

The University Foundation, California State University, Chico

FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

Years Ended June 30, 2025 and 2024



THE UNIVERSITY FOUNDATION, CALIFORNIA STATE UNIVERSITY, CHICO

Financial Statements and Supplemental Information

Years Ended June 30, 2025 and 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The University Foundation, California State University, Chico

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of The University Foundation, California State University, Chico (a nonprofit organization), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years 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 The University Foundation, California State University, Chico as of June 30, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The University Foundation, California State University, Chico and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 The University Foundation, California State University, Chico'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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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

Auditor's Responsibilities for the Audit of the Financial Statements, 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 The University Foundation, California State University, Chico's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The University Foundation, California State University, Chico'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 audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information included on pages 25 - 34 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 17, 2025, on our consideration of The University Foundation, California State University, Chico's June 30, 2025 internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The University Foundation, California State University, Chico's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The University Foundation, California State University, Chico's internal control over financial reporting and compliance.

Aldrich CPAs + Advisors LLP

Brea, California
September 17, 2025

THE UNIVERSITY FOUNDATION, CALIFORNIA STATE UNIVERSITY, CHICO**Statements of Financial Position**

June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 216,131	\$ 263,932
Accounts receivable - related party	124,359	1,000
Investments	31,887,464	26,398,271
Current portion of contributions receivable, net	1,421,663	2,427,528
Other current assets	<u>239,307</u>	<u>290,875</u>
Total Current Assets	33,888,924	29,381,606
Noncurrent Assets:		
Restricted cash and cash equivalents	518,050	648,449
Investments	115,015,701	103,898,209
Contributions receivable, net	3,450,220	2,837,305
Land, building and equipment, net of accumulated depreciation	970	3,202,265
Collections (Note 1)	<u>-</u>	<u>-</u>
Total Noncurrent Assets	<u>118,984,941</u>	<u>110,586,228</u>
Total Assets	<u>\$ 152,873,865</u>	<u>\$ 139,967,834</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 180,104	\$ 292,588
Accounts payable - related party	1,342,172	927,107
Current portion of liabilities under deferred gift agreements	<u>12,374</u>	<u>9,439</u>
Total Current Liabilities	1,534,650	1,229,134
Noncurrent Liabilities:		
Long-term liabilities under deferred gift agreements	<u>3,349,790</u>	<u>3,738,324</u>
Total Liabilities	4,884,440	4,967,458
Net Assets:		
Without donor restrictions:		
Undesignated	8,460,899	6,430,898
Board designated	<u>15,916,325</u>	<u>12,088,049</u>
	24,377,224	18,518,947
With donor restrictions	<u>123,612,201</u>	<u>116,481,429</u>
Total Net Assets	<u>147,989,425</u>	<u>135,000,376</u>
Total Liabilities and Net Assets	<u>\$ 152,873,865</u>	<u>\$ 139,967,834</u>

See accompanying notes to financial statements.

THE UNIVERSITY FOUNDATION, CALIFORNIA STATE UNIVERSITY, CHICO**Statement of Activities**

Year Ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support:			
Donations and contributions of financial assets	\$ 2,641,613	\$ 9,851,781	\$ 12,493,394
Contributions of nonfinancial assets	-	90,192	90,192
University programs' receipts	193,252	795,429	988,681
Interest and dividend income	1,367,951	3,039,138	4,407,089
Realized and unrealized gains	2,821,797	6,600,032	9,421,829
Change in split interest agreements	-	472,894	472,894
Net assets released from restrictions	13,718,694	(13,718,694)	-
	<u>20,743,307</u>	<u>7,130,772</u>	<u>27,874,079</u>
Total Revenue and Support			
	20,743,307	7,130,772	27,874,079
Operating Expenses:			
Program services:			
Campus programs	10,208,372	-	10,208,372
Student scholarships	2,632,861	-	2,632,861
Supporting services:			
Management and general	1,337,348	-	1,337,348
Fundraising	706,449	-	706,449
	<u>14,885,030</u>	<u>-</u>	<u>14,885,030</u>
Total Operating Expenses			
	14,885,030	-	14,885,030
Change in Net Assets	5,858,277	7,130,772	12,989,049
Net Assets, beginning	18,518,947	116,481,429	135,000,376
Net Assets, ending	<u>\$ 24,377,224</u>	<u>\$ 123,612,201</u>	<u>\$ 147,989,425</u>

THE UNIVERSITY FOUNDATION, CALIFORNIA STATE UNIVERSITY, CHICO

Statement of Activities

Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support:			
Donations and contributions of financial assets	\$ 600	\$ 10,967,486	\$ 10,968,086
Contributions of nonfinancial assets	-	57,307	57,307
University programs' receipts	236,332	594,012	830,344
Interest and dividend income	1,035,544	2,242,155	3,277,699
Realized and unrealized gains	1,798,449	5,327,510	7,125,959
Change in split interest agreements	-	87,229	87,229
Net assets released from restrictions	8,415,639	(8,415,639)	-
Total Revenue and Support	11,486,564	10,860,060	22,346,624
Operating Expenses:			
Program services:			
Campus programs	5,131,041	-	5,131,041
Student scholarships	2,022,699	-	2,022,699
Supporting services:			
Management and general	1,326,478	-	1,326,478
Fundraising	754,440	-	754,440
Total Operating Expenses	9,234,658	-	9,234,658
Change in Net Assets	2,251,906	10,860,060	13,111,966
Net Assets, beginning	16,267,041	105,621,369	121,888,410
Net Assets, ending	\$ 18,518,947	\$ 116,481,429	\$ 135,000,376

THE UNIVERSITY FOUNDATION, CALIFORNIA STATE UNIVERSITY, CHICO

Statement of Functional Expenses

Year Ended June 30, 2025

	Program Services		Supporting Services		Total
	Campus Programs	Student Scholarships	Management and General	Fundraising	
Community and donor relations	\$ 6,389,060	\$ -	\$ 773,308	\$ 161,459	\$ 7,323,827
Scholarships	-	2,632,861	-	-	2,632,861
Bad debt	976,244	-	-	-	976,244
Consultants and professional fees	260,885	-	489,228	216,726	966,839
Salaries, related costs and benefits	885,015	-	3,657	40,485	929,157
Travel, conference and education	378,221	-	-	185,039	563,260
Supplies	396,406	-	9,225	1,469	407,100
Occupancy	289,634	-	-	-	289,634
Advertising	236,809	-	-	7,649	244,458
Printing	56,113	-	371	58,171	114,655
Contributions of nonfinancial assets	90,192	-	-	-	90,192
Miscellaneous	80,678	-	61	1,530	82,269
Taxes, permits and licenses	52,180	-	168	11,389	63,737
Vehicle expenses and mileage	58,649	-	-	2,484	61,133
Bank charges	7,799	-	42,129	-	49,928
Telephone	42,278	-	-	2,646	44,924
Courier, shipping and postage	5,339	-	-	17,402	22,741
Insurance	1,575	-	19,201	-	20,776
Depreciation	1,295	-	-	-	1,295
Total Operating Expenses	\$ 10,208,372	\$ 2,632,861	\$ 1,337,348	\$ 706,449	\$ 14,885,030

THE UNIVERSITY FOUNDATION, CALIFORNIA STATE UNIVERSITY, CHICO

Statement of Functional Expenses

Year Ended June 30, 2024

	Program Services		Supporting Services		Total
	Campus Programs	Student Scholarships	Management and General	Fundraising	
Community and donor relations	\$ 2,699,994	\$ -	\$ 725,375	\$ 205,489	\$ 3,630,858
Scholarships	-	2,022,699	-	-	2,022,699
Salaries, related costs and benefits	954,218	-	753	8,557	963,528
Consultants and professional fees	140,277	-	511,222	160,018	811,517
Travel, conference and education	317,675	-	-	215,016	532,691
Supplies	393,645	-	17,289	3,654	414,588
Advertising	213,847	-	-	11,193	225,040
Printing	49,827	-	-	68,448	118,275
Miscellaneous	94,733	-	11,081	502	106,316
Taxes, permits and licenses	39,883	-	-	53,786	93,669
Occupancy	67,251	-	108	-	67,359
Contributions of nonfinancial assets	57,307	-	-	-	57,307
Vehicle expenses and mileage	49,780	-	-	4,757	54,537
Bank charges	6,992	-	43,091	-	50,083
Telephone	29,694	-	-	1,550	31,244
Courier, shipping and postage	4,788	-	-	21,470	26,258
Insurance	965	-	17,559	-	18,524
Depreciation	10,165	-	-	-	10,165
Total Operating Expenses	\$ 5,131,041	\$ 2,022,699	\$ 1,326,478	\$ 754,440	\$ 9,234,658

THE UNIVERSITY FOUNDATION, CALIFORNIA STATE UNIVERSITY, CHICO

Statements of Cash Flows

Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 12,989,049	\$ 13,111,966
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	1,295	10,165
Net unrealized gains on investments	(8,367,627)	(6,509,888)
Net unrealized gains on split interest agreements	(472,894)	(87,229)
Contribution of land, building and equipment - related party	3,200,000	-
Endowment contributions	(4,953,350)	(6,774,640)
Changes in operating assets and liabilities:		
Accounts receivable - related party	(123,359)	(150)
Contributions receivable, net	392,950	27
Other current assets	51,568	(49,309)
Accounts payable	(112,484)	37,515
Accounts payable - related party	415,065	57,493
Liabilities under deferred gift agreements	(385,599)	177,337
Net Cash Provided (Used) by Operating Activities	<u>2,634,614</u>	<u>(26,713)</u>
Cash Flows from Investing Activities:		
Purchases of investments	(8,820,367)	(9,353,414)
Sales of investments	1,054,203	2,568,217
Net Cash Used by Investing Activities	<u>(7,766,164)</u>	<u>(6,785,197)</u>
Cash Flows Provided by Financing Activities:		
Endowment contributions	<u>4,953,350</u>	<u>6,774,640</u>
Net Decrease in Cash and Cash Equivalents	(178,200)	(37,270)
Cash and Cash Equivalents, beginning	<u>912,381</u>	<u>949,651</u>
Cash and Cash Equivalents, ending	<u>\$ 734,181</u>	<u>\$ 912,381</u>
Cash and Cash Equivalents consist of the following:		
Cash and cash equivalents	\$ 216,131	\$ 263,932
Restricted cash and cash equivalents	<u>518,050</u>	<u>648,449</u>
	<u>\$ 734,181</u>	<u>\$ 912,381</u>

THE UNIVERSITY FOUNDATION, CALIFORNIA STATE UNIVERSITY, CHICO

Notes to Financial Statements

Years Ended June 30, 2025 and 2024

Note 1 - Organization and Summary of Significant Accounting Policies

Nature of Activities

The University Foundation, California State University, Chico (the Foundation) is a not-for-profit auxiliary organization of California State University, Chico (the University), organized and operated in accordance with the Education Code of the State of California and the California Code of Regulations. The Foundation was organized and incorporated in 1940, with a mission to support and enhance campus projects and programs. In 1997, its function became solely philanthropic.

The Foundation is related to other auxiliaries of the University, including the Chico State Enterprises and the Associated Students, CSU, Chico (Associated Students). These auxiliaries and the University periodically provide various services for one another.

Financial Statement Presentation and Basis of Accounting

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

- Net assets without donor restrictions consist of net assets that are not restricted by donor-imposed stipulations. Net assets without donor restrictions also include funds other than contributions that have been designated for specific purposes by the Board of Governors (the Board).
- Net assets with donor restrictions consist of unspent contributions that are subject to specific donor restrictions that can be fulfilled by actions of the Foundation or by the passage of time. These include unspent purpose-restricted expendable gifts, certain pledges payable in future periods, and unspent time-restricted gifts. Net assets with donor restrictions also include contributions made with donor-imposed stipulations that the funds be held in perpetuity. Generally, the income earned from such contributions is available for use by the Foundation for the benefit of the University. Also included in net assets with donor restrictions are charitable remainder trusts (CRT), in which the income earned is included in net assets with donor restrictions.

The Foundation's financial statements present net assets and contributions classified as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. Contributions with donor-imposed restrictions are reported as net assets with donor restrictions. Net assets with donor restrictions are reclassified to net assets without donor restrictions at such time the Foundation has fulfilled the donor-imposed restriction.

The financial statements of the Foundation have been prepared on the accrual basis of accounting, and accordingly, reflect all significant receivables, payables, and other liabilities.

Cash and Cash Equivalents

The Foundation considers cash and cash equivalents to include cash on hand and in commercial checking accounts. The Foundation has a concentration of cash invested in JP Morgan Chase Bank. The Foundation maintains its cash in bank deposit accounts that are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000 per depositor per financial institution. As of June 30, 2025, the Foundation had approximately \$592,000 that was exposed to uninsured deposit risk.

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents are restricted for use in campus programs, scholarships, and endowments.

Contributions Receivable

Contributions receivable consists of unconditional promises to give, including pledges receivable and beneficial interest in trusts. The Foundation is the beneficiary of trusts managed by others; beneficial interest in trusts represents the estimated value of the Foundation's future payment upon the termination of those trusts.

THE UNIVERSITY FOUNDATION, CALIFORNIA STATE UNIVERSITY, CHICO

Notes to Financial Statements

Years Ended June 30, 2025 and 2024

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

Contributions Receivable, continued

When a donor has unconditionally promised to contribute funds to the Foundation in future periods, the Foundation recognizes an unconditional promise to give. Pledges that are expected to be collected within one year from the date of the gift 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. The discount on pledge receivables was 5.75% and 6.75% for the years ended June 30, 2025 and 2024, respectively and the discount on beneficial interests in trusts was 4% for the years ended June 30, 2025 and 2024.

An allowance for contributions receivable, if any, is provided based upon management's judgment, including such factors as prior collection history, type of contribution and nature of fundraising activity. At June 30, 2025 and 2024, management had determined that contribution receivables were fully collectable; therefore no allowance for uncollectable amounts was considered necessary.

Other Current Assets

The Foundation administers campus programs related to the philanthropic activity of the University. Other assets consist of prepaid expenses and receivables that represent amounts due at June 30 from various campus program activities. At June 30, 2025 and 2024, management had determined that the receivables were fully collectable; therefore no price concessions for uncollectable amounts were considered necessary.

Investments

The Foundation carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statements of financial position. The fair value is determined using quoted market prices. Alternative investments, for which quoted market prices are not readily available, are valued at fair value by the investment manager based on factors deemed relevant by the manager including, but not limited to, market conditions, purchase price, estimated liquidation value, restrictions on transfer, and meaningful third-party transactions in the private market.

Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Fair Value Measurements

Financial Accounting Standards Board (FASB) Accounting Standard Codification (ASC) 820, *Fair Value Measurements and Disclosures* defines fair value and establishes a framework for measuring fair value under U.S. GAAP.

The Foundation 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 Foundation applies fair value measurements to assets and liabilities that are required to be recorded at fair value under U.S. GAAP. 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. 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 UNIVERSITY FOUNDATION, CALIFORNIA STATE UNIVERSITY, CHICO

Notes to Financial Statements

Years Ended June 30, 2025 and 2024

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

Fair Value Measurements, continued

As a practical expedient, certain financial instruments may be valued using net asset value (NAV) per share. NAV is the amount of net assets attributable to each share of outstanding capital stock at the end of the period.

The carrying value of cash, receivables, and payables approximates fair value as of June 30, 2025 and 2024 due to the relative short maturities of these instruments.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used during the years ended June 30, 2025 and 2024.

- Money Market Funds - Amounts are interest-bearing deposit accounts, which at times may be in excess of the FDIC insurance limit. The Foundation does not consider these amounts for use in general operations; therefore, they are not classified as cash and cash equivalents.
- Mutual Funds and Equity Securities - Each investor in a mutual fund will typically receive units of participation or shares in the mutual fund. These shares are valued daily, based on the underlying securities owned by the mutual fund, and are usually publicly traded equity securities. Equity securities are instruments that signify an ownership position in a corporation and represents a claim on its proportional share in the corporation's assets and profits. Ownership is determined by the number of shares an investor owns divided by the total number of shares outstanding. Equity securities are valued daily based on the closing market price in the active exchange markets.
- Debt and Fixed Income Securities - Corporate and municipal bonds and other debt and fixed income securities are generally valued by a computerized pricing service or, for less actively traded issues, by utilizing a yield-based matrix system to arrive at an estimated market value. Each bond series has a unique set of variables including coupon payment, number of payments, interest rate, and the maturity value. These factors are used to determine the estimated market value and can be determined daily.
- Unit Investment Trusts (UIT) - UIT typically issue redeemable securities or units, similar to a mutual fund, and will buy back an investor's units, at the investor's request, at their approximate net asset value. A UIT does not actively trade its investment portfolio; instead, it buys a relatively fixed portfolio of specific stocks or bonds and holds them with little or no change for the life of the UIT. A UIT will have a termination date, which is established when the UIT is created. In the case of a UIT investing in bonds, for example, the termination date may be determined by the maturity date of the bond investments. When a UIT terminates, any remaining investment portfolio securities are sold, and the proceeds are paid to the investors. Distributions to investors are calculated by annualizing the distribution paid and dividing by the market price. The distribution rate may include realized short-term capital gains as well as return of capital.
- Partnership Interests - The fair value of the partnership interests has been estimated based on information provided by the fund managers or the general partners.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Artwork and Collections

The Foundation maintains collections of art. Collection items acquired either through purchase or donation are not capitalized or recognized as revenues or gains provided that such donations are added to collections and are held for public exhibition, education, or research in furtherance of public service rather than financial gain; are protected, kept unencumbered, cared for, and preserved; and are subject to a policy that requires the proceeds from sales of collection items to be used to acquire other items for collections.

THE UNIVERSITY FOUNDATION, CALIFORNIA STATE UNIVERSITY, CHICO

Notes to Financial Statements

Years Ended June 30, 2025 and 2024

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

Artwork and Collections, continued

Purchases of collection items are recorded as decreases in net assets without donor restrictions if purchased with assets without donor restrictions and as decreases in net assets with donor restrictions if purchased with donor-restricted assets. Proceeds from deaccessions or insurance recoveries are reflected in the statements of activities based on the absence or existence and nature of donor-imposed restrictions.

Land, Building and Equipment

Land, building and equipment are stated at cost, or if acquired by gift, are recorded at estimated market value at the date of acquisition. Buildings and equipment are not capitalized by the Foundation if the title remains with or reverts to the grantor. Expenditures for new construction, major renewals and replacements, and equipment over \$5,000 are capitalized.

Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method.

Liabilities under Deferred Gift Agreements

The Foundation serves as trustee and administrator for various types of trust agreements, including split-interest agreements, whereby the beneficial interest is shared with one or more parties. The arrangements generally require payment of annual trust income to the beneficiary or beneficiaries over the term of the trust, with the remainderman portion of the assets reverting to the Foundation. The liability under deferred gift agreements on the statements of financial position represents the present value of the estimated future payments to be distributed to these beneficiaries over the life expectancies of the beneficiaries, as derived using actuarial tables. The present value calculation included a discount rate of 4% at June 30, 2025 and 2024. The California Insurance Code provides limitations on investment vehicles utilized for charitable gift annuity agreements.

Revenue and Support Recognition

Donations and contributions of financial assets – The Foundation recognizes contributions as revenue when they are received or unconditionally pledged and records these revenues as with donor restrictions or without donor restrictions according to donor stipulations that limit the use of these assets due to either a time or purpose restriction. When a restriction expires or is met in a subsequent year, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities and changes in net assets. Conditional promises to give must have both (a) a barrier to be overcome and (b) a right of return or right of release element present, therefore they are not included as revenue or promises to give until such time as the conditions have been substantially met.

Contributions of nonfinancial assets – Contributions of tangible assets and materials, primarily supplies, equipment and livestock, utilized in the Foundation's programs, are recognized at fair value when received. The Foundation utilizes nonfinancial assets for use in fundraising and educational activities.

University programs' receipts – University programs' receipts are primarily composed of admission fees, merchandise sales, fundraising events, and program fees. These revenues are recorded when the service is provided, or the merchandise is sold. Admission revenues are recorded as exchange transactions when the tickets are sold, which is generally within a short time period of when the tickets are normally used on the day of attendance. In addition, tickets purchased are nonrefundable upon purchase. Educational program fees are recorded as revenues on the date the program occurs. Merchandise sales are recorded as revenues upon transfer of the goods to the purchaser, with a very limited right of return. Rental revenues are recorded when the event has taken place.

Income Taxes

The Foundation 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. The Foundation has been classified as an organization that is not a private foundation under Section 509(a)(2). The Foundation has not entered into any activities that would jeopardize its tax-exempt status. Income from certain investments with activity not related to the Foundation's tax-exempt purpose is subject to taxation as unrelated business income (UBI). The Foundation files exempt organization returns in the U.S. federal and California jurisdictions.

THE UNIVERSITY FOUNDATION, CALIFORNIA STATE UNIVERSITY, CHICO

Notes to Financial Statements

Years Ended June 30, 2025 and 2024

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

Income Taxes, continued

The Foundation accounts for income taxes in accordance with FASB ASC 740, *Income Taxes*, which clarifies the accounting for uncertainty in income taxes recognized in the Foundation's financial statements and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FASB ASC 740, *Income Taxes*, also provides guidance on de-recognition and measurement of a tax position taken or expected to be taken in a tax return. Based on this analysis, a liability is recorded if uncertain tax benefits have been received. The Foundation's practice is to recognize interest and penalties, if any, related to uncertain tax positions in the tax expense.

Use of Estimates

The preparation of the financial statements in conformity with U.S. GAAP includes the use of estimates that affect the financial statements. Significant estimates include the discount rates on pledges receivable, unitrust liabilities, the life expectancy of annuitants of unitrusts, the collectability of pledges receivables and the fair value of alternative investments. Actual results could differ from those estimates.

Board Designated Funds

The Foundation's governing Board, through specific action, has created self-imposed limits on net assets without donor restrictions. The building and equipment reserve recognizes that some of the Foundation's net assets have been used to purchase buildings, fixtures, or equipment. These assets are not readily convertible to cash thus, the amount reserved shall equal the cost of the Foundation's building and equipment less accumulated depreciation.

The intent of the working capital reserve is to provide a cushion of short-term operating cash. Working capital shall be at a minimum level of \$250,000 or an amount equal to 25% of the budgeted operating expenses (excluding depreciation) whichever is greater.

The Foundation's reserve for planned future operations is to provide funding for new operations, campaigns or development projects specifically adopted by the Board, including the facilities, equipment, staff, or training needed to accomplish them. The reserve shall be equal to the planned future operational expenditures approved by the Board. The Foundation has designated \$2,000,000 and \$1,600,000 as the liquidity reserve as of June 30, 2025 and 2024, respectively. These funds are intended to be relatively liquid and low risk. Endowment net assets without donor restrictions are designated for long-term investing to support ongoing operations and programs. Individual reserve amounts are presented in Note 6.

Advertising

The Foundation follows the policy of charging the costs of advertising to expenses as incurred.

Functional Expense Allocations

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits, consultants, professional fees, and community and donor relations. Salaries are allocated on the basis of time and effort and consultants, professional fees, and community and donor relations are broken out by accounts and can be directly charged to the appropriate function based on actual expenses.

Concentrations Risks and Uncertainties

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.

THE UNIVERSITY FOUNDATION, CALIFORNIA STATE UNIVERSITY, CHICO

Notes to Financial Statements

Years Ended June 30, 2025 and 2024

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

Concentrations Risks and Uncertainties

Three donors comprised 71% and four donors comprised 66% of contributions receivable at June 30, 2025 and 2024, respectively. One donor comprised 21% and one donor comprised 30% of donations and contributions of financial assets at June 30, 2025 and 2024, respectively.

Subsequent Events

Management has evaluated subsequent events through September 17, 2025, the date which the report was available to be issued.

Note 2 - Financial Assets and Liquidity Resources

The Foundation's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

	2025	2024
Cash and cash equivalents	\$ 734,181	\$ 912,381
Contributions receivable, net	4,871,883	5,264,833
Investments	146,903,165	130,296,480
Other current assets	363,666	291,875
Total financial assets	152,872,895	136,765,569
Less amounts not available to be used within one year:		
Restricted by donor with time or purpose restrictions	(100,605,004)	(90,424,993)
Subject to appropriation and satisfaction of donor restrictions	(21,066,578)	(24,230,231)
Investments held in annuity trust	(5,358,756)	(5,619,771)
Board designated amounts set aside for liquidity reserve	(2,000,000)	(1,600,000)
Cash subject to appropriation and satisfaction of donor restrictions	(518,050)	(648,449)
Amounts set aside for post retirement benefit obligation	(747,729)	(680,464)
Board designated reserve for working capital	(370,423)	(385,638)
Board designated reserve for planned future operations	(320,169)	(320,169)
Board designated for Quasi-endowment fund, primarily for long-term investing	(13,224,763)	(9,779,977)
	(144,211,472)	(133,689,692)
Financial assets available to meet cash needs for general expenditures within one year	\$ 8,661,423	\$ 3,075,877

The Foundation is substantially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner in a future period, the Foundation must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditures within one year. As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Foundation invests cash in excess of daily requirements in short-term investments with a benchmark of a 4% return. Occasionally, the board designates a portion of any operating surplus to its liquidity reserve, which was \$2,000,000 and \$1,600,000 as of June 30, 2025 and 2024, respectively. Board designated funds can be released if determined by the governing board.

THE UNIVERSITY FOUNDATION, CALIFORNIA STATE UNIVERSITY, CHICO

Notes to Financial Statements

Years Ended June 30, 2025 and 2024

Note 3 - Investments

Investments consist of the following at June 30:

	<u>2025</u>	<u>2024</u>
Short-term investments	\$ 31,887,464	\$ 26,398,271
Long-term investments	<u>115,015,701</u>	<u>103,898,209</u>
	<u>\$ 146,903,165</u>	<u>\$ 130,296,480</u>

The following is a schedule of investments at fair value, by level within the fair value hierarchy at June 30, 2025:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>NAV</u>	<u>Total</u>
Money market funds	\$ 1,093,683	\$ -	\$ -	\$ -	1,093,683
Mutual funds, by investment objective:					
Growth funds	18,176,208	-	-	-	18,176,208
Blend funds	30,741,878	-	-	-	30,741,878
Value funds	21,546,154	-	-	-	21,546,154
International funds	7,626,481	-	-	-	7,626,481
Bond and fixed income funds	29,489,139	-	-	-	29,489,139
Equity securities, by industry type:					
Technology	25,518	-	-	-	25,518
Healthcare	99,725	-	-	-	99,725
Financial	225,363	-	-	-	225,363
Other	610,320	-	-	-	610,320
Debt and fixed income securities:					
Corporate	-	15,900	-	-	15,900
Other	-	193,470	-	-	193,470
Pooled investments:					
Local Agency Investment Fund (a)	-	-	-	851,316	851,316
Unit investment trusts	-	432,356	-	-	432,356
Partnership interests, by investment objective:					
International funds (a)	-	-	-	3,177,383	3,177,383
Growth and special opportunity (a)	-	-	-	13,608,484	13,608,484
Private equity (a)	-	-	-	16,101,633	16,101,633
Real estate (a)	-	-	-	2,888,154	2,888,154
	<u>\$ 109,634,469</u>	<u>\$ 641,726</u>	<u>\$ -</u>	<u>\$ 36,626,970</u>	<u>\$ 146,903,165</u>

(a) In accordance with subtopic 820-10, certain investments that are measured at fair value using the net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

THE UNIVERSITY FOUNDATION, CALIFORNIA STATE UNIVERSITY, CHICO

Notes to Financial Statements

Years Ended June 30, 2025 and 2024

Note 3 - Investments, continued

The following is a schedule of investments at fair value, by level within the fair value hierarchy at June 30, 2024:

	Level 1	Level 2	Level 3	NAV	Total
Money market funds	\$ 1,092,296	\$ -	\$ -	\$ -	\$ 1,092,296
Mutual funds, by investment objective:					
Growth funds	13,332,508	-	-	-	13,332,508
Blend funds	23,875,066	-	-	-	23,875,066
Value funds	18,702,558	-	-	-	18,702,558
International funds	8,972,235	-	-	-	8,972,235
Bond and fixed income funds	25,778,258	-	-	-	25,778,258
Equity securities, by industry type:					
Technology	15,996	-	-	-	15,996
Healthcare	96,223	-	-	-	96,223
Financial	210,570	-	-	-	210,570
Other	521,858	-	-	-	521,858
Debt and fixed income securities:					
Corporate	-	15,923	-	-	15,923
Other	-	213,376	-	-	213,376
Pooled investments:					
Local Agency Investment Fund (a)	-	-	-	813,424	813,424
Unit investment trusts	-	457,308	-	-	457,308
Partnership interests, by investment objective:					
Hedge funds and commodity pools (a)	-	-	-	3,204,701	3,204,701
International funds (a)	-	-	-	2,428,139	2,428,139
Growth and special opportunity (a)	-	-	-	12,707,175	12,707,175
Private equity (a)	-	-	-	15,454,470	15,454,470
Real estate (a)	-	-	-	2,404,396	2,404,396
	<u>\$ 92,597,568</u>	<u>\$ 686,607</u>	<u>\$ -</u>	<u>\$ 37,012,305</u>	<u>\$ 130,296,480</u>

(a) In accordance with subtopic 820-10, certain investments that are measured at fair value using the net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

THE UNIVERSITY FOUNDATION, CALIFORNIA STATE UNIVERSITY, CHICO

Notes to Financial Statements

Years Ended June 30, 2025 and 2024

Note 3 - Investments, continued

Commitments and redemption schedules for those investments based on NAV's are as follows:

Description	Fair value at June 30, 2025	Unfunded commitments	Redemption frequency	Redemption notice period
International funds [b]	\$ 3,177,383	n/a	quarterly	90 days
Growth and special opportunity [c]	\$ 3,257,493	n/a	annual	90 days
Growth and special opportunity [c]	\$ 10,350,991	n/a	semi-annual	100 days
Private equity [d]	\$ 16,101,633	\$ 3,173,473	n/a	n/a
Real estate [e]	\$ 2,654,220	n/a	n/a	n/a
Real estate [e]	\$ 233,934	n/a	quarterly	30 days
Local Agency Investment Fund (LAIF) [f]	\$ 851,316	n/a	n/a	n/a

Description	Fair value at June 30, 2024	Unfunded commitments	Redemption frequency	Redemption notice period
Hedge funds and commodity pools [a]	\$ 3,204,701	n/a	quarterly	45 days
International funds [b]	\$ 2,428,139	n/a	daily	90 days
Growth and special opportunity [c]	\$ 3,077,795	n/a	annual	90 days
Growth and special opportunity [c]	\$ 9,629,380	n/a	semi-annual	100 days
Private equity [d]	\$ 15,454,470	\$ 3,868,849	n/a	n/a
Real estate [e]	\$ 1,682,079	\$ 24,541	n/a	n/a
Real estate [e]	\$ 722,317	n/a	quarterly	30 days
Local Agency Investment Fund (LAIF) [f]	\$ 813,424	n/a	n/a	n/a

[a] This class includes investments hedged bond and equity strategies with low net risk exposure (i.e., bond-like volatility).

[b] This class includes investments in regionally diverse stocks, predominantly long-only.

[c] This class includes investments in diverse growth sensitive hedged strategies with significant but less than full equity-like risk exposure.

[d] This class includes investments in equity and debt of companies that are not publicly traded on a stock exchange.

[e] This class includes investments in privately held commercial real estate, either equity or debt, through funds or direct investment.

[f] This class holds short-term deposits in a State of California, Treasurer's Office, investment pool. The value of each participating LAIF dollar equals the fair value divided by the amortized cost.

THE UNIVERSITY FOUNDATION, CALIFORNIA STATE UNIVERSITY, CHICO

Notes to Financial Statements

Years Ended June 30, 2025 and 2024

Note 4 - Contributions Receivable

Contributions receivable consist of the following at June 30:

	<u>2025</u>	<u>2024</u>
Pledges	\$ 5,583,477	\$ 5,841,759
Less unamortized discount (5.7% and 6.5%)	<u>(999,648)</u>	<u>(792,284)</u>
Total Contributions Receivable	<u>4,583,829</u>	<u>5,049,475</u>
Beneficial interest in trusts	382,945	291,627
Less unamortized discount (4%)	<u>(94,891)</u>	<u>(76,269)</u>
Total Beneficial Interest in Trust	<u>288,054</u>	<u>215,358</u>
	<u>\$ 4,871,883</u>	<u>\$ 5,264,833</u>

The contributions receivable are estimated to be collected as follows at June 30:

	<u>2025</u>	<u>2024</u>
Amounts due in:		
Less than one year	\$ 1,421,663	\$ 2,427,528
One to five years	2,212,921	2,484,215
More than five years	<u>1,237,299</u>	<u>353,090</u>
	<u>\$ 4,871,883</u>	<u>\$ 5,264,833</u>

Note 5 - Land, Building and Equipment

Land, building and equipment consists of the following at June 30:

	<u>2025</u>	<u>2024</u>
Building improvements	\$ 28,615	\$ 28,615
Land	-	3,200,000
Equipment and furnishings	<u>1,323,103</u>	<u>1,323,103</u>
	1,351,718	4,551,718
Less accumulated depreciation	<u>(1,350,748)</u>	<u>(1,349,453)</u>
	<u>\$ 970</u>	<u>\$ 3,202,265</u>

During the year ended June 30, 2025, the Foundation transferred land with a value of \$3,200,000 to Chico State Enterprises.

THE UNIVERSITY FOUNDATION, CALIFORNIA STATE UNIVERSITY, CHICO

Notes to Financial Statements

Years Ended June 30, 2025 and 2024

Note 6 - Net Assets and Net Asset Reserves

The Board of the Foundation, under guidelines established by the Chancellor's Office, developed policies that reserve the net assets without donor restrictions of the Foundation. Future increases in net assets will also be reserved by these policies. Reservations of net assets are as follows at June 30:

	<u>2025</u>	<u>2024</u>
Board Designated Funds:		
Endowment net assets without donor restrictions	\$ 13,224,763	\$ 9,779,977
Liquidity reserve	2,000,000	1,600,000
Reserve for working capital	370,423	385,638
Reserve for planned future operations	320,169	320,169
Investment in building and equipment	970	2,265
	<u>15,916,325</u>	<u>12,088,049</u>
Available for general purposes	<u>8,460,899</u>	<u>6,430,898</u>
Net Assets Without Donor Restrictions	<u>\$ 24,377,224</u>	<u>\$ 18,518,947</u>

Net assets with donor restrictions are available for the following purposes at June 30:

	<u>2025</u>	<u>2024</u>
Donor-restricted endowment fund	\$ 100,605,004	\$ 90,424,993
Campus programs	17,629,563	16,997,716
Charitable remainder trust assets	1,940,619	1,826,205
Scholarships	1,831,361	2,360,061
Capital projects	1,605,654	4,872,454
Net Assets With Donor Restrictions	<u>\$ 123,612,201</u>	<u>\$ 116,481,429</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the year ended June 30:

	<u>2025</u>	<u>2024</u>
Satisfaction of purpose restrictions:		
Campus programs	\$ 10,152,155	\$ 5,054,662
Scholarships	2,632,861	2,022,699
Other	933,678	1,338,278
	<u>\$ 13,718,694</u>	<u>\$ 8,415,639</u>

THE UNIVERSITY FOUNDATION, CALIFORNIA STATE UNIVERSITY, CHICO

Notes to Financial Statements

Years Ended June 30, 2025 and 2024

Note 7 - Endowment Funds

The pooled endowment portfolio of the Foundation consists of over 700 individual donor-restricted funds established for a variety of purposes. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation follows the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and its own governing documents in order to account for its donor-restricted endowment funds.

General Board Policy on Administration of Endowment Funds

The Foundation's Board has interpreted UPMIFA as requiring the Board's goal, using prudent investment techniques, to be the preservation of the value of the original endowed gifts, absent explicit donor stipulations to the contrary.

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 various funds; (2) the purposes of the donor-restricted endowment funds; (3) general economic conditions; (4) the possible effect of inflation and deflation; (5) the expected total return from income and the appreciation of investments; (6) other resources of the Foundation; and (7) the Foundation's investment policies.

The Foundation classifies as net assets with donor restrictions the value of gifts donated to permanent endowment funds. The remaining portion of donor-restricted endowment funds that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until such time as appropriate for expenditure. The unrestricted endowment net assets represent quasi-endowments, which are established at the discretion of the Board or in conjunction with stakeholders of CSU, Chico.

Investment Objectives, Strategies, and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a stable, predictable level of spending for the endowed purposes, and that provides for a rate of growth in the endowment that meets or exceeds the rate of inflation. Outside parties are contracted by the Foundation for purposes of providing investment management and consulting. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under the investment policy as approved by the Board, the endowment assets are invested in a manner that is intended to produce results comparable to or above the yield results of various market indicators such as the Standard & Poor's 500 Index, Barclays Capital Aggregate Bond Index, and the Consumer Price Index as indicators of inflation.

To satisfy its long-term rate-of-return objectives, 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). The Foundation targets a diversified asset allocation that places an emphasis on equity-based investments, debt and fixed income securities, real estate, and partnership interests while maintaining prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

Endowment distributions are made in accordance with the Foundation's Endowment Policy. For the fiscal years ended June 30, 2025 and 2024, the Board's adopted distribution rate was 4% of the endowment principal market value using a three-year moving average.

Amounts distributed from endowments per the Board's policy are classified as restricted for a specific purpose on the statement of financial position. Purpose restrictions generally include student aid and faculty and program excellence.

THE UNIVERSITY FOUNDATION, CALIFORNIA STATE UNIVERSITY, CHICO

Notes to Financial Statements

Years Ended June 30, 2025 and 2024

Note 7 - Endowment Funds, continued

Endowments consisted of the following at June 30, 2025:

	Without Donor Restrictions	With Donor Restrictions	Total
Board designated quasi-endowment funds	\$ 13,224,763	\$ -	\$ 13,224,763
Donor designated funds:			
Original donor-restricted gift amount required to be maintained in perpetuity by donor	-	74,827,143	74,827,143
Accumulated investment gains	-	25,777,861	25,777,861
	<u>\$ 13,224,763</u>	<u>\$ 100,605,004</u>	<u>\$ 113,829,767</u>

Changes in endowment net assets for the year ended June 30, 2025 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Investment return, net	\$ 1,341,644	\$ 9,592,112	\$ 10,933,756
Contributions and other additions	2,629,563	4,953,350	7,582,913
Appropriations for expenditures	<u>(526,421)</u>	<u>(4,365,451)</u>	<u>(4,891,872)</u>
Change in endowment net assets	3,444,786	10,180,011	13,624,797
Endowment net assets, beginning	<u>9,779,977</u>	<u>90,424,993</u>	<u>100,204,970</u>
Endowment net assets, ending	<u>\$ 13,224,763</u>	<u>\$ 100,605,004</u>	<u>\$ 113,829,767</u>

Endowments consisted of the following at June 30, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Board designated quasi-endowment funds	\$ 9,779,977	\$ -	\$ 9,779,977
Donor designated funds:			
Original donor-restricted gift amount required to be maintained in perpetuity by donor	-	71,658,385	71,658,385
Accumulated investment gains	-	18,766,608	18,766,608
	<u>\$ 9,779,977</u>	<u>\$ 90,424,993</u>	<u>\$ 100,204,970</u>

THE UNIVERSITY FOUNDATION, CALIFORNIA STATE UNIVERSITY, CHICO

Notes to Financial Statements

Years Ended June 30, 2025 and 2024

Note 7 - Endowment Funds, continued

Changes in endowment net assets for the year ended June 30, 2024 were as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Investment return, net	\$ 888,941	\$ 7,524,679	\$ 8,413,620
Contributions and other additions	477,503	6,774,640	7,252,143
Appropriations for expenditures	<u>(468,955)</u>	<u>(3,685,912)</u>	<u>(4,154,867)</u>
Change in endowment net assets	897,489	10,613,407	11,510,896
Endowment net assets, beginning	<u>8,882,488</u>	<u>79,811,586</u>	<u>88,694,074</u>
Endowment net assets, ending	<u>\$ 9,779,977</u>	<u>\$ 90,424,993</u>	<u>\$ 100,204,970</u>

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 state law requires the Foundation to retain as a fund of perpetual duration. Deficiencies of this nature exist in 19 donor-restricted endowment funds, which together have an original gift value of \$2,000,189, a current value of \$1,509,974, and a deficiency of \$490,215 as of June 30, 2025. Deficiencies of this nature exist in 35 donor-restricted endowment funds, which together have an original gift value of \$6,762,432, a current value of \$4,832,422, and a deficiency of \$1,930,010 as of June 30, 2024. These are deficiencies resulting from unfavorable market fluctuations and continued appropriation for certain programs that was deemed prudent and allowable by the Board.

The Foundation has interpreted UPMIFA to permit spending from underwater donor-restricted endowment funds in accordance with prudent measures required under law. The Board appropriated for expenditure \$55,809 and \$169,882 from underwater endowment funds during the years ended June 30, 2025 and June 30, 2024, respectively.

Note 8 - Contributed Nonfinancial Assets

For the years ended June 30, 2025 and 2024, contributed nonfinancial assets recognized within the statements of activities included:

	<u>2025</u>	<u>2024</u>
Supplies/ Equipment	\$ 68,392	\$ 54,057
Livestock	<u>21,800</u>	<u>3,250</u>
	<u>\$ 90,192</u>	<u>\$ 57,307</u>

THE UNIVERSITY FOUNDATION, CALIFORNIA STATE UNIVERSITY, CHICO

Notes to Financial Statements

Years Ended June 30, 2025 and 2024

Note 8 - Contributed Nonfinancial Assets, continued

Contributed nonfinancial assets for the year ended June 30, 2025 were as follows:

	Revenue Recognized	Utilization in Programs/ Activities	Donor Restrictions	Valuation Techniques and Inputs
Supplies / Equipment	\$ 68,392	Fundraising and educational use	For use in fundraising and educational activities	Estimated fair value on the basis of similar items
Livestock	21,800	Educational use	For use in educational activities	Estimated fair value on the basis of similar items
	<u>\$ 90,192</u>			

Contributed nonfinancial assets for the year ended June 30, 2024 were as follows:

	Revenue Recognized	Utilization in Programs/ Activities	Donor Restrictions	Valuation Techniques and Inputs
Supplies/ Equipment	\$ 54,057	Fundraising and educational use	For use in fundraising and educational activities	Estimated fair value on the basis of similar items
Livestock	3,250	Educational use	For use in educational activities	Estimated fair value on the basis of similar items
	<u>\$ 57,307</u>			

Note 9 - Related-Party Transactions

Operating Leases and Facility Use Agreements

The Foundation operates as an auxiliary organization to the University under an operating agreement negotiated every five years. The current operating and lease agreements expire on June 30, 2025. The Foundation uses certain campus and other facilities under lease agreements requiring rental payments or space trade. All leases are cancelable with 30 days' notice to the lessor.

Business and Financial Services

Chico State Enterprises provides administrative and financial services to the Foundation.

Receivables/Payables with the University

Receivables with the University result from student loans and miscellaneous campus programs' transactions. The payables result from miscellaneous supplies and services provided.

THE UNIVERSITY FOUNDATION, CALIFORNIA STATE UNIVERSITY, CHICO

Notes to Financial Statements

Years Ended June 30, 2025 and 2024

Note 9 - Related-Party Transactions, continued

Personnel

The Foundation contracts with Chico State Enterprises for personnel services. Chico State Enterprises charges the Foundation for the cost of these services. As such, the personnel hired are employees of Chico State Enterprises who participate in the benefit plans offered. The Foundation indemnifies Chico State Enterprises for the acts of its employees under the Foundation's supervision.

The following is a schedule of transactions with related parties at June 30:

	2025	2024
Transactions with the University:		
Payments to the University for salaries of University personnel working on contracts, grants, and other programs	\$ 130,266	\$ 192,736
Payments to University for other than salaries to University personnel	\$ 3,170,566	\$ 2,284,751
Payments received from University for services, spaces, and programs	\$ 34,611	\$ 13,714
Gifts-in-kind to the University from discretely presented component units	\$ 8,000	\$ 14,449
Gifts (cash or assets) to the University from recognized auxiliary organizations	\$ 1,965,878	\$ 1,631,171
Amounts payable to University	\$ (32,281)	\$ (62,199)
Amounts receivable from University	\$ 3,832	\$ 1,000
Transactions with Chico State Enterprises:		
Administrative and financial service expenses	\$ 450,000	\$ 450,000
Transfer of land	\$ 3,200,000	\$ -
Amounts payable for personnel service expenses	\$ (1,307,116)	\$ (838,461)
Amounts receivable from Chico State Enterprises	\$ 120,527	\$ -
Transactions with Associated Students:		
Amounts payable to Associated Students	\$ (2,775)	\$ (26,447)

Note 10 - Self-Insurance

The Foundation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Foundation participates with other auxiliaries and universities in the California State University Risk Management Authority (CSURMA), a public entity risk pool currently operating as a common risk management and insurance program. The Foundation pays an annual premium to CSURMA for its general liability and property insurance coverage.

CSURMA is economically dependent on its members for funding and has secured a commitment from members to provide sufficient cash flow to meet its operating needs and to fund losses over a period of time. CSURMA has reinsurance policies through a joint powers authority as well as commercial companies.

Note 11 - Reclassifications

Certain reclassifications have been made to the statement of functional expenses as of June 30, 2024, to conform to the presentation reported in the June 30, 2025 financial statements. Specifically, \$61,222 of consultant and professional fees were reclassified from Fundraising to Management and General supporting services. \$761 of salaries were reclassified from Management and General to Campus Programs. There was no impact on net assets as a result of this reclassification.

SUPPLEMENTAL INFORMATION

THE UNIVERSITY FOUNDATION, CALIFORNIA STATE UNIVERSITY, CHICO

Schedule of Net Position

June 30, 2025

(for inclusion in the California State University)

Assets:

Current assets:

Cash and cash equivalents	216,131
Short-term investments	31,887,464
Accounts receivable, net	124,359
Lease receivable, current portion	-
P3 receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	1,421,663
Prepaid expenses and other current assets	239,307

Total current assets

33,888,924

Noncurrent assets:

Restricted cash and cash equivalents	518,050
Accounts receivable, net	-
Lease receivable, net of current portion	-
P3 receivable, net of current portion	-
Notes receivable, net of current portion	-
Student loans receivable, net	-
Pledges receivable, net	3,450,220
Endowment investments	109,907,579
Other long-term investments	5,108,122
Capital assets, net	970
Other assets	-

Total noncurrent assets

118,984,941

Total assets

152,873,865

Deferred outflows of resources:

Unamortized loss on debt refunding	-
Net pension liability	-
Net OPEB liability	-
Leases	-
P3	-
Others	-

Total deferred outflows of resources

-

THE UNIVERSITY FOUNDATION, CALIFORNIA STATE UNIVERSITY, CHICO

Schedule of Net Position, continued

June 30, 2025

(for inclusion in the California State University)

Liabilities:

Current liabilities:

Accounts payable	1,522,276
Accrued salaries and benefits	-
Accrued compensated absences, current portion	-
Unearned revenues	-
Lease liabilities, current portion	-
SBITA liabilities - current portion	-
P3 liabilities - current portion	-
Long-term debt obligations, current portion	-
Claims liability for losses and loss adjustment expenses, current portion	-
Depository accounts	-
Other liabilities	12,374
Total current liabilities	<u>1,534,650</u>

Noncurrent liabilities:

Accrued compensated absences, net of current portion	-
Unearned revenues	-
Grants refundable	-
Lease liabilities, net of current portion	-
SBITA liabilities, net of current portion	-
P3 liabilities, net of current portion	-
Long-term debt obligations, net of current portion	-
Claims liability for losses and loss adjustment expenses, net of current portion	-
Depository accounts	-
Net other postemployment benefits liability	-
Net pension liability	-
Other liabilities	3,349,790
Total noncurrent liabilities	<u>3,349,790</u>

Total liabilities 4,884,440

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	970
Restricted for:	
Nonexpendable – endowments	100,605,004
Expendable:	
Scholarships and fellowships	1,831,361
Research	-
Loans	-
Capital projects	1,605,654
Debt service	-
Others	19,570,182
Unrestricted	24,376,254
Total net position	<u>147,989,425</u>

THE UNIVERSITY FOUNDATION, CALIFORNIA STATE UNIVERSITY, CHICO

Schedule of Revenues, Expenses, and Changes in Net Position

Year Ended June 30, 2025

(for inclusion in the California State University)

Revenues:

Operating revenues:

Student tuition and fees, gross	-
Scholarship allowances	-

Grants and contracts, noncapital:

Federal	-
State	-
Local	-
Nongovernmental	-
Sales and services of educational activities	56,388
Sales and services of auxiliary enterprises, gross	415,752
Scholarship allowances	-
Other operating revenues	241,994

Total operating revenues

714,134

Expenses:

Operating expenses:

Instruction	66,755
Research	1,530,764
Public service	3,647,804
Academic support	3,024,874
Student services	1,160,603
Institutional support	2,590,179
Operation and maintenance of plant	89,862
Student grants and scholarships	2,632,861
Auxiliary enterprise expenses	140,033
Depreciation and amortization	1,295

Total operating expenses

14,885,030

Operating income (loss)

(14,170,896)

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	8,502,545
Investment income (loss), net	2,895,162
Endowment income (loss), net	10,933,756
Interest expense	-
Other nonoperating revenues (expenses)	472,894

Net nonoperating revenues (expenses)

22,804,357

Income (loss) before other revenues (expenses)

8,633,461

State appropriations, capital	-
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	4,355,588

Increase (decrease) in net position

12,989,049

Net position:

Net position at beginning of year, as previously reported	135,000,376
Restatements	-
Net position at beginning of year, as restated	<u>135,000,376</u>
Net position at end of year	<u>147,989,425</u>

THE UNIVERSITY FOUNDATION, CALIFORNIA STATE UNIVERSITY, CHICO

Other Information

Year Ended June 30, 2025

(for inclusion in the California State University)

1 Cash and cash equivalents:

Portion of restricted cash and cash equivalents related to endowments	25,969
All other restricted cash and cash equivalents	492,081
Noncurrent restricted cash and cash equivalents	518,050
Current cash and cash equivalents	216,131
Total	\$ 734,181

2.1 Composition of investments:

Investment Type	Current	Noncurrent	Total
Money market funds	184,471	909,212	1,093,683
Repurchase agreements	-	-	-
Certificates of deposit	-	-	-
U.S. agency securities	-	-	-
U.S. treasury securities	-	-	-
Municipal bonds	-	-	-
Corporate bonds	-	15,900	15,900
Asset backed securities	-	-	-
Mortgage backed securities	-	-	-
Commercial paper	-	-	-
Supranational	-	-	-
Mutual funds	30,851,677	76,728,183	107,579,860
Exchange traded funds	-	432,356	432,356
Equity securities	-	960,926	960,926
Alternative investments:			
Private equity (including limited partnerships)	-	16,101,633	16,101,633
Hedge funds	-	-	-
Managed futures	-	-	-
Real estate investments (including REITs)	-	2,888,154	2,888,154
Commodities	-	-	-
Derivatives	-	-	-
Other alternative investment types	-	16,785,867	16,785,867
Other external investment pools	-	-	-
CSU Consolidated Investment Pool (formerly SWIFT)	-	-	-
State of California Local Agency Investment Fund (LAIF)	851,316	-	851,316
State of California Surplus Money Investment Fund (SMIF)	-	-	-
Other investments:			
Debt and fixed income securities	-	193,470	193,470
Total other investments	-	193,470	193,470
Total investments	31,887,464	115,015,701	146,903,165
Less endowment investments	-	(109,907,579)	(109,907,579)
Total investments, net of endowments	\$ 31,887,464	5,108,122	36,995,586

THE UNIVERSITY FOUNDATION, CALIFORNIA STATE UNIVERSITY, CHICO

Other Information

Year Ended June 30, 2025

(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	\$ 1,093,683	1,093,683	-	-	-
Repurchase agreements	-	-	-	-	-
Certificates of deposit	-	-	-	-	-
U.S. agency securities	-	-	-	-	-
U.S. treasury securities	-	-	-	-	-
Municipal bonds	-	-	-	-	-
Corporate bonds	15,900	-	15,900	-	-
Asset backed securities	-	-	-	-	-
Mortgage backed securities	-	-	-	-	-
Commercial paper	-	-	-	-	-
Supranational	-	-	-	-	-
Mutual funds	107,579,860	107,579,860	-	-	-
Exchange traded funds	432,356	-	432,356	-	-
Equity securities	960,926	960,926	-	-	-
Alternative investments:					
Private equity (including limited partnerships)	16,101,633	-	-	-	16,101,633
Hedge funds	-	-	-	-	-
Managed futures	-	-	-	-	-
Real estate investments (including REITs)	2,888,154	-	-	-	2,888,154
Commodities	-	-	-	-	-
Derivatives	-	-	-	-	-
Other alternative investment types	16,785,867	-	-	-	16,785,867
Other external investment pools	-	-	-	-	-
CSU Consolidated Investment Pool (formerly SWIFT)	-	-	-	-	-
State of California Local Agency Investment Fund (LAIF)	851,316	-	-	-	851,316
State of California Surplus Money Investment Fund (SMIF)	-	-	-	-	-
Other investments:					
Debt and fixed income securities	193,470	-	193,470	-	-
Total other investments	193,470	-	193,470	-	-
Total investments	\$ 146,903,165	\$ 109,634,469	\$ 641,726	\$ -	\$ 36,626,970

2.3 Investments held by the University under contractual agreements:

Not Applicable

THE UNIVERSITY FOUNDATION, CALIFORNIA STATE UNIVERSITY, CHICO

Other Information

Year Ended June 30, 2025

(for inclusion in the California State University)

3.1 Capital Assets, excluding ROU assets:

<u>Composition of capital assets, excluding ROU assets:</u>	Balance June 30, 2024	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2024 (Restated)	Additions	Retirements	Transfer of completed CWIP/PWIP	Balance June 30, 2025
Non-depreciable/Non-amortizable capital assets:									
Land and land improvements	\$ 3,200,000	-	-	-	3,200,000	-	(3,200,000)	-	-
Works of art and historical treasures	-	-	-	-	-	-	-	-	-
Construction work in progress (CWIP)	-	-	-	-	-	-	-	-	-
Intangible assets:									
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Intangible assets in progress (PWIP)	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:									
Total Other intangible assets	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total non-depreciable/non-amortizable capital assets	3,200,000	-	-	-	3,200,000	-	(3,200,000)	-	-
Depreciable/Amortizable capital assets:									
Buildings and building improvements	28,615	-	-	-	28,615	-	-	-	28,615
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	1,323,103	-	-	-	1,323,103	-	-	-	1,323,103
Library books and materials	-	-	-	-	-	-	-	-	-
Intangible assets:									
Software and websites	-	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:									
Total Other intangible assets:	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total depreciable/amortizable capital assets	1,351,718	-	-	-	1,351,718	-	-	-	1,351,718
Total capital assets	4,551,718	-	-	-	4,551,718	-	(3,200,000)	-	1,351,718
Less accumulated depreciation/amortization:									
Buildings and building improvements	(28,615)	-	-	-	(28,615)	-	-	-	(28,615)
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	(1,320,838)	-	-	-	(1,320,838)	(1,295)	-	-	(1,322,133)
Library books and materials	-	-	-	-	-	-	-	-	-
Intangible assets:									
Software and websites	-	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:									
Total Other intangible assets:	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	(1,349,453)	-	-	-	(1,349,453)	(1,295)	-	-	(1,350,748)
Total capital assets, net excluding ROU assets	\$ 3,202,265	-	-	-	3,202,265	(1,295)	(3,200,000)	-	970

THE UNIVERSITY FOUNDATION, CALIFORNIA STATE UNIVERSITY, CHICO

Other Information

Year Ended June 30, 2025

(for inclusion in the California State University)

Capital Assets, Right of Use

Composition of lease assets:	Balance June 30, 2024	Prior Period Reclassifications	Prior Period Additions	Prior Period Reductions	Balance June 30, 2024 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2025
Non-depreciable/Non-amortizable lease assets:									
Land and land improvements	-	-	-	-	-	-	-	-	-
Total non-depreciable/non-amortizable lease assets	-	-	-	-	-	-	-	-	-
Depreciable/Amortizable lease assets:									
Land and land improvements	-	-	-	-	-	-	-	-	-
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	-	-	-	-	-	-	-	-	-
Total depreciable/amortizable lease assets	-	-	-	-	-	-	-	-	-
Less accumulated depreciation/amortization:									
Land and land improvements	-	-	-	-	-	-	-	-	-
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	-	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	-	-	-	-	-	-	-	-	-
Total capital assets - lease ROU, net	-	-	-	-	-	-	-	-	-
Composition of capital assets - SBITA ROU, net	Balance June 30, 2024	Reclassifications	Prior Period Additions	Prior Period Reductions	Balance June 30, 2024 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2025
Depreciable/Amortizable SBITA assets:									
Software	-	-	-	-	-	-	-	-	-
Total depreciable/amortizable SBITA assets	-	-	-	-	-	-	-	-	-
Less accumulated depreciation/amortization:									
Software	-	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	-	-	-	-	-	-	-	-	-
Total capital assets - SBITA ROU, net	-	-	-	-	-	-	-	-	-

THE UNIVERSITY FOUNDATION, CALIFORNIA STATE UNIVERSITY, CHICO

Other Information

Year Ended June 30, 2025

(for inclusion in the California State University)

Composition of capital assets - P3 ROU, net:	Balance June 30, 2024	Reclassifications	Prior Period Additions	Prior Period Reductions	Balance June 30, 2024 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2025
Non-depreciable/Non-amortizable P3 assets:									
Land and land improvements	-	-	-	-	-	-	-	-	-
Total non-depreciable/non-amortizable P3 assets	-	-	-	-	-	-	-	-	-
Depreciable/Amortizable P3 assets:									
Land and land improvements	-	-	-	-	-	-	-	-	-
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	-	-	-	-	-	-	-	-	-
Total depreciable/amortizable P3 assets	-	-	-	-	-	-	-	-	-
Less accumulated depreciation/amortization:									
Land and land improvements	-	-	-	-	-	-	-	-	-
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	-	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	-	-	-	-	-	-	-	-	-
Total capital assets - P3 ROU, net	-	-	-	-	-	-	-	-	-
Total capital assets, net including ROU assets									<u>970</u>
3.2 Detail of depreciation and amortization expense:									
Depreciation and amortization expense - capital assets, excluding ROU assets	\$	1,295							
Amortization expense - Leases ROU		-							
Amortization expense - SBITA ROU		-							
Amortization expense - P3 ROU		-							
Depreciation and Amortization expense - Others		-							
Total depreciation and amortization	\$	<u>1,295</u>							

THE UNIVERSITY FOUNDATION, CALIFORNIA STATE UNIVERSITY, CHICO

Other Information

Year Ended June 30, 2025

(for inclusion in the California State University)

4	Long-term liabilities:	Not Applicable
5	Future minimum payments schedule - leases, SBITA, P3:	Not Applicable
6	Future minimum payments schedule - Long-term debt obligations:	Not Applicable
7	Transactions with related entities:	
	Payments to University for salaries of University personnel working on contracts, grants, and other programs	130,266
	Payments to University for other than salaries of University personnel	3,170,566
	Payments received from University for services, space, and programs	34,611
	Gifts-in-kind to the University from discretely presented component units	8,000
	Gifts (cash or assets) to the University from discretely presented component units	1,965,878
	Accounts payable to University	(32,281)
	Other amounts payable to University	-
	Accounts receivable from University	3,382
	Other amounts receivable from University	-
8	Restatements	Not Applicable

THE UNIVERSITY FOUNDATION, CALIFORNIA STATE UNIVERSITY, CHICO

Other Information

Year Ended June 30, 2025

(for inclusion in the California State University)

9 Natural classifications of operating expenses:

	Salaries	Benefits - Other	Benefits - Pension	Benefits - OPEB	Scholarships and fellowships	Supplies and other services	Depreciation and amortization	Total operating expenses
Instruction	4,623	407	-	-	-	61,725	-	66,755
Research	13,296	1,170	-	-	-	1,516,298	-	1,530,764
Public service	38,072	4,773	-	-	-	3,604,959	-	3,647,804
Academic support	387,140	67,541	-	-	-	2,570,193	-	3,024,874
Student services	180,081	37,873	-	-	-	942,649	-	1,160,603
Institutional support	128,500	34,466	-	-	-	2,427,213	-	2,590,179
Operation and maintenance of plant	14,830	1,305	-	-	-	73,727	-	89,862
Student grants and scholarships	-	-	-	-	2,632,861	-	-	2,632,861
Auxiliary enterprise expenses	13,414	1,666	-	-	-	124,953	-	140,033
Depreciation and amortization	-	-	-	-	-	-	1,295	1,295
Total operating expenses	\$ 779,956	149,201	-	-	2,632,861	11,321,717	1,295	14,885,030

No pension plan reported

Not Applicable

10 Deferred outflows/inflows of resources:

Not Applicable

11 Other nonoperating revenues (expenses)

Other nonoperating revenues	472,894
Other nonoperating (expenses)	-
Total other nonoperating revenues (expenses)	\$ 472,894

**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 Governors of
The University Foundation, California State University, Chico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The University Foundation, California State University, Chico (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 17, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered The University Foundation, California State University, Chico's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The University Foundation, California State University, Chico's internal control. Accordingly, we do not express an opinion on the effectiveness of The University Foundation, California State University, Chico'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 any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The University Foundation, California State University, Chico'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 University Foundation, California State University, Chico's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Aldrich CPAs + Advisors LLP

Brea, California
September 17, 2025