



The California State University
FOUNDATION

FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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INDEPENDENT AUDITORS' REPORT

To the Board of Governors of
California State University Foundation:

Opinion

We have audited the accompanying financial statements of California State University Foundation (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities 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 California State University Foundation (the Foundation) as of June 30, 2023 and 2022, and the changes in its net assets 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 of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the California State University Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the California State University Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with 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 California State University Foundation'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 California State University Foundation'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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2023 on our consideration of the California State University Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 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 California State University Foundation's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Windes, Inc.".

Long Beach, California
September 19, 2023

CALIFORNIA STATE UNIVERSITY FOUNDATION

STATEMENTS OF FINANCIAL POSITION

		ASSETS	
		June 30,	
		<u>2023</u>	<u>2022</u>
CURRENT ASSETS			
Cash	\$	2,090,543	\$ 1,747,308
Pledges receivable, current portion		2,402,000	3,161,500
Other current assets		49,638	102,396
		<u>4,542,181</u>	<u>5,011,204</u>
 NONCURRENT ASSETS			
Investments		38,864,912	37,132,591
Charitable gift annuity assets		7,990,787	8,014,329
Pledges receivable, net of current portion		714,300	581,412
Other receivables		132,774	124,286
		<u>47,702,773</u>	<u>45,852,618</u>
 TOTAL ASSETS		<u><u>\$ 52,244,954</u></u>	<u><u>\$ 50,863,822</u></u>
 LIABILITIES AND NET ASSETS			
 CURRENT LIABILITIES			
Accounts payable	\$	46,753	\$ 30,578
Other current liabilities		—	120
Local agency liability, current portion		73,778	72,625
		<u>120,531</u>	<u>103,323</u>
 NONCURRENT LIABILITIES			
Charitable gift annuity liability		7,990,787	8,014,329
Other payables		132,774	124,286
Local agency liability, net of current portion		122,234	112,542
		<u>8,245,795</u>	<u>8,251,157</u>
 TOTAL LIABILITIES		<u><u>\$ 8,366,326</u></u>	<u><u>\$ 8,354,480</u></u>
 NET ASSETS			
Without donor restrictions:			
Undesignated	\$	6,485,474	\$ 6,122,086
Board designated quasi endowment		344,762	344,762
		<u>6,830,236</u>	<u>6,466,848</u>
With donor restrictions:			
Restricted for time/purpose/spending policy		20,733,660	19,978,518
Restricted in perpetuity - endowment		16,314,732	16,063,976
		<u>37,048,392</u>	<u>36,042,494</u>
 TOTAL NET ASSETS		<u>43,878,628</u>	<u>42,509,342</u>
 TOTAL LIABILITIES AND NET ASSETS		<u><u>\$ 52,244,954</u></u>	<u><u>\$ 50,863,822</u></u>

CALIFORNIA STATE UNIVERSITY FOUNDATION

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions	\$ 595,843	\$ 3,666,312	\$ 4,262,155
Investment income	459,295	2,475,205	2,934,500
Other	551,531	93,464	644,995
Net assets released from restrictions	5,327,590	(5,327,590)	—
Net assets released to restrictions	(98,507)	98,507	—
Total Support and Revenue	<u>6,835,752</u>	<u>1,005,898</u>	<u>7,841,650</u>
EXPENSES			
Program Services:			
Projects, grants and other assistance	3,236,191	—	3,236,191
Student scholarships	2,078,873	—	2,078,873
Conferences, conventions and meetings	307,049	—	307,049
Other expenses	288,186	—	288,186
Total Program Services	<u>5,910,299</u>	<u>—</u>	<u>5,910,299</u>
Supporting Services:			
Professional services	45,940	—	45,940
Conferences, conventions, and meetings	6,984	—	6,984
Overhead	11,452	—	11,452
In-kind administrative expenses	353,457	—	353,457
Other expenses	70,321	—	70,321
Fundraising	73,911	—	73,911
Total Supporting Services	<u>562,065</u>	<u>—</u>	<u>562,065</u>
Total Expenses	<u>6,472,364</u>	<u>—</u>	<u>6,472,364</u>
CHANGE IN NET ASSETS	363,388	1,005,898	1,369,286
NET ASSETS AT BEGINNING OF YEAR	<u>6,466,848</u>	<u>36,042,494</u>	<u>42,509,342</u>
NET ASSETS AT END OF YEAR	<u>\$ 6,830,236</u>	<u>\$ 37,048,392</u>	<u>\$ 43,878,628</u>

CALIFORNIA STATE UNIVERSITY FOUNDATION

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions	\$ 571,279	\$ 5,139,263	\$ 5,710,542
Investment losses	(545,681)	(2,994,940)	(3,540,621)
Other	513,079	51,266	564,345
Net assets released from restrictions	6,588,433	(6,588,433)	—
Net assets released to restrictions	(36,000)	36,000	—
Total Support and Revenue	<u>7,091,110</u>	<u>(4,356,844)</u>	<u>2,734,266</u>
EXPENSES			
Program Services:			
Projects, grants and other assistance	3,994,882	—	3,994,882
Student scholarships	2,519,716	—	2,519,716
Conferences, conventions and meetings	158,896	—	158,896
Other expenses	326,725	—	326,725
Total Program Services	<u>7,000,219</u>	<u>—</u>	<u>7,000,219</u>
Supporting Services:			
Professional services	39,400	—	39,400
Conferences, conventions and meetings	3,561	—	3,561
Overhead	9,327	—	9,327
In-kind administrative expenses	365,964	—	365,964
Other expenses	44,750	—	44,750
Fundraising	64,930	—	64,930
Total Supporting Services	<u>527,932</u>	<u>—</u>	<u>527,932</u>
Total Expenses	<u>7,528,151</u>	<u>—</u>	<u>7,528,151</u>
CHANGE IN NET ASSETS	(437,041)	(4,356,844)	(4,793,885)
NET ASSETS AT BEGINNING OF YEAR	<u>6,903,889</u>	<u>40,399,338</u>	<u>47,303,227</u>
NET ASSETS AT END OF YEAR	<u>\$ 6,466,848</u>	<u>\$ 36,042,494</u>	<u>\$ 42,509,342</u>

CALIFORNIA STATE UNIVERSITY FOUNDATION

STATEMENTS OF CASH FLOWS

	For the Year Ended	
	June 30,	
	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,369,286	\$ (4,793,885)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Unrealized and realized (gain) loss on investments	(2,394,812)	4,017,102
Contributions for long-term investments	(1,589,644)	(1,358,011)
Noncash donation capitalized	(760)	—
Change in discounts to present value of pledges receivable	1,112	(66,652)
Net (increase) decrease in:		
Pledges receivable	625,500	(277,500)
Other current assets	53,518	(12,662)
Net increase (decrease) in:		
Accounts payable	16,175	23,548
Other current liabilities	(120)	(35,058)
Local agency liability	1,153	29,484
Net Cash Used In Operating Activities	<u>(1,918,592)</u>	<u>(2,473,634)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	1,216,648	336,591
Purchase of investments	(544,465)	(481,777)
Net Cash Provided by (Used In) Investing Activities	<u>672,183</u>	<u>(145,186)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions for long-term investments	1,589,644	1,358,011
Net Cash Provided By Financing Activities	<u>1,589,644</u>	<u>1,358,011</u>
 NET CHANGE IN CASH	343,235	(1,260,809)
 CASH AT BEGINNING OF YEAR	<u>1,747,308</u>	<u>3,008,117</u>
 CASH AT END OF YEAR	<u><u>\$ 2,090,543</u></u>	<u><u>\$ 1,747,308</u></u>

CALIFORNIA STATE UNIVERSITY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2023 AND 2022

NOTE 1 – Nature of Activities and Significant Accounting Policies

Nature of Activities

California State University Foundation (the Foundation) is a nonprofit organization serving as an auxiliary to the Office of the Chancellor of the California State University (CSU). The Foundation receives and expends charitable gifts, manages endowments, accepts grants, and administers charitable gift annuities and other funds in accordance with specific agreements.

Recently Adopted Pronouncements

In February 2016, the FASB issued new lease accounting guidance in Accounting Standards Update (ASU) 2016-02 *Leases (Topic 842)* (ASU 2016-02), which modifies lease accounting for lessees to increase transparency and comparability by requiring the Foundation to recognize a lease liability and related right-of-use assets for all leases (with the exception of short-term leases) at the commencement date of the lease and to disclose key information about leasing arrangements.

Effective July 1, 2022, the Foundation adopted ASU 2016-02. The Foundation determines if an arrangement contains a lease at inception based on whether the Foundation has the right to control the asset during the contract period and other facts and circumstances. The Foundation elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed it to carry forward the historical lease classification.

The Foundation's policy for determining its lease discount rate in measuring lease liabilities is to use the rate implicit in the lease whenever that rate is readily determinable. If the rate implicit in the lease is not readily determinable, then the Foundation has elected to use the risk-free discount rate, as permitted by U.S. GAAP, determined using a period comparable with that of the lease term.

The Foundation has elected a policy to account for short-term leases, defined as any lease with a term less than twelve months, by recognizing all components of the lease payment in the statements of activities in the period in which the obligation for the payments is incurred.

The Foundation has not entered into any leases and, therefore, this adoption did not have any effect on the financial statements.

CALIFORNIA STATE UNIVERSITY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2023 AND 2022

NOTE 1 – Nature of Activities and Significant Accounting Policies (Continued)

Financial Statement Presentation

The accompanying financial statements are presented on the accrual basis of accounting, and the Foundation is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Revenues, gains, expenses, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

- **Net assets without donor restrictions** – Net assets without donor restrictions represent net assets that are not subject to donor-imposed restrictions and that may be expendable for any purpose in performing the primary objectives of the Foundation.
- **Net assets with donor restrictions** – Net assets with donor restrictions represent net assets subject to donor-imposed restrictions that will be met either by actions of the Foundation or the passage of time. Other net assets include gifts and pledges, which require, by donor restriction, that the corpus be invested in perpetuity. As the restrictions are satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statements of activities as net assets released from restrictions.

Contributions

Contributions received are recorded as net assets with or without donor restrictions, depending on the existence and nature of any donor restrictions. Upon satisfaction of the restriction, the contributions are reclassified to net assets without donor restrictions.

Contributions of noncash goods and services are recorded at the estimated fair value on the date of the contribution.

Use of Estimates and Assumptions

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements.

CALIFORNIA STATE UNIVERSITY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2023 AND 2022

NOTE 1 – Nature of Activities and Significant Accounting Policies (Continued)

Fair Value Measurements

The Foundation follows the provisions required for fair value measurements and disclosures of financial and nonfinancial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring and nonrecurring basis.

The Foundation's assessment of the significance of a particular input to the fair value measurements requires judgment and may affect the valuation of the assets and liabilities being measured and their placement within the fair value hierarchy.

Concentration of Cash

The Foundation maintains cash with financial institutions which, at various times, may exceed federally insured limits. The Foundation has not experienced any deposit losses in the past and believes it is not exposed to any significant risk of loss.

Investments

Investments held by the Foundation include marketable securities, fixed income securities, alternative investments, and venture capital and partnerships. The investments are reflected in the statements of financial position at fair value. Unrealized gains and losses are included in the change in net assets on the statements of activities.

The Foundation's investments in marketable securities and fixed income securities are generally publicly traded on national securities exchanges and have readily available quoted market values. The Foundation's investments in alternative investments and venture capital and partnerships are carried at estimated fair value. Management established fair value of these non-marketable investments based on valuations provided by investment advisors/custodians on their most recent statements available. Venture capital and partnerships estimated fair value is based on financial information that is six months in arrears. The Foundation believes that the carrying amount of these financial instruments is a reasonable estimate of fair value.

At June 30, 2023 and 2022, and at various times throughout the years, the Foundation maintains cash and cash equivalents, and investment balances at brokers which may not be covered by federally insured limits, that exceed amounts insured by Securities Investor Protection Corporation (SIPC), or are alternative investments which are not covered by SIPC. Certain investments not covered by SIPC may or may not be insured by supplemental insurance carried by the brokers. The Foundation has not experienced any deposit losses in such accounts. Management believes it is not exposed to any significant risk on these accounts.

CALIFORNIA STATE UNIVERSITY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2023 AND 2022

NOTE 1 – Nature of Activities and Significant Accounting Policies (Continued)

The Foundation's investments are exposed to various risks, such as market and credit risks. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the financial statements.

The Foundation adopted an Environmental, Social & Governance (ESG) mandate on equity and fixed income portions of the portfolio at its June 2019 meeting. Management changes to equity investments were made in July 2019 and fixed income followed in January 2020. The investment policy statement was amended on December 12, 2019 to define liquid, semi-liquid, and illiquid investments. The investment policy statement was again amended on April 6, 2020 to make changes to the asset allocation guidelines. This change better aligned the Foundation's asset allocations with its peer institutions as reported in the National Association of College & University Business Officers (NACUBO) endowment report. The investment policy statement was again amended on September 7, 2022 to modify the relationship with the Foundation's investment consultant as a non-discretionary advisor to an outsourced chief investment office (OCIO) relationship. This change allows the investment consultant to provide discretionary management of the assigned investment assets in accordance with the investment policy statement.

Pledges Receivable

The two forms of pledges receivable are unconditional promises to give and conditional promises to give. Unconditional promises to give are recognized as receivables and as revenues in the period in which the Foundation is notified by the donor of a commitment to make a contribution. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are received to discount amounts. An allowance for uncollectible promises is provided based on management's evaluation of potential uncollectible promises receivable at year-end. The Foundation did not deem an allowance necessary at June 30, 2023 and 2022.

Charitable Gift Annuity Assets and Liability

The Foundation administers charitable gift annuities for various CSU campuses. The Foundation acts as an intermediary for the campuses, administering the charitable gift annuities for an agreed-upon percentage of the annuity residuum.

Assets held for charitable gift annuities totaled \$7,990,787 and \$8,014,329 and are reported at fair market value in the Foundation's statements of financial position as of June 30, 2023 and 2022, respectively. On an annual basis, the Foundation revalues the liability to make distributions to the designated beneficiaries based on actuarial assumptions. Present value of amounts owed to annuitants and to various campuses in the CSU system totaled \$3,875,439 and \$4,115,348, respectively at June 30, 2023 and \$3,935,795 and \$4,078,534, respectively at June 30, 2022. The present value of the estimated future payments is calculated using discount rates ranging from 0.4% to 7.4% for 2023 and applicable mortality tables.

CALIFORNIA STATE UNIVERSITY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2023 AND 2022

NOTE 1 – Nature of Activities and Significant Accounting Policies (Continued)

Other Noncurrent Receivables and Payables

The Foundation was named as an agent by the donors of two charitable remainder trusts which are recorded in other receivables and payables. Accordingly, the Foundation has recorded an asset and a liability on its books for the trusts at their fair market values.

In-Kind Support

The Foundation receives noncash goods (in-kind support) and uses them for program support. Contributions of donated noncash goods are recorded at the estimated fair value in the period received in current assets and contributions. The in-kind support for the Foundation includes, but is not limited to: tangible assets such as artwork (for campus educational use), notebooks, and customized awards (for conferences); and intangible donated or discounted food and beverages, meeting space, and rentals (for conferences). In addition, the Foundation also receives in-kind administrative services from the Chancellor's Office. (See Note 10.) The Foundation recognizes them in the various expenses in the accompanying financial statements when the noncash goods are used or distributed.

Tax Status

The Foundation has received tax-exempt status from the Internal Revenue Service and California Franchise Tax Board under Section 501(c)(3) of the Internal Revenue Code, and Section 23701(d) of the Revenue and Taxation Code, respectively. The Foundation recognizes the financial statement benefit of tax positions, such as its filing status of tax-exempt, only after determining that the relevant tax authority would more likely than not sustain the position following an audit. The Foundation is subject to potential income tax audits on open tax years by any taxing jurisdiction in which it operates. The statute of limitations for federal and California state purposes is generally three and four years, respectively.

Subsequent Events

The Foundation's management has evaluated subsequent events from the statements of financial position date through September 19, 2023, the date the financial statements were available to be issued.

NOTE 2 – Liquidity and Availability

The following reflects the Foundation's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statements of financial position date because of contractual or donor-imposed restrictions. Amounts not available include amounts set aside for long-term investing for board-designated activities that could be drawn upon if the governing board approves that action.

CALIFORNIA STATE UNIVERSITY FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 2 – Liquidity and Availability (Continued)

	June 30,	
	2023	2022
Financial assets:		
Cash	\$ 2,090,543	\$ 1,747,308
Investments	38,864,912	37,132,591
Pledges receivable	<u>3,116,300</u>	<u>3,742,912</u>
	44,071,755	42,622,811
Less those unavailable for general expenditure within one year due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with purpose and time restrictions	(20,733,660)	(19,978,518)
Restricted by donor with perpetual restrictions	(16,314,732)	(16,063,976)
Board designation quasi endowment	(344,762)	(344,762)
Local agency net assets held:		
Alumni Council	(188,012)	(177,075)
Student Association	<u>(8,000)</u>	<u>(8,092)</u>
	(37,589,166)	(36,572,423)
Add anticipated Board-approved endowment appropriations	<u>1,313,660</u>	<u>1,247,065</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 7,796,249</u>	<u>\$ 7,297,453</u>

The Foundation’s endowment funds consist of donor-restricted and Board-designated quasi-endowment funds. Income from donor-restricted endowments is restricted for specific purposes and, therefore, is not available for general expenditure. As described in Note 8, for fiscal years 2023 and 2022, the Board of Governors targets current distribution at 4% of the endowment value, based on a 3-year moving average.

As part of the Foundation’s liquidity management, the Working Capital and Reserves Policy structures its financial assets to be available as its general expenditures, liabilities, and other expenditures come due. The policy requires that working capital should be maintained at a level sufficient to provide for at least 90 days of normal operating expenditures. The allocation should be consistent with the current year’s approved operating budget and authorized program allocations. As of June 30, 2023, \$736,118 was dedicated in cash to fully fund the annual operating expenses and Board-designated budget expenditures. In addition, \$1,285,494 was available in cash for program funds held by the Foundation. An additional \$68,930 in agency funds were held in cash.

CALIFORNIA STATE UNIVERSITY FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 2 – Liquidity and Availability (Continued)

In addition, Education Code Section 89904(b) requires California State University auxiliaries to implement financial standards that will assure fiscal viability by the establishment of reserve funds for current operation, capital replacement, and new business ventures. The Working Capital and Reserves Policy provides a basis for the annual review of fiscal viability, compliance with generally accepted accounting principles, and criteria for the distribution of reserves. General Reserves are maintained at a level sufficient to provide for at least one year of normal operating expenditures and contracted service obligations. The Board of Governors considers future needs for capital equipment acquisition, capital development projects, and/or new business ventures. General Reserves are generated from an excess of revenue over expenditures in the CSU Foundation's General Fund. Allocations from the General Reserve require the approval of the Board of Governors. The Board of Governors reviews the status of the General Reserves each fiscal year as part of the annual budget approval. The unrestricted fund balance (General Reserves) was \$4,847,396 as of June 30, 2023.

NOTE 3 – Pledges Receivable

Pledges receivable are scheduled to be collected as follows:

	June 30,	
	2023	2022
Current receivable in less than one year	\$ 2,402,000	\$ 3,161,500
Noncurrent receivable in one to five years	750,000	616,000
Less discount factor to present value	(35,700)	(34,588)
Net noncurrent receivable	714,300	581,412
	<u>\$ 3,116,300</u>	<u>\$ 3,742,912</u>

CALIFORNIA STATE UNIVERSITY FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 4 – Investments

Investments consists of the following:

	June 30,			
	2023		2022	
	Cost	Fair Value	Cost	Fair Value
Money market	\$ 344,024	\$ 344,024	\$ 457,916	\$ 457,916
Common stock and options	9,494,934	11,072,683	10,738,298	11,477,052
Exchange-traded and closed-end funds	5,441,314	5,889,697	3,210,312	3,355,965
Corporate securities	794,569	697,224	950,660	816,698
Mutual funds	7,551,610	7,203,702	7,983,284	7,109,008
Government securities	1,893,595	1,770,790	2,101,553	1,956,215
Alternative investments	9,580,926	11,874,982	7,850,778	11,942,525
Venture capital and partnership	—	11,810	—	17,212
	<u>\$ 35,100,972</u>	<u>\$ 38,864,912</u>	<u>\$ 33,292,801</u>	<u>\$ 37,132,591</u>

Investment return is summarized as follows:

	For year ended June 30,	
	2023	2022
Reinvested interest and dividend, net of investment fees	\$ 539,688	\$ 476,481
Net unrealized gains (losses)	1,427,434	(5,426,411)
Net realized gains	<u>967,378</u>	<u>1,409,309</u>
	<u>\$ 2,934,500</u>	<u>\$ (3,540,621)</u>

CALIFORNIA STATE UNIVERSITY FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 5 - Charitable Gift Annuity Assets

Charitable gift annuity assets for which the Foundation administers consist of the following:

	June 30,			
	2023		2022	
	Cost	Fair Value	Cost	Fair Value
Cash	\$ 5,056,026	\$ 5,056,026	\$ 149,625	\$ 149,625
Marketable securities	—	—	4,088,920	4,706,791
Real estate investment trust (REIT)	—	—	20,143	21,420
Fixed income securities	3,150,297	2,934,761	3,298,250	3,136,493
	<u>\$ 8,206,323</u>	<u>\$ 7,990,787</u>	<u>\$ 7,556,938</u>	<u>\$ 8,014,329</u>

The Foundation changed providers for administrative and investment services of the charitable gift annuity program on July 1, 2023. The Foundation liquidated marketable securities and REITs in order to transfer the assets. Fixed income securities were directly transferred between providers. Upon receipt, the new provider reinvested the assets according to the charitable gift annuity program investment policy statement.

NOTE 6 - Local Agency Liability

The Foundation entered into an operating agreement with the CSU Alumni Council on March 31, 2006. Pursuant to the agreement, the Foundation agreed to provide all accounting and financial management services to the CSU Alumni Council. As of June 30, 2023 and 2022, the Foundation had a liability balance due to the CSU Alumni Council of \$188,012 and \$177,075, respectively. The balance was related to the net assets held by the Foundation on behalf of the CSU Alumni Council.

During fiscal year 2011, the Foundation began providing limited accounting services for the California State Student Association related to their participation in the Foundation's procurement card program. At June 30, 2023 and 2022, the Foundation had a liability balance due to the California State Student Association of \$8,000 and \$8,092, respectively, for the net assets held by the Foundation on behalf of the California State Student Association.

CALIFORNIA STATE UNIVERSITY FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 6 - Local Agency Liability (Continued)

The activity for the net local agency liability is as follows:

	<u>Alumni Council Liability</u>	<u>Student Association Liability</u>
Balance at June 30, 2021	\$ (153,960)	\$ (13,136)
Investment loss	11,413	—
Operating (income) loss	<u>(34,528)</u>	<u>5,044</u>
Balance at June 30, 2022	(177,075)	(8,092)
Investment income	(9,692)	—
Operating (income) loss	<u>(1,245)</u>	<u>92</u>
Balance at June 30, 2023	<u><u>\$ (188,012)</u></u>	<u><u>\$ (8,000)</u></u>

NOTE 7 - Net Assets

The following is a summary of the Foundation's net assets:

Net Assets Without Donor Restrictions

	<u>June 30,</u>	
	<u>2023</u>	<u>2022</u>
Undesignated	\$ 6,485,474	\$ 6,122,086
Board-designated Reed Quasi Endowment	130,000	130,000
Board-designated Hauck Quasi Endowment	64,762	64,762
Board-designated White Quasi Endowment	<u>150,000</u>	<u>150,000</u>
	<u><u>\$ 6,830,236</u></u>	<u><u>\$ 6,466,848</u></u>

CALIFORNIA STATE UNIVERSITY FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 7 - Net Assets (Continued)

Net Assets with Donor Restrictions - Restricted for Time/Purpose/Spending Policy

	June 30,	
	2023	2022
Scholarships	\$ 8,285,535	\$ 7,199,966
Haworth Family Quasi Endowment	91,563	91,563
State University House Quasi Endowment	4,401,883	4,401,883
Inflation Reserve	5,288,890	4,338,654
University Projects	2,665,789	3,946,452
	\$ 20,733,660	\$ 19,978,518

At June 30, 2023 and 2022, included in net assets with donor restrictions for time/purpose/spending purpose are endowment funds of \$16,313,328 and \$14,892,111.

Included in net assets with donor restrictions, in accordance with the endowment agreements, are inflation reserves for each endowment. The inflation reserve funds are maintained to preserve the purchasing power of the endowment principal; however, they can be spent in support of the endowments' purposes at the discretion of the Board of Governors. During periods of inflation, the Foundation allocates amounts from the scholarship funds to the inflation reserve funds at a rate commensurate with the Consumer Price Index.

Haworth Family Quasi Endowment is included in net assets with donor restrictions. The donor instructed the funds to be used for scholarships at the Board of Governors' direction. The Board of Governors elected to preserve the funds as an endowment, technically known as Haworth Family Quasi Endowment.

The State University House Quasi Endowment was funded with the net proceeds of the sale of real property donated for the purpose of a residence for the Chancellor. The endowment funds the reimbursement of the housing allowance and related hospitality expenditures to the California State University.

CALIFORNIA STATE UNIVERSITY FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 7 - Net Assets (Continued)

Net Assets With Donor Restrictions - Restricted in Perpetuity

	June 30,	
	2023	2022
Gregson Bautzer University Fund Scholarship	\$ 150,000	\$ 150,000
Glenn and Dorothy Dumke Fellowship	24,617	24,617
Nathaniel R. and Valarie Dumont Scholarship	525,000	525,000
William Randolph Hearst/CSU Trustees' Award for Outstanding Achievement	424,050	424,050
Robert M. Odell Endowment Scholarship in Public Administration	75,300	75,300
Dr. Ali C. Razi Endowed Scholarship	337,500	337,500
Wilson C. Riles Education Scholarship	100,000	100,000
Angelina Aliberti Ruggie and Lawrence L. Ruggie Endowed Scholarship	34,346	34,346
Dale M. Schoettler Scholarship for Visually Impaired Students	5,830,940	5,830,940
Dr. Murray L. Galinson Endowed Scholarship	153,710	153,710
William and Janet Lahey Art Education and Visual Art Scholarship Endowment	289,200	289,200
William Hauck Endowed Scholarship	95,500	94,750
Stauffer Foundation Endowment	240,175	210,175
Charles and Catherine Reed Endowment	115,850	105,850
Robert D. and Dorothy W. Talty Endowment	134,380	134,380
Kenneth Fong Scholar Endowment	150,000	150,000
Trustee Emerita Claudia Hampton Endowed Scholarship	150,000	150,000
Hampton Scholars Endowed Scholarship	259,264	259,264
George Marcus Endowment	115,000	115,000
James Key Endowment	431,163	431,163
Michelle Marriott Endowment	37,500	37,500
Richard Leffingwell Endowment	155,000	155,000
Howard C. Christiansen Endowment	573,229	573,229
Wang Family Excellence Endowment	2,500,000	2,500,000
Ron and Mitzi Barhorst Scholarship Endowment	236,303	236,303
Michael A. and Debra Lucki Endowment	140,000	122,500
Jose and Catherine Gomez Endowment	45,000	—
Leo Van Cleve International Program Endowment	2,700	—
Laurence K. Gould Jr Endowment	144,806	—
William and Janet Lahey Summer Arts Endowment	289,199	289,199
Real Estate and Land Use Institute Program Endowment	1,000,000	1,000,000
Real Estate and Land Use Institute Scholarship Endowment	1,430,000	1,430,000
CSU Social Science Research and Instructional Council Student Symposium Endowment	25,000	25,000
Lyman G. Chaffee Endowment	100,000	100,000
	<u>\$ 16,314,732</u>	<u>\$ 16,063,976</u>

CALIFORNIA STATE UNIVERSITY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2023 AND 2022

NOTE 7 - Net Assets (Continued)

Net Assets With Donor Restrictions - Restricted in Perpetuity (Continued)

Each of the Foundation's endowments has been established to support a scholarship or program fund recorded in net assets with donor restrictions. Investment gains and losses from the endowment funds are recorded as increases or decreases to the scholarship or program funds in accordance with the endowment agreements.

NOTE 8 - Endowments

The Foundation's endowments consist of several individual donor-designated funds established to support a program or scholarship recorded in net assets with donor restrictions. Net assets associated with the endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation has interpreted the California Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions in perpetuity: (a) the original value of the gifts donated to the perpetually restricted endowment, (b) the original value of subsequent gifts to the perpetually restricted endowment, and (c) accumulations to the perpetually restricted 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 that is not classified in donor-restricted in perpetuity net assets is classified as net assets with donor restriction for time/purpose/spending policy until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard 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
- (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

CALIFORNIA STATE UNIVERSITY FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 8 - Endowments (Continued)

The Finance and Investment Committee of the Board of Governors is charged with the responsibility of managing the investment of endowment assets for the Foundation. The overall goal in management of these funds is to generate a long-term total rate of return that provides sustainable distributions to support program expenditures within a reasonable level of risk. As a result, the endowment assets are invested in a manner that is intended to produce results that, over the long term, allow them to grow at a rate exceeding expected inflation. This is consistent with the Foundation’s objective to maintain the purchasing power of the endowment assets held in perpetuity and to provide additional real growth through new gifts and investment return.

The Board of Governors targets distribution at 4% of the portfolio value, based on a 3-year moving average.

The Finance and Investment Committee of the Board of Governors adheres to modern portfolio theory, which has, as its basis, risk reduction through diversification. Diversification is obtained through the use of multiple asset classes and multiple investments within these asset classes. Asset classes that may be used include, but are not limited to, domestic and international corporate stocks and bonds, alternative investments, and government-issued debt securities. The investment strategy is implemented through the selection of external advisors and managers with the expertise and successful histories in the management of specific asset classes.

Endowment net assets consist of the following at June 30, 2023:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds			
Original donor-restricted amount required to be maintained in perpetuity	\$ —	\$ 16,314,732	\$ 16,314,732
Accumulated investment gains	—	11,819,882	11,819,882
Quasi endowment funds	<u>344,762</u>	<u>4,493,446</u>	<u>4,838,208</u>
 Total	 <u>\$ 344,762</u>	 <u>\$ 32,628,060</u>	 <u>\$ 32,972,822</u>

CALIFORNIA STATE UNIVERSITY FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 8 - Endowments (Continued)

Endowment net assets consist of the following at June 30, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds			
Original donor-restricted amount required to be maintained in perpetuity	\$ —	\$ 16,063,976	\$ 16,063,976
Accumulated investment gains	—	10,398,665	10,398,665
Quasi endowment funds	344,762	4,493,446	4,838,208
	<u>344,762</u>	<u>4,493,446</u>	<u>4,838,208</u>
Total	<u>\$ 344,762</u>	<u>\$ 30,956,087</u>	<u>\$ 31,300,849</u>

Net changes in endowment funds and the related portion of net assets with donor restrictions for the year ended June 30, 2023 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, as of June 30, 2022	\$ 344,762	\$ 30,956,087	\$ 31,300,849
Investment return:			
Investment income	—	457,745	457,745
Net appreciation (realized and unrealized)	—	2,029,586	2,029,586
Total investment gain	—	2,487,331	2,487,331
Contributions	—	357,552	357,552
Appropriated for expenditure	—	(1,172,910)	(1,172,910)
	<u>—</u>	<u>(1,172,910)</u>	<u>(1,172,910)</u>
Endowment net assets, as of June 30, 2023	<u>\$ 344,762</u>	<u>\$ 32,628,060</u>	<u>\$ 32,972,822</u>

CALIFORNIA STATE UNIVERSITY FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 8 - Endowments (Continued)

Net changes in endowment funds and the related portion of net assets with donor restrictions for the years ended June 30, 2022 were as follows:

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, as of June 30, 2021	\$ 344,762	\$ 34,940,348	\$ 35,285,110
Investment return:			
Investment income	—	406,352	406,352
Net depreciation (realized and unrealized)	—	(3,411,710)	(3,411,710)
Total investment return	—	(3,005,358)	(3,005,358)
Contributions	—	199,905	199,905
Appropriated for expenditure	—	(1,178,808)	(1,178,808)
Endowment net assets, as of June 30, 2022	\$ 344,762	\$ 30,956,087	\$ 31,300,849

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. Due to market conditions for the fiscal years ended June 30, 2023 and 2022, one endowment fund had a balance deficiency of \$795 and \$10,490 respectively.

During the fiscal years ended June 30, 2023 and 2022, the Foundation matched at a rate of 1:2 (50 cents for every dollar) for new donor gifts contributed to endowment funds supporting the Trustees' Award for Outstanding Achievement. These matching funds were approved by the Board of Governors through the budget line item entitled "Trustees' Award Endowment Incentive" and will be classified in endowment funds and subject to donor restriction, and all expenditure requests and transfers must be consistent with donor intent for the donor contributions. During the year ended June 30, 2023 and 2022, \$98,507 and \$36,000 was released to restriction, respectively.

CALIFORNIA STATE UNIVERSITY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2023 AND 2022

NOTE 9 - Fair Value Measurements

The Foundation uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine the fair value disclosures. The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in certain instances, there are no quoted market prices for the Foundation's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including discount rates and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument. The Foundation groups its assets and liabilities measured at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability. This valuation is accomplished using management's best estimate of fair value, with inputs into the determination of fair value that require significant management judgment or estimation.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The Foundation determines the fair value of financial instruments for which it cannot obtain quoted market prices in active markets as follows:

Alternative investments: The valuation of alternative investments is determined through consideration of the net asset values provided by the investment advisors. The investment advisors' determination of fair value is based upon the best available information and other market factors which may include, but are not limited to, estimates of liquidation value, prices of recent transactions in the same or similar funds, current performance, future expectations of the particular investment, and changes in market outlook and the financing environment. For alternative investments, which are composed of hedge funds, the Foundation has determined that the NAV reported by the underlying fund is a practical expedient to fair value; however, adjustments to the reported NAV may be made based on various factors including, but not limited to, the basis of accounting used in determining NAV, the reporting date of the NAV, and probable sales of any individual investment funds as of the measurement date. The Foundation has concluded that these investments are redeemable with the fund at NAV under the original terms of the partnership agreements and/or subscription agreements and operations of underlying fund agreements. Due to the nature of these investments, changes in market conditions and the economic environment may significantly impact the NAV of the funds and, consequently, the fair value of the Foundation's interest in the funds.

CALIFORNIA STATE UNIVERSITY FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 9 - Fair Value Measurements (Continued)

Investments in venture capital and partnerships: The fair value of investments in venture capital and partnerships is based on the Foundation's estimated capital account as determined by the asset custodians. The asset custodians' determination of fair value uses quoted prices for any assets traded on a recognized securities exchange, and all other assets are valued based upon the best available information and other market factors which may include, but are not limited to, estimates of liquidation value, prices of recent transactions in the same or similar funds, current performance, future expectations of the particular investment, and changes in market outlook and the financing environment. The capital account is also adjusted for cumulative contributions and distributions. The investments are not eligible for redemption or transfer unless written consent has been obtained from the fund's General Partner. Due to the nature of these investments, changes in market conditions and the economic environment may significantly impact the value of the funds and, consequently, the fair value of the Foundation's interest in the funds.

Other receivables and payables: The fair value of other receivables and payables is calculated by using current life expectancy tables with a discount rate of 5%.

The following tables present, set forth by level within the fair value hierarchy, the Foundation's investments at fair value measurement:

	Balance at June 30, 2023	Fair Value Measurements at Reporting Date			Net Asset Value ^(a)
		Level 1	Level 2	Level 3	
Investments:					
Money market	\$ 344,024	\$ -	\$ 344,024	\$ -	\$ -
Common stock and options	11,072,683	-	11,072,683	-	-
Mutual funds	7,203,702	-	7,203,702	-	-
Exchange-traded and closed-end funds	5,889,697	-	5,889,697	-	-
Corporate securities	697,224	-	697,224	-	-
Government securities	1,770,790	-	1,770,790	-	-
Alternative investments	11,874,982	-	-	-	11,874,982
Venture capital and partnership	11,810	-	-	11,810	-
	<u>\$ 38,864,912</u>	<u>\$ -</u>	<u>\$ 26,978,120</u>	<u>\$ 11,810</u>	<u>\$ 11,874,982</u>
Charitable gift annuity assets:					
Cash and cash equivalents	\$ 5,056,026	\$ 5,056,026	\$ -	\$ -	\$ -
Fixed income securities	2,934,761	-	2,934,761	-	-
	<u>\$ 7,990,787</u>	<u>\$ 5,056,026</u>	<u>\$ 2,934,761</u>	<u>\$ -</u>	<u>\$ -</u>
Other receivables and payables	\$ 132,774	\$ -	\$ -	\$ 132,774	\$ -

CALIFORNIA STATE UNIVERSITY FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 9 - Fair Value Measurements (Continued)

	Balance at	Fair Value Measurements at Reporting Date			Net Asset Value ^(a)
	June 30, 2022	Level 1	Level 2	Level 3	
Investments:					
Money market	\$ 457,916	\$ -	\$ 457,916	\$ -	\$ -
Common stock and options	11,477,052	-	11,477,052	-	-
Mutual funds	7,109,008	-	7,109,008	-	-
Exchange-traded and closed-end funds	3,355,965	-	3,355,965	-	-
Corporate securities	816,698	-	816,698	-	-
Government securities	1,956,215	-	1,956,215	-	-
Alternative investments	11,942,525	-	-	-	11,942,525
Venture capital and partnership	17,212	-	-	17,212	-
	<u>\$ 37,132,591</u>	<u>\$ -</u>	<u>\$ 25,172,854</u>	<u>\$ 17,212</u>	<u>\$ 11,942,525</u>
Charitable gift annuity assets:					
Cash and cash equivalents	\$ 149,625	\$ 149,625	\$ -	\$ -	\$ -
Marketable securities	4,706,791	4,706,792	-	-	-
Real estate investment trust (REIT)	21,420	21,420	-	-	-
Fixed income securities	3,136,493	-	3,136,493	-	-
	<u>\$ 8,014,329</u>	<u>\$ 4,877,837</u>	<u>\$ 3,136,493</u>	<u>\$ -</u>	<u>\$ -</u>
Other receivables and payables	<u>\$ 124,286</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 124,286</u>	<u>\$ -</u>

^(a) In accordance with Subtopic 820-10, certain investments that were measured at 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 line items presented in the statements of financial position.

CALIFORNIA STATE UNIVERSITY FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 9 - Fair Value Measurements (Continued)

The table below presents additional information about assets measured at fair value on a recurring basis using level 3 inputs to determine fair value:

	<u>Investments in Venture Capital and Partnerships</u>	<u>Other Receivables</u>
Balance at June 30, 2021	\$ 24,431	\$ 150,912
Realized and unrealized loss, net	(3,198)	(26,626)
Distributions	<u>(4,021)</u>	<u>—</u>
Balance at June 30, 2022	17,212	124,286
Realized and unrealized gain (loss), net	(4,060)	8,488
Distributions	<u>(1,342)</u>	<u>—</u>
Balance at June 30, 2023	<u>\$ 11,810</u>	<u>\$ 132,774</u>

All unrealized gains (losses) associated with the investments in venture capital and partnerships and alternative investments are reported in investment income on the statements of activities for the years ended June 30, 2023 and 2022. The unrealized gains (losses) for the other receivables and payables are reflected as an increase or decrease in the respective asset and liability on the statements of financial position as of June 30, 2023 and 2022.

CALIFORNIA STATE UNIVERSITY FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 9 - Fair Value Measurements (Continued)

Alternative Investments Reported at Net Asset Value

The following table summarizes the Foundation's alternative investments in funds valued using the fair value practical expedient of net asset value as of June 30, 2023:

	Fair Value	Redemption	Redemption	Unfunded
	June 30, 2023	Frequency	Notice Period	Commitment
			(Days)	
Hedge fund (a)	\$ 2,239,419	Quarterly	65	N/A
Hedge fund (b)	955,869	Quarterly	90	N/A
Hedge fund (c)	790,854	Quarterly	30	N/A
Private equity fund (d)	699,795	N/A	N/A	156,599
Private equity fund (e)	663,127	N/A	N/A	144,154
Private equity fund (f)	1,131,791	N/A	N/A	119,540
Private equity fund (g)	824,790	N/A	N/A	157,500
Private equity fund (h)	742,234	N/A	N/A	127,500
Private equity fund (i)	636,766	N/A	N/A	218,395
Private equity fund (j)	424,485	N/A	N/A	231,000
Private equity fund (k)	421,210	N/A	N/A	115,832
Private equity fund (l)	284,269	N/A	N/A	190,343
Private equity fund (m)	495,075	N/A	N/A	500,000
Private equity fund (n)	52,726	N/A	N/A	919,910
Private equity fund (o)	85,302	N/A	N/A	940,000
REIT (p)	<u>1,427,270</u>	Monthly	T-3	N/A
	<u><u>\$ 11,874,982</u></u>			

- (a) Private Advisors Hedged Equity Fund, Ltd. invests in US global and emerging markets with long- and short-equity strategies. These strategies focus on bottom-up fundamental company analysis but may also include top-down macro-based views, market trends and sentiment factors and investments across sectors in the equity markets.

CALIFORNIA STATE UNIVERSITY FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 9 - Fair Value Measurements (Continued)

Alternative Investments Reported at Net Asset Value (Continued)

Terms, Conditions, and Restrictions

While the liquidity of the underlying assets may vary, withdrawals in this portfolio have a one-year lock up with a 4% early redemption penalty, and quarterly withdrawals thereafter with 65 days written notice. The Board of Directors, by written notice to shareholders wishing to redeem Shares, may suspend redemption rights or the payment of redemptions, in whole or in part, when it reasonably believes it necessary or prudent to do so for the operation of the Fund.

The Memorandum of Association and Articles of Association provide that the Shares may not be sold, assigned, transferred, conveyed, or disposed of without the prior written consent of the Board of Directors, which consent may be given or withheld in its sole and absolute discretion. Any attempted sale, assignment, transfer, conveyance, or disposal without such consent may subject such Shares to compulsory redemption.

Upon approval, if the Shareholder decides to sell its Interest (or any part thereof) in the Fund to a third-party buyer, the Fund would require an Assignment and Assumption to be completed. The third-party must complete a subscription agreement and be able to make all of the necessary representations that it is a qualified client and a qualified eligible person as outlined in the agreement. The third-party buyer will be subject to all necessary anti-money laundering checks and be required to provide documentation as requested by the Fund's administrator. Each Assignment and Assumption is unique and should be discussed with the Fund in advance. These transactions are completed at the first day of each calendar quarter: January 1, April 1, July 1 and October 1.

Redemptions in full are subject to a holdback of 10% on redemption proceeds under the sole discretion of the fund's management until the fund's subsequent audit is completed as set forth in more detail in the fund's private placement memorandum. Interest will not be paid on amounts held back.

- (b) Millennium International Ltd. is a multi-strategy fund using relative-value arbitrage, statistical arbitrage, event-driven merger arbitrage, and quantitative strategies investing in fixed income, commodities and other securities.

CALIFORNIA STATE UNIVERSITY FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 9 - Fair Value Measurements (Continued)

Alternative Investments Reported at Net Asset Value (Continued)

Terms, Conditions, and Restrictions

Quarterly Redemption Schedule

A shareholder may elect to redeem up to 5% of the net asset value of such shareholder's Offered Shares as of the end of any calendar quarter (a "Quarterly Redemption") by providing written notice at least 90 days and no more than 180 days prior to the end of the applicable calendar quarter (a "Quarterly Redemption Date"). In addition, if as a result of Quarterly Redemptions (whether or not consecutive) the net asset value of a shareholder's Offered Shares is equal to 5% or less of its aggregate subscription amounts for Offered Shares, a shareholder may redeem the balance of such Offered Shares by providing written notice at least 90 days and no more than 180 days prior to the end of a calendar quarter. All notices must be provided to both Millennium International and the Administrator.

Annual Redemption Schedule

A shareholder may elect to redeem the entire net asset value of such shareholder's Offered Shares over a five year period by making five consecutive annual redemption requests, with proceeds paid on a calendar quarterly basis within each such annual period (each annual period, an "Annual Redemption Period," and each calendar quarter end redemption date within an Annual Redemption Period, an "Annual Redemption Schedule Date"). A shareholder may elect to commence an Annual Redemption Period as of any calendar quarter, but such Annual Redemption Period does not have to coincide with a calendar year. A shareholder electing to redeem Offered Shares pursuant to the Annual Redemption Schedule must provide written notice to both Millennium International and the Administrator at least 90 days and no more than 180 days (i) prior to the first Annual Redemption Schedule Date of the first Annual Redemption Period and (ii) prior to the first Annual Redemption Schedule Date of each subsequent Annual Redemption Period.

During each Annual Redemption Period, redemption amounts will be calculated based on the net asset value of such shareholder's Offered Shares as of each Annual Redemption Schedule Date (excluding the net asset value of any additional Offered Shares subscribed for or otherwise received following the commencement of the Annual Redemption Schedule).

- (c) Sculptor Overseas Fund II, Ltd utilizes a diversified, multi-strategy approach to seeking to deliver positive, absolute returns throughout market cycles, with a focus on risk management and capital preservation. The Fund opportunistically allocates across global investment strategies, including merger arbitrage, long/short equity special situations, corporate credit, structured credit, convertible and derivative arbitrage, as well as private investments.

CALIFORNIA STATE UNIVERSITY FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 9 - Fair Value Measurements (Continued)

Alternative Investments Reported at Net Asset Value (Continued)

Terms, Conditions, and Restrictions

Quarterly Shareholders may redeem their Quarterly Shares, upon not less than 30 days prior written notice, or such lesser period as the Board of Directors, in its sole discretion, may permit, as of the last business day of each fiscal quarter.

- (d) Private Advisor Small Fund VI participates in fund of funds investments, focusing solely on middle market fund managers located in North America. Fund managers primarily focus on growth equity, buyout, and distressed/turnaround strategies with fund sizes below \$750 million and an emphasis on fund sizes below \$500 million typically targeting investments in portfolio companies with total enterprise value below \$150 million.

Terms, Conditions, and Restrictions

The term of the Partnership will end 12 years after the date of the final closing but may be extended for up to a maximum of three consecutive one-year periods by the General Partner in its sole discretion and, thereafter, for further one-year periods with the consent of the Advisory Committee.

The Partnership Agreement significantly restricts the ability of a Limited Partner to sell or otherwise transfer its Interest. Interests will not be transferable without the prior consent of the General Partner, which may be withheld by the General Partner in its sole discretion.

- (e) Hamilton Lane Private Markets Opportunity Fund LP seeks to create a portfolio of Private Equity primary investments in underlying funds and secondary and co-investment/direct investments. This Fund of Funds Series participates in diverse investment strategies including buyout, credit/distressed, secondaries, venture/growth capital, co-investment/direct and real estate/real asset and diverse geographies by allocating globally in investments.

Terms, Conditions, and Restrictions

The partnership term is 14 years subject to two extensions of one-year each. The first extension is at the discretion of the General Partner. The second extension must be at the consent of the Fund of Funds Advisory Committee. Two additional one-year extensions are given with the consent of a majority in Interest of Limited Partners of the Fund of Funds Series.

The investment period is the first four to five years. Typically, in years six to ten, the fund manager begins to exit portfolio company investments, sending capital back to investors in the form of distributions. Partial realization can occur as early as years two and three.

CALIFORNIA STATE UNIVERSITY FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 9 - Fair Value Measurements (Continued)

Alternative Investments Reported at Net Asset Value (Continued)

A Limited Partner may not sell, assign, or transfer any interest without the prior written consent of the General Partner, which may be given or withheld in the General Partner's sole and absolute discretion. Further, subject to certain exceptions for Limited Partners subject to ERISA, a Limited Partner may not withdraw from the Fund. The General Partner may require the withdrawal of a Limited Partner if such Limited Partner's continued participation in the Fund could result in a violation of applicable law or may have a material adverse effect on the Fund, the General Partner, or the Manager.

- (f) KKR Americas Fund XII LP invests in management buyouts and build-ups and growth equity investments, and other investments with a view to control, primarily in the US, Canada, and Mexico.

Terms, Conditions, and Restrictions

The General Partner generally intends to distribute all cash proceeds from dispositions of portfolio company securities as soon as practicable after receipt thereof. Cash proceeds from the disposition of investments and current income may be distributed prior to the final closing date as the General Partner may determine in its sole discretion. Subject to up to two one-year extensions by the General Partner with approval of a majority in Interest of the Limited Partner following consultation with the Advisory Committee, the Fund will be terminated on the eleventh anniversary of the date on which the first portfolio investment was made, unless terminated earlier in accordance with the Partnership Agreement.

Generally, a Limited Partner will not be permitted to withdraw from the Fund or any portion of its capital account. A Limited Partner's Interest in the Fund may not be sold, transferred, pledged or assigned, in whole or in part, without the prior written consent of the General Partner. However, the General Partner will not unreasonably withhold or delay its consent to the transfer by a Limited Partner to an affiliate of such Limited Partner, and to the admission of such affiliate as a substitute Limited Partner, so long as such affiliate meets certain minimum requirements set forth in the Partnership Agreement.

- (g) CPG Vintage Access Fund, LLC seeks diversification by employing different strategies such as investments in buyout, growth equity, venture capital, private credit and real estate special situations with a focus on mid-cap and small-cap companies globally.

CALIFORNIA STATE UNIVERSITY FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 9 - Fair Value Measurements (Continued)

Alternative Investments Reported at Net Asset Value (Continued)

Terms, Conditions, and Restrictions

Investors reasonably can expect to receive distributions from the Fund periodically after the Fund receives distributions from Investment Funds and when Investment Funds terminate, which the Fund anticipates will occur approximately 10 to 12 years after the final closing. The Fund will be wound up and dissolved after its final distribution to Investors.

Investors do not have the right to require the Fund to redeem their Units during the life of the Fund, and the Fund will not provide liquidity to Investors, through periodic written tender offers or otherwise.

- (h) CPG Vintage Access Fund II, LLC seek long-term attractive risk-adjusted returns by investing in a portfolio of private equity, growth equity, venture capital, private credit, and other private investment funds.

Terms, Conditions, and Restrictions

The Fund does not have a fixed term. The investment funds, however, generally will have fixed terms. Investors reasonably can expect to receive distributions from the Fund periodically after the Fund receives distributions from investment funds and when Investment Funds terminate, which the Fund anticipates will occur approximately 10 to 12 years after the Final Closing. The Fund will be wound up and dissolved after its final distribution to investors. Investors do not have the right to require the Fund to redeem their Units during the life of the Fund, and the Fund will not provide liquidity to Investors, through periodic written tender offers or otherwise.

- (i) PA Small Company Private Equity Fund IX intends to invest in 12–15 underlying fund managers over two to three vintage years and gain exposure to a diversified portfolio of approximately 150–200 underlying portfolio companies. Targeted underlying managers are expected to invest in a broad range of strategies, including buyouts, growth equity, and distressed/turnaround situations. In addition, Fund IX will seek to opportunistically utilize co-investments (15-20%) and/or secondary investments (10-15%) in order to deploy capital into the Small Company segment which may assist in mitigating the J-Curve.

CALIFORNIA STATE UNIVERSITY FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 9 - Fair Value Measurements (Continued)

Alternative Investments Reported at Net Asset Value (Continued)

Terms, Conditions, and Restrictions

The term of the Partnership will end 12 years after the date of the final closing, but may be extended for up to a maximum of two consecutive one-year periods by the General Partner in its sole discretion and thereafter, for further one-year periods with the consent of the Advisory Committee.

The Partnership is subject to earlier dissolution and liquidation upon the first to occur of any of the following events: (i) the removal of the General Partner for cause, unless the Partnership is continued after such removal in accordance with the provisions of the Partnership Agreement; (ii) the removal of the General Partner without cause, unless the Partnership is continued after such removal in accordance with the provisions of the Partnership Agreement; (iii) the written consent of the General Partner and two-thirds in interest of the Limited Partners or (iv) the disposition of the Partnership's last investment and the final distribution of all assets and satisfaction of all liabilities of the Partnership (the "Final Distribution").

The Partnership Agreement significantly restricts the ability of a Limited Partner to sell or otherwise transfer its interest. Interests will not be transferable without the prior consent of the General Partner, which may be withheld by the General Partner in its sole discretion.

- (j) TrueBridge Select Fund I (Cayman), L.P. seeks to build a concentrated portfolio of top-performing, elite venture capital and growth equity funds. TrueBridge expects to invest in up to eight managers with the expected number of funds ranging from approximately eight to twelve.

Terms, Conditions, and Restrictions

The term of the Partnership will terminate on the twelfth anniversary of the Initial Closing but may be extended thereafter at the discretion of the General Partner to permit orderly dissolution. The Partnership may be terminated at any time during the Investment Period by the vote of 80% in interest (capital invested) of the Limited Partners, and after the Investment Period, by the vote of 90% in interest of the Limited Partner. Generally, a Limited Partner may not sell, assign, or transfer any interest in the Partnership without the prior written consent of the General Partner, which generally may be withheld in the General Partner's sole discretion. In addition, generally, a Limited Partner may not withdrawal any amount from the Partnership.

CALIFORNIA STATE UNIVERSITY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2023 AND 2022

NOTE 9 - Fair Value Measurements (Continued)

Alternative Investments Reported at Net Asset Value (Continued)

- (k) Ares Climate Infrastructure Partners, L.P. (ACIP) focuses on Climate Infrastructure. The Fund will invest primarily in equities (~75%+) and some debt instruments of both assets and platform companies across the asset life cycle. ACIP will target value-add renewable energy, energy storage and microgrids, resource and energy efficiency, vehicle electrification, and transmission and smart grids. These investments will primarily be sourced in North America, but may also include opportunities in OECD countries. ACIP's portfolio will target 15-20 investments with the typical expected hold period for each investment of four to six years. The Fund will focus on proven technologies; it will not make Cleantech venture investments.

Terms, Conditions, and Restrictions

Unless the Partnership is sooner dissolved and wound up as provided in Sections 9.2 or 9.3 or by operation of law, the term of the Partnership shall continue until the end of the fiscal quarter during which the tenth anniversary of the Initial Closing occurs, provided, however, that the term of the Partnership may be extended by the General Partner: (a) in its sole discretion for an additional one-year period; and (b) with the approval of the Advisory Board or a majority in interest of the CIP Investors for one or more additional one-year periods. Unless the Partnership is sooner dissolved, upon the expiration of the term, the Partnership shall dissolve and commence its winding up.

Except as otherwise provided in this Agreement, without the consent of the General Partner, no Partner shall have the right to withdraw its capital and profits from the Partnership, or to demand and receive any Partnership property in exchange for its interest in the Partnership.

Notwithstanding the foregoing sentence, except as otherwise provided in this Agreement, the General Partner shall not have the right to withdraw its capital and profits from the Partnership.

- (l) Bridge Workforce and Affordable Housing Fund II LP (WFAH II) seeks to provide investors with strong current yield, capital appreciation and attractive risk-adjusted returns. The General Partner will focus on workforce and affordable housing investment that it believes (1) can be acquired or developed at attractive prices relative to competitive assets in each submarket and current replacement costs, and (2) allow the Investment Manager to apply its proven management expertise to add value and optimize these assets by employing one of more of a variety of strategies at the asset level, including: adding amenities, improving unit interiors and common areas, effecting operations improvements, and implementing extensive community and social programs through alliances with strategic service providers.

The General Partner aims to assemble a diversified portfolio of workforce and affordable housing assets, with emphasis on assets the General Partner believes have strong current or potential income and capital appreciation potential. The Partnership intends to focus on acquiring multifamily properties that satisfy the requirements for qualified investments for affordable housing for low- or moderate-income individuals under the CRA, where at least 51% of the units are occupied by families that earn a maximum of 80% of the area's median income, with certain investments also qualifying for LIHTC. Beyond meeting CRA criteria, the General Partner expects to further maintain and preserve affordable rents for households making less than 80% AMI.

CALIFORNIA STATE UNIVERSITY FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 9 - Fair Value Measurements (Continued)

Alternative Investments Reported at Net Asset Value (Continued)

Terms, Conditions, and Restrictions

The Partnership shall, unless earlier dissolved and terminated pursuant to Section 9.1, continue in business until the close of business on the tenth anniversary of the Main Fund Initial Closing Date; provided, that the General Partner may extend the term of the Partnership for successive one-year periods up to a maximum of two years; provided, further, that prior to extending the term of the Partnership for the second such one-year period, the General Partner shall consult with the Advisory Committee (which, for the avoidance of doubt, shall not require the consent of the Advisory Committee).

Except as expressly provided in this Agreement, (a) no Partner shall have the right to withdraw from the Partnership, to reduce its Capital Commitment, or to withdraw any part of its Capital Account and (b) no additional Partner may be admitted to the Partnership. Each new Partner shall be admitted as a Partner upon the execution by or on behalf of it of an agreement pursuant to which it becomes bound by the terms of this Agreement, and acceptance thereof by the General Partner. The names and addresses of all Persons admitted as Partners and their status as a General Partner or a Limited Partner shall be maintained in the records of the Partnership.

- (m) HarbourVest Access – Co-Investment Fund VI LLC is seeking to build a global portfolio of direct co-investments primarily in buyout and growth equity transactions. The Fund expects to construct a portfolio diversified by lead manager, industry, stage, and geography across 40-55 investments.

Terms, Conditions, and Restrictions

As an indirect Main Fund Limited Partner, the term of the Access Fund is expected to end as soon as practicable after the termination of the Main Fund, or such earlier time as the Access Fund Manager may determine to dissolve the Access Fund in its sole discretion. The term of the Main Fund is ten years, with up to three one-year extensions exercised at the discretion of the Main Fund GP, with the prior approval of a majority in interest of the Main Fund Limited Partners. In the event that the Access Fund is not able to invest in the Main Fund, including, without limitation, due to an insufficient amount of Capital Commitments, the Access Fund shall be wound up as soon as is reasonably practicable. As further described in the Access Fund Limited Liability Company Agreement, upon the occurrence of certain events that would otherwise cause the dissolution of the Access Fund, including without limitation, certain events that result in the Access Fund Manager ceasing to be the non-member Manager of the Access Fund, the remaining Members may agree to continue the business of the Access Fund and appoint one or more managers.

CALIFORNIA STATE UNIVERSITY FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 9 - Fair Value Measurements (Continued)

Alternative Investments Reported at Net Asset Value (Continued)

This is a long-term investment and Members generally have no right to withdraw from the Access Fund prior to its dissolution, except in limited circumstances as described in the Access Fund Limited Liability Company Agreement. Both the Access Fund and the Main Fund are intended for investors who can accept the significant risks associated with investing in illiquid assets. Accordingly, an investment in the Access Fund should only be considered by person who can afford a loss of their entire investment and Members should maintain sufficient liquid assets to meet capital call obligations and manage short-term and long-term cash needs.

The Access Fund Manager in its sole discretion may at any time determine to dissolve the Access Fund and in furtherance thereof may distribute to each Member its indirect interest in the HCF VI Feeder Fund.

- (n) The Rise Fund III, L.P. will seek to make investments primarily in businesses that the General Partner believes have positive societal (i.e., social and/or environmental) impact. In light of the nature of such investments, the General Partner expects that such investments will consist primarily of small buyout, venture capital and growth investments.

Terms, Conditions, and Restrictions

The term of the Partnership shall continue in full force and effect until December 31 immediately following the 10th anniversary of the later of (i) the Final Closing Date and (ii) the Effective Date (such date, the “Initial Termination Date”), in each case, unless extended in accordance with paragraph 2.05(b) or the Limited Partnership Agreement (“LPA”) or terminated prior thereto in accordance with paragraph 10.01 of the LPA.

A Limited Partner’s interest is not transferable except with the consent of the General Partner, and a Limited Partner’s capital may not be withdrawn from the Fund unless such a withdrawal is required by or consented to by the General Partner under the terms of the Partnership Agreement. Limited Partners may not resell, transfer or otherwise dispose of their interest without an effective registration statement or the availability of an exemption from registration under the Securities Act and the securities laws of other relevant jurisdictions.

- (o) HarbourVest Access – Dover Street XI LLC is seeking to deliver attractive long-term performance, as well as strong interim performance, including early liquidity, by investing in mature private equity investments, including buyout, growth equity, venture capital and other private market assets, with an emphasis on complex secondary transactions.

CALIFORNIA STATE UNIVERSITY FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 9 - Fair Value Measurements (Continued)

Alternative Investments Reported at Net Asset Value (Continued)

Terms, Conditions, and Restrictions

As an indirect Main Fund Limited Partner, the term of the Access Fund is expected to end as soon as practicable after the termination of the Main Fund, or such earlier time as the Access Fund Manager may determine to dissolve the Access Fund in its sole discretion. The term of the Main Fund is 10 years, with up to four one-year extensions exercised at the option of the Main Fund GP. In the event that the Access Fund is not able to invest in the Main Fund, including, without limitation, due to an insufficient amount of Capital Commitments, the Access Fund shall be wound up as soon as is reasonably practicable. As further described in the Access Fund Limited Liability Company Agreement, upon the occurrence of certain events that would otherwise cause the dissolution of the Access Fund, including without limitation, certain events that result in the Access Fund Manager ceasing to be the non-member Manager of the Access Fund, the remaining Members may agree to continue the business of the Access Fund and appoint one or more managers.

This is a long-term investment and Members generally have no right to withdraw from the Access Fund prior to its dissolution, except in limited circumstances as described in the Access Fund Limited Liability Company Agreement. Both the Access Fund and the Main Fund are intended for investors who can accept the significant risks associated with investing in illiquid assets. Accordingly, an investment in the Access Fund should only be considered by persons who can afford a loss of their entire investment and Members should maintain sufficient liquid assets to meet capital call obligations and manage short-term and long-term cash needs.

The Access Fund Manager in its sole discretion may at any time determine to dissolve the Access Fund and in furtherance thereof may distribute to each Member its indirect interest in the Dover XI Feeder Fund.

- (p) Blackstone Real Estate Investment Trust is a non-traded REIT focused on investing in primarily stabilized commercial real estate properties diversified by sector with a focus on providing current income to investors.

Terms, Conditions, and Restrictions

Monthly repurchases will be made at the transaction price, which is generally equal to the prior month's NAV with an overall limit of 2% of the NAV per month and 5% of the NAV per quarter. Shares not held for at least one year will be repurchased at 95% of that month's transaction price. Repurchase requests must be received in good order by the second to last business day of the applicable month. The share repurchase plan is subject to other limitations and the board may modify, suspend or terminate the plan.

CALIFORNIA STATE UNIVERSITY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2023 AND 2022

NOTE 10 - Related-Party Transactions

The Foundation receives grants for the California State University Office of the Chancellor (Chancellor's Office) or CSU campuses, which it then disburses to the respective organizations. During the years ended June 30, 2023 and 2022, approximately \$4,943,000 and \$6,013,000, respectively, were disbursed to CSU organizations, and is presented on the accompanying statements of activities as projects, grants, scholarships and other assistance expenses.

At June 30, 2023 and 2022, the Foundation had payables of \$772 and \$1,043 respectively. At June 30, 2023, the Foundation had receivable of \$3,645.

During fiscal years 2023 and 2022, the Foundation received services from the Chancellor's Office for administrative and fundraising activities. These activities are valued by management by estimating a proportion of time of each Chancellor's Office employee who performs services on behalf of the Foundation. The salary and benefits for each of these Chancellor's Office employees is multiplied by the proportion of time allocated to services on behalf of the Foundation to reach the total dollar value. The value of such services to the Foundation were \$406,743 and \$417,779, respectively, and is presented on the accompanying statements of activities as contributions without donor restrictions. The corresponding expenses are reported as in-kind administrative expenses in the amount of \$353,457 and \$365,964, respectively, and fundraising expenses in the amount of \$53,286 and \$51,815, respectively, without donor restrictions.

NOTE 11 - Allocation of Functional Expenses

The financial statements report certain categories of expenses that are attributable to one or more supporting functions of the Foundation. Those expenses include conference, convention, meeting, fundraising, and other expenses. All categories are allocated between program and supporting services based on the benefits received by either the CSU Foundation or the Chancellor's Office.

NOTE 12 - In-Kind Support

In addition to the services from Note 10, the Foundation received in-kind support totaling \$16,880 presented on the accompanying statements of activities as contributions in which \$100 was with donor restriction and \$16,780 was without donor restriction during the year ended June 30, 2023. At June 30, 2023, there was \$760 tangible in-kind support that was not disbursed. In-kind support not disbursed is typically presented as other current assets on the statements of financial position.

NOTE 13 - Supplemental Disclosure of Noncash Investing and Financing Activities

The Foundation increased Alumni Council liability for the investment income (loss) on behalf of Alumni Council of \$9,692 and \$(11,413) during the years ended June 30, 2023 and 2022, respectively.