,619

The investment management and advisory fees paid were \$90,957 for the year ended June 30, 2013.

**Funds with deficiencies:** From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature are charged to unrestricted net assets, totaling \$3,181 and \$218,505 as of June 30, 2014 and 2013, respectively. These deficiencies resulted from unfavorable market fluctuations. Endowment funds that had deficiencies in the previous year and have gains in the current year record the gains as unrestricted until the deficiency is restored. Gains of \$217,884 and \$360,179 were recorded as unrestricted for the years ended June 30, 2014 and 2013, respectively.

**Return objectives and risk parameters:** The Foundation has adopted investment and spending policies for endowment assets that attempt to provide funding for programs supported by its endowment and increase the value of the original contributed capital by an amount not less than the annual increase in inflation. In order to meet this objective, the endowment asset portfolio is structured to achieve a compounded annual return, net of investment management expenses, of 5 percent plus the annual rate of inflation (the Target Return). The temporarily restricted endowment asset portfolio is structured to provide liquidity for short-term cash needs and safety of principal while seeking to enhance the portfolio's return. In achieving the Target Return, the Foundation seeks to maintain a level of portfolio risk by allocating investments to core fixed-income mutual funds, domestic equity securities, domestic and international equity mutual funds, hedge funds and cash instruments in a ratio similar to other peer university endowments of similar size, as surveyed annually by the National Association of College and University Business Officers.

**Investment strategy:** The investment strategy of the Foundation is to develop a diversified portfolio of passive investments. For core fixed-income mutual funds and equity funds, the selection of such holdings is based on the merits of long-term ownership without the intent of short-term trading. To achieve the Target Return, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends), less expenses.

## California State University San Marcos Foundation

### Notes to Financial Statements

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#### Note 7. Endowments (Continued)

**Spending policy:** The Foundation has a policy of appropriating for expenditure each year a percentage of the prior three-year average endowment balance by taking into account investment performance from the prior year. In establishing this policy, the Foundation considered the long-term expected return on its endowment. For the years ended June 30, 2013 and 2014, the Board approved a spending rate of 4 percent on all endowments. The rate is reviewed annually and may or may not change in future years depending on investment performance. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at the average annual rate of inflation. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity as well as provide additional real growth through new gifts and investment return.

## **Supplemental Schedules**

**California State University San Marcos Foundation**  
Schedule of Net Position  
June 30, 2014  
(for inclusion in the California State University)

Assets:		
Current assets:		
Cash and cash equivalents	\$	177,462
Short-term investments		-
Accounts receivable, net		8,092,668
Leases receivable, current portion		-
Notes receivable, current portion		-
Pledges receivable, net		1,091,215
Prepaid expenses and other assets		-
Total current assets		<u>9,361,345</u>
Noncurrent assets:		
Restricted cash and cash equivalents		-
Accounts receivable, net		-
Leases receivable, net of current portion		-
Notes receivable, net of current portion		-
Student loans receivable, net		388,793
Pledges receivable, net		1,784,488
Endowment investments		21,766,956
Other long-term investments		-
Capital assets, net		-
Other assets		-
Total noncurrent assets		<u>23,940,237</u>
Total assets		<u>33,301,582</u>
Deferred outflows of resources:		
Unamortized loss on refunding(s)		-
Total deferred outflows of resources		<u>-</u>
Liabilities:		
Current liabilities:		
Accounts payable		325,537
Accrued salaries and benefits payable		-
Accrued compensated absences – current portion		25,417
Unearned revenue		-
Capitalized lease obligations – current portion		-
Long-term debt obligations – current portion		-
Self-insurance claims liability – current portion		-
Depository accounts		-
Other liabilities		-
Total current liabilities		<u>350,954</u>
Noncurrent liabilities:		
Accrued compensated absences, net of current portion		-
Unearned revenue		-
Grants refundable		-
Capitalized lease obligations, net of current portion		-
Long-term debt obligations, net of current portion		-
Self-insurance claims liabilities, net of current portion		-
Depository accounts		-
Other postemployment benefits obligation		-
Other liabilities		-
Total noncurrent liabilities		<u>-</u>
Total liabilities		<u>350,954</u>
Deferred inflows of resources:		
Deferred inflows from SCAs, grants and others		-
Total deferred inflows of resources		<u>-</u>
Net Position:		
Net investment in capital assets		-
Restricted for:		-
Nonexpendable – endowments		19,143,959
Expendable:		
Scholarships and fellowships		2,945,718
Research		-
Loans		-
Capital projects		49,080
Debt service		-
Other		5,239,206
Unrestricted		5,572,665
Total net position	\$	<u><u>32,950,628</u></u>

**California State University San Marcos Foundation**  
Schedule of Revenues, Expenses and Changes in Net Position  
Year Ended June 30, 2014  
(for inclusion in the California State University)

Revenues:	
Operating revenues:	
Student tuition and fees (net of scholarship allowances of \$0)	\$ -
Grants and contracts, noncapital:	
Federal	-
State	-
Local	-
Nongovernmental	-
Sales and services of educational activities	518,118
Sales and services of auxiliary enterprises (net of scholarship allowances of \$0)	-
Other operating revenues	-
Total operating revenues	<u>518,118</u>
Expenses:	
Operating expenses:	
Instruction	979,262
Research	75,493
Public service	391,935
Academic support	825,320
Student services	619,613
Institutional support	571,453
Operation and maintenance of plant	-
Student grants and scholarships	683,173
Auxiliary enterprise expenses	-
Depreciation and amortization	-
Total operating expenses	<u>4,146,249</u>
Operating income (loss)	<u>(3,628,131)</u>
Nonoperating revenues (expenses):	
State appropriations, noncapital	-
Federal financial aid grants, noncapital	-
State financial aid grants, noncapital	-
Local financial aid grants, noncapital	-
Nongovernmental and other financial aid grants, noncapital	-
Other federal nonoperating grants, noncapital	-
Gifts, noncapital	2,946,839
Investment income (loss), net	354,111
Endowment income (loss), net	2,957,526
Interest expenses	-
Other nonoperating revenues (expenses)	159,262
Net nonoperating revenues (expenses)	<u>6,417,738</u>
Income (loss) before other additions	<u>2,789,607</u>
State appropriations, capital	-
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	346,493
Increase (decrease) in net position	<u>3,136,100</u>
Net position:	
Net position at beginning of year, as previously reported	29,814,528
Restatements	-
Net position at beginning of year, as restated	<u>29,814,528</u>
Net position at end of year	<u>\$ 32,950,628</u>

**California State University San Marcos Foundation**  
Other Information  
Year Ended June 30, 2014  
(for inclusion in the California State University)

**1 Restricted cash and cash equivalents at June 30, 2014:**

Portion of restricted cash and cash equivalents related to endowments	\$	-
All other restricted cash and cash equivalents		-
		<hr style="border-top: 1px solid black;"/>
Total restricted cash and cash equivalents	\$	<hr style="border-top: 3px double black;"/>

**2.1 Composition of investments at June 30, 2014:**

	Current Unrestricted	Current Restricted	Total Current	Noncurrent Unrestricted	Noncurrent Restricted	Total Noncurrent	Total
State of California Surplus Money Investment Fund (SMIF)	\$ -	-	-	-	-	-	-
State of California Local Agency Investment Fund (LAIF)	-	-	-	-	-	-	-
Wachovia Short Term Fund	-	-	-	-	-	-	-
Wachovia Medium Term Fund	-	-	-	-	-	-	-
Wachovia Equity Fund	-	-	-	-	-	-	-
CSU Consolidated Investment Pool (includes SWIFT and 0948 SMIF)	-	-	-	-	-	-	-
Common Fund - Short Term Fund	-	-	-	-	-	-	-
Common Fund - Others	-	-	-	-	-	-	-
Debt securities	-	-	-	-	-	-	-
Equity securities	-	-	-	-	4,649,617	4,649,617	4,649,617
Fixed-income securities (Treasury notes, GNMMAs)	-	-	-	-	-	-	-
Land and other real estate	-	-	-	-	-	-	-
Certificates of deposit	-	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-	-
Mutual funds	-	-	-	-	13,499,527	13,499,527	13,499,527
Money Market funds	-	-	-	-	-	-	-
Collateralized mortgage obligations:							
Inverse floaters	-	-	-	-	-	-	-
Interest-only strips	-	-	-	-	-	-	-
Agency pass-through	-	-	-	-	-	-	-
Partnership interests (includes private pass-through)	-	-	-	-	1,480,537	1,480,537	1,480,537
Alternative investments	-	-	-	-	-	-	-
Hedge funds	-	-	-	-	2,137,275	2,137,275	2,137,275
Other major investments:							
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**California State University San Marcos Foundation**  
 Other Information  
 Year Ended June 30, 2014  
 (for inclusion in the California State University)

<b>2.3 Restricted current investments at June 30, 2014 related to:</b>	<u>Amount</u>
Add description	\$ -
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
	<u>-</u>
<b>Total restricted current investments at June 30, 2014</b>	<b>\$ <u><u>-</u></u></b>

<b>2.4 Restricted noncurrent investments at June 30, 2014 related to:</b>	<u>Amount</u>
Endowment investment	\$ 18,037,287
Unrestricted - endowment funds below principal	(3,181)
Temporarily restricted - endowment funds	3,732,850
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
	<u>-</u>
<b>Total restricted noncurrent investments at June 30, 2014</b>	<b>\$ <u><u>21,766,956</u></u></b>



**California State University San Marcos Foundation**  
**Other Information**  
**Year Ended June 30, 2014**  
**(for inclusion in the California State University)**

3.1 **Composition of capital assets at June 30, 2014:**

	Balance June 30, 2013	Prior Period Adjustments	Reclassifications	Balance June 30, 2013 (restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2014
Nondepreciable/nonamortizable capital assets:								
Land and land improvements	\$ -	-	-	-	-	-	-	-
Works of art and historical treasures	-	-	-	-	-	-	-	-
Construction work in progress (CWIP)	-	-	-	-	-	-	-	-
Intangible assets:								
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-
Internally generated intangible assets in progress	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets	-	-	-	-	-	-	-	-
Total intangible assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total nondepreciable/nonamortizable capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Depreciable/amortizable capital assets:								
Buildings and building improvements	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	-	-	-	-	-	-	-	-
Personal property:								
Equipment	-	-	-	-	-	-	-	-
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets:								
Software and websites	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyright and trademarks	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets	-	-	-	-	-	-	-	-
Total intangible assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total depreciable/amortizable capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Less accumulated depreciation/amortization:								
Buildings and building improvements	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	-	-	-	-	-	-	-	-
Personal property:								
Equipment	-	-	-	-	-	-	-	-
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets:								
Software and websites	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyright and trademarks	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets	-	-	-	-	-	-	-	-
Total intangible assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total accumulated depreciation/amortization	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets, net	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**California State University San Marcos Foundation**  
Other Information  
Year Ended June 30, 2014  
(for inclusion in the California State University)

**3.2 Detail of depreciation and amortization expense for the year ended June 30, 2014:**

Depreciation and amortization expense related to capital assets	\$	-
Amortization expense related to other assets		-
		-
Total depreciation and amortization	\$	-

**4 Long-term liabilities activity schedule:**

	Balance June 30, 2013	Prior Period Adjustments	Reclassifications	Balance June 30, 2013 (restated)	Additions	Reductions	Balance June 30, 2014	Current Portion	Long-Term Portion
Accrued compensated absences	\$ -	-	-	-	25,417	-	25,417	25,417	-
Capitalized lease obligations:									
Gross balance	-	-	-	-	-	-	-	-	-
Unamortized premium / (discount) on capitalized lease obligations	-	-	-	-	-	-	-	-	-
Total capitalized lease obligations	-	-	-	-	-	-	-	-	-
Long-term debt obligations:									
Revenue Bonds	-	-	-	-	-	-	-	-	-
Other bonds (non-Revenue Bonds)	-	-	-	-	-	-	-	-	-
Commercial Paper	-	-	-	-	-	-	-	-	-
Note Payable related to SRB	-	-	-	-	-	-	-	-	-
Other:									
Add description	-	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-	-
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Add description	-	-	-	-	-	-	-	-	-
Total long-term debt obligations	-	-	-	-	-	-	-	-	-
Unamortized bond premium / (discount)	-	-	-	-	-	-	-	-	-
Unamortized loss on refunding	-	-	-	-	-	-	-	-	-
Total long-term debt obligations, net	-	-	-	-	-	-	-	-	-
Total long-term liabilities	\$ -	-	-	-	25,417	-	25,417	25,417	-

**California State University San Marcos Foundation**  
 Other Information  
 Year Ended June 30, 2014  
 (for inclusion in the California State University)

**5 Future minimum lease payments - capital lease obligations:**

	<u>Principal</u>	<u>Interest</u>	<u>Principal and Interest</u>
Year ending June 30:			
2015	\$ -	-	-
2016	-	-	-
2017	-	-	-
2018	-	-	-
2019	-	-	-
2020 - 2024	-	-	-
2025 - 2029	-	-	-
2030 - 2034	-	-	-
2035 - 2039	-	-	-
2040 - 2044	-	-	-
2045 - 2049	-	-	-
2050 - 2054	-	-	-
2055 - 2059	-	-	-
2060 - 2064	-	-	-
	<hr/>	<hr/>	<hr/>
Total minimum lease payments			-
Less amounts representing interest			<hr/> -
Present value of future minimum lease payments			-
Less: current portion			<hr/> -
<b>Capitalized lease obligation, net of current portion</b>			<b>\$ <hr/><hr/>-</b>

**California State University San Marcos Foundation**  
 Other Information  
 Year Ended June 30, 2014  
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6 Long-term debt obligation schedule

	Revenue Bonds			All Other Long-Term Debt Obligations			Total		
	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest
Year ending June 30:									
2015	\$ -	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-	-
2020 - 2024	-	-	-	-	-	-	-	-	-
2025 - 2029	-	-	-	-	-	-	-	-	-
2030 - 2034	-	-	-	-	-	-	-	-	-
2035 - 2039	-	-	-	-	-	-	-	-	-
2040 - 2044	-	-	-	-	-	-	-	-	-
2045 - 2049	-	-	-	-	-	-	-	-	-
2050 - 2054	-	-	-	-	-	-	-	-	-
2055 - 2059	-	-	-	-	-	-	-	-	-
2060 - 2064	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**California State University San Marcos Foundation**  
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**7 Calculation of net position**

	Auxiliary Organizations		Total
	GASB	FASB	Auxiliaries
<b>7.1 Calculation of net position - Net investment in capital assets</b>			
Capital assets, net of accumulated depreciation	\$ -	-	-
Capitalized lease obligations - current portion	-	-	-
Capitalized lease obligations, net of current portion	-	-	-
Long-term debt obligations - current portion	-	-	-
Long-term debt obligations, net of current portion	-	-	-
Portion of outstanding debt that is unspent at year-end	-	-	-
Other adjustments: (please list)			
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Net position - net investment in capital asset	<u>\$ -</u>	<u>-</u>	<u>-</u>

**7.2 Calculation of net position - Restricted for nonexpendable - endowments**

Portion of restricted cash and cash equivalents related to endowments	\$ -	-	-
Endowment investments	-	21,766,956	21,766,956
Other adjustments: (please list)			
Portion of restricted uninvested amounts due from UARSC related to endowments	-	1,529,208	1,529,208
Unappropriated temporarily restricted endowment earnings	-	(4,155,386)	(4,155,386)
Amount of endowments underwater below principal	-	3,181	3,181
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Net position - Restricted for nonexpendable - endowments per SNP	<u>\$ -</u>	<u>19,143,959</u>	<u>19,143,959</u>

**8 Transactions with Related Entities**

	Amount
Payments to University for salaries of University personnel working on contracts, grants and other programs	\$ -
Payments to University for other than salaries of University personnel	-
Payments received from University for services, space and programs	-
Gifts-in-kind to the University from Auxiliary Organizations	-
Gifts (cash or assets) to the University from recognized Auxiliary Organizations	-
Accounts (payable to) University (enter as negative number)	-
Other amounts (payable to) University (enter as negative number)	-
Accounts receivable from University	-
Other amounts receivable from University	-

**California State University San Marcos Foundation**  
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**9 Other Postemployment Benefits Obligation (OPEB)**

Annual required contribution (ARC)	\$	-
Contributions during the year		-
		<hr/>
Increase (decrease) in net OPEB obligation (NOO)		-
NOO - beginning of year		-
NOO - end of year	\$	-
		<hr/> <hr/>

**10 Pollution remediation liabilities under GASB Statement No. 49:**

Description		Amount
Add description	\$	-
Add description		-
Add description		-
Add description		-
Add description		-
Add description		-
Add description		-
Add description		-
Add description		-
Add description		-
Add description		-
		<hr/>
Total pollution remediation liabilities		-
Less: current portion		-
		<hr/>
Pollution remediation liabilities, net of current portion	\$	-
		<hr/> <hr/>

**11 The nature and amount of the prior period adjustment(s) recorded to beginning net position**

	Net Position Class	Amount
		Dr. (Cr.)
Net position as of June 30, 2013, as previously reported	\$	29,814,528
Prior period adjustments:		
1 (list description of each adjustment)		-
2 (list description of each adjustment)		-
3 (list description of each adjustment)		-
4 (list description of each adjustment)		-
5 (list description of each adjustment)		-
6 (list description of each adjustment)		-
7 (list description of each adjustment)		-
8 (list description of each adjustment)		-
9 (list description of each adjustment)		-
10 (list description of each adjustment)		-
		<hr/>
Net position as of June 30, 2013, as restated	\$	29,814,528
		<hr/> <hr/>

**California State University San Marcos Foundation**  
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Provide a detailed breakdown of the journal entries (at the financial statement line item level) booked to record each prior period adjustment:

	Debit	Credit
Net position class: _____ 1 (breakdown of adjusting journal entry)	\$ -	-
Net position class: _____ 2 (breakdown of adjusting journal entry)	-	-
Net position class: _____ 3 (breakdown of adjusting journal entry)	-	-
Net position class: _____ 4 (breakdown of adjusting journal entry)	-	-
Net position class: _____ 5 (breakdown of adjusting journal entry)	-	-
Net position class: _____ 6 (breakdown of adjusting journal entry)	-	-
Net position class: _____ 7 (breakdown of adjusting journal entry)	-	-
Net position class: _____ 8 (breakdown of adjusting journal entry)	-	-
Net position class: _____ 9 (breakdown of adjusting journal entry)	-	-
Net position class: _____ 10 (breakdown of adjusting journal entry)	-	-