

UNIVERSITY ENTERPRISES CORPORATION AT CSUSB

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2023)**



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**UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
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**UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
BOARD OF DIRECTORS
JUNE 30, 2024**

OFFICERS

Tomás D. Morales, Chief Executive Officer
Samuel Sudhakar, Chair
Valerie Zellmer, Vice Chair
Taewon Yang, Interim Treasurer
Juan Herrera, Interim Secretary

BOARD MEMBERS

Tomás D. Morales	Director (University President); Board Chief Executive Officer
Samuel Sudhakar	Director (Vice President); Board Chair
Valerie Zellmer	Director (Community); Board Vice Chair
Juan Herrera	Director (Community); Interim Secretary
Taewon Yang	Director (Faculty); Interim Treasurer
Dorothy Chen-Maynard	Director (Faculty)
Jeremy Dodsworth	Director (Faculty)
Rafik Mohamed	Director (Vice President)
Robert Nava	Director (Vice President)
Paz Olivérez	Director (Vice President)
Destiny Shavers	Director (Student)
Jennifer Sorenson	Director (Staff)
William Stevenson	Director (Community)
Robin Phillips	Director (Vice President)
Cynthia Crawford	Director (Sponsored Programs)
Angelica Agudo	Director (Student)
Carson Fajardo	Director (Student)



INDEPENDENT AUDITORS' REPORT

Board of Directors
University Enterprises Corporation at CSUSB
San Bernardino, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of University Enterprises Corporation at CSUSB (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of University Enterprises Corporation at CSUSB, as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 University Enterprises Corporation at CSUSB 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 University Enterprises Corporation at CSUSB's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of University Enterprises Corporation at CSUSB'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 University Enterprises Corporation at CSUSB'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.

UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

Supplementary Information

Our audit was conducted for the purpose of forming opinion on the financial statements as a whole. The schedule of net position, the schedule of revenues, expense, and changes in net position, and other information as listed in the table of contents, in addition to the listing of Board of Directors, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the 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 November 27, 2024 on our consideration of University Enterprises Corporation at CSUSB's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of University Enterprises Corporation at CSUSB's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering University Enterprises Corporation at CSUSB's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited the University Enterprises Corporation at CSUSB's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 13, 2023. In our opinion, the summarized comparative information presented herein as of and for the fiscal year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.



CliftonLarsonAllen LLP

Glendora, California
November 27, 2024

UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

	2024	2023
ASSETS		
Cash and Cash Equivalents	\$ 4,323,017	\$ 2,369,649
Short-term Investments	13,809,215	11,269,664
Accounts Receivable	13,992,070	12,237,088
Due From Related Party	473,090	231,188
Assets for Post-Employment Medical Benefits	954,859	94,816
Assets for Pension Benefits	-	-
Other Receivables	139,751	441,066
Prepaid Expenses	428,176	499,713
Property, Plant and Equipment, Net	2,717,371	3,169,662
Other Assets - Right-of-Use	3,594,314	4,116,598
	\$ 40,431,863	\$ 34,429,444
LIABILITIES		
Accounts Payable	\$ 3,380,709	\$ 2,265,365
Due To Related Party	2,266,409	2,317,678
Accrued Wages and Benefits	964,954	979,219
Accrued Vacation	501,697	433,756
Other Accrued Liabilities	1,312,070	697,487
Deferred Revenue	10,542,430	9,394,796
Liabilities for Pension Benefits	3,827,652	2,620,000
Lease Liability	3,712,430	4,175,569
Total Liabilities	26,508,351	22,883,870
NET ASSETS		
Without Donor Restrictions		
Undesignated	11,696,143	9,314,410
Board-Designated	2,227,369	2,231,164
Total Without Donor Restrictions	13,923,512	11,545,574
Total Net Assets	13,923,512	11,545,574
Total Liabilities and Net Assets	\$ 40,431,863	\$ 34,429,444

See accompanying Notes to Financial Statements.

UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

	Without Donor Restrictions	With Donor Restrictions	2024 Total	2023 Total
REVENUES				
Commissions	\$ 807,244	\$ -	\$ 807,244	\$ 642,034
Grants and Contracts	48,951,368	-	48,951,368	40,154,314
Special Programs	740,517	-	740,517	734,819
Parent Fees	424,945	-	424,945	354,208
Investment Income, Net	461,939	-	461,939	102,847
Gain/(Loss) on Disposal of Asset	-	-	-	564
Unrealized Gain/(Loss) on Investments	55,737	-	55,737	42,277
Realized Gain/(Loss) on Investments	39,225	-	39,225	(3,051)
Miscellaneous Income	1,003,606	-	1,003,606	1,406,344
Total Revenues from Operations	52,484,581	-	52,484,581	43,434,356
Transfers from University/Other Auxiliary Organizations	991,983	-	991,983	818,016
Total Revenues	53,476,564	-	53,476,564	44,252,372
EXPENSES				
Program Expenses:				
Commercial Operations	1,197,973	-	1,197,973	1,888,368
Sponsored Programs	47,469,948	-	47,469,948	39,220,273
Campus Programs	2,331,651	-	2,331,651	1,961,695
Management and General	(360,720)	-	(360,720)	(385,510)
Total Program and General Expenses	50,638,852	-	50,638,852	42,684,826
CHANGES IN NET ASSETS FROM PROGRAM ACTIVITIES	2,837,712	-	2,837,712	1,567,546
OTHER ADJUSTMENTS				
Transfers to University/Other Auxiliary Organizations	(112,165)	-	(112,165)	(44,268)
Net Change in Pension Liability Valuation	(1,207,652)	-	(1,207,652)	(2,661,159)
Net Change in OPEB Liability Valuation	860,043	-	860,043	811,564
Total Other Adjustments	(459,774)	-	(459,774)	(1,893,863)
CHANGES IN NET ASSETS INCLUDING OTHER ADJUSTMENTS	2,377,938	-	2,377,938	(326,317)
Net Assets - Beginning of Year	11,545,574	-	11,545,574	11,871,891
NET ASSETS - END OF YEAR	\$ 13,923,512	\$ -	\$ 13,923,512	\$ 11,545,574

See accompanying Notes to Financial Statements.

UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

	2024				Supporting		2023
	Program Activities			Activities		Total Expenses	Total Expenses
	Commercial Operations	Sponsored Programs	Campus Programs	Total Program Activities	Management and General		
Salaries	\$ -	\$ 17,815,862	\$ 1,506,827	\$ 19,322,689	\$ 988,227	\$ 20,310,916	\$ 17,285,932
Employee Benefits	-	4,916,447	446,707	5,363,154	393,903	5,757,057	4,905,079
Administrative Costs	-	18,299	608	18,907	8,134	27,041	19,596
Bad Debts	-	-	-	-	-	-	356
Bank and Credit Fees	-	-	-	-	6,262	6,262	5,294
Small Equipment Purchases	8,904	362,740	11,890	383,534	23,850	407,384	220,731
Conferences and Meetings	-	477,483	13,790	491,273	43,914	535,187	245,010
Contract Services	9,602	3,986,152	8,018	4,003,772	186,596	4,190,368	2,986,577
Cost of Goods Sold	10,757	-	-	10,757	-	10,757	8,800
Depreciation	418,884	165,789	1,570	586,243	69,267	655,510	1,615,734
Campus Services Expense	-	-	-	-	2,043,532	2,043,532	2,859,894
Dues, Memberships, and Subscriptions	-	26,926	(465)	26,461	14,017	40,478	20,250
Food	-	38,847	32,815	71,662	-	71,662	44,788
Grant Indirect Costs	-	5,859,545	-	5,859,545	(5,855,787)	3,758	65
Honoraria	-	1,500	-	1,500	5,500	7,000	7,804
Information Technology Costs	26,769	459,282	947	486,998	14,349	501,347	354,588
Insurance	-	38,791	-	38,791	228,850	267,641	215,793
Interest	-	3,794	-	3,794	-	3,794	586
Leases	-	1,288,354	-	1,288,354	-	1,288,354	-
Licenses and permits	9,357	31,220	1,898	42,475	5,718	48,193	54,052
Grant subrecipient costs	-	2,335,725	-	2,335,725	-	2,335,725	2,238,388
Other expenses	93	215,124	7,968	223,185	443,661	666,846	594,696
Postage	2	647	126	775	2,818	3,593	6,060
Printing	-	24,207	723	24,930	1,358	26,288	19,815
Professional Development and Training	-	154,842	1,597	156,439	67,646	224,085	257,377
Professional Fees	-	-	7,980	7,980	104,726	112,706	73,103
Public Relations	71	30,804	10,796	41,671	275	41,946	10,017
Rental, Equipment, and Space	222,574	(232,780)	-	(10,206)	15,115	4,909	71,202
Repairs	331,606	137,600	4,190	473,396	39,127	512,523	587,640
Stipends, Room and Board	-	5,439,464	3,918	5,443,382	1,800	5,445,182	3,943,049
Supplies	136	1,029,892	256,840	1,286,868	617,383	1,904,251	2,265,459
Travel	-	2,630,247	6,127	2,636,374	167,310	2,803,684	1,270,792
Utilities and Telephone	159,217	213,146	6,781	379,144	1,729	380,873	496,299
Total Program and General Expenses	\$ 1,197,972	\$ 47,469,949	\$ 2,331,651	\$ 50,999,572	\$ (360,720)	\$ 50,638,852	\$ 42,684,826

See accompanying Notes to Financial Statements.

UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 2,377,938	\$ (326,317)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	651,104	633,492
Noncash Lease Expense	504,179	856,504
Unrealized (Gain) Loss on Investments	(55,737)	(42,277)
(Gain) Loss on Disposal of Fixed Assets	-	(564)
(Increase) Decrease in Assets:		
Grants Receivable	(1,754,982)	(3,401,496)
Due from Related Party	(241,902)	(190,908)
Other Receivables	301,315	221,941
Prepaid Wxpenses	71,537	45,987
Increase (Decrease) in Liabilities:		
Accounts Payable	1,115,344	(1,417,608)
Due to Related Party	(51,269)	747,144
Accrued Wages and Benefits	(14,265)	192,879
Accrued Vacation	67,942	39,404
Other Accrued Liabilities	614,584	(63,248)
Deferred Revenue	1,147,634	1,138,044
Post-Employment Medical Benefits	(860,043)	(811,564)
Actuarial Pension Related Items	1,207,652	2,661,159
Lease Liability	(463,139)	(767,271)
Net Cash Provided (Used) by Operating Activities	4,617,890	(484,701)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments Related to the Construction of Capital Assets	(43,779)	(37,259)
Payments Related to the Acquisition of Capital Assets	(136,929)	(61,788)
Purchase of Investments	(2,483,813)	(11,539,323)
Sale of Investments	-	6,693,903
Net Cash Used by Investing Activities	(2,664,521)	(4,944,467)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,953,369	(5,429,168)
Cash and Cash Equivalents - Beginning of Year	2,369,648	7,798,817
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 4,323,017	\$ 2,369,649
SUPPLEMENTAL DISCLOSURE OF NONCASH INFORMATION		
Recognized Other Assets - Right of Use	\$ -	\$ 5,068,578

See accompanying Notes to Financial Statements.

UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 SUMMARY OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

University Enterprises Corporation at CSUSB was created on July 31, 1962 as the San Bernardino-Riverside State College Foundation pursuant to the general nonprofit corporation laws of the state of California. On October 30, 1984, the name of the corporation was changed to The Foundation for California State University, San Bernardino (the Foundation). On July 1, 2011, the name of the corporation was changed to University Enterprises Corporation at CSUSB (UEC). At that time all endowment and gift assets, with the exception of charitable remainder trusts set up with the UEC acting as trustee, were transferred to the newly created Philanthropic Foundation. The UEC was organized to promote and assist education, administration and related services of the California State University, San Bernardino. The UEC operates as an auxiliary organization of the California State University, San Bernardino (University) under an operating agreement with the Trustees of the California State University (Trustees) which expires June 30, 2030.

Major Program Services

The UEC's major program services include:

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

Sponsored Programs, which includes the operation and administration of externally funded sponsored projects in support of the instructional, research and public functions of the University.

Campus Programs, consisting of the operation of the on-campus Child Care Center, Infant Toddler Center, PC Lab, and Alumni Relations.

Estimates

The preparation of these financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets, liabilities, revenues and expenses, as well as the disclosure of contingent assets and liabilities. Accordingly, actual results could differ from those estimates. Management also determines the accounting principles to be used in the preparation of the financial statements. A description of the significant accounting policies employed in the preparation of these financial statements follows.

UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 SUMMARY OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting and Presentation

The financial statements of the UEC have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205. Accordingly, information regarding financial position, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of UEC and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations, and which may be designated for specific purposes by action of the board of directors.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are released from restrictions when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents and Concentrations

For purposes of the statement of cash flows, cash and cash equivalents include all highly liquid investments with a maturity of three months or less from date of purchase. UEC maintains its cash balances in three financial institutions. The Federal Deposit Insurance Corporation (FDIC) insures up to \$250,000 per depositor, per insured bank, for each account ownership category. These balances may at times exceed the FDIC limit. As of June 30, 2024, UEC had \$4,392,032 above federally insured limits. However, the financial institutions have secured the deposits by pledging securities in an individual collateral pool, held by a depository, regulated under state law. Accordingly, UEC believes it is not exposed to any significant credit risk on cash and cash equivalents.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. The fair value of investments in securities is based on the quoted market price of the underlying securities. Investments in real estate are stated at acquisition cost. Unrealized gains and losses are included in the change in net assets. Short-term investments consist of debt securities with original maturities of 12 months or less. Long-term investments consist of debt securities with original maturities greater than 12 months.

UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 SUMMARY OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Prepaid Expenses

Prepaid expenses are advance payments for products or services that will be used in UEC's programs or activities in subsequent periods.

Receivables and Allowances

Other receivables are presented net of an allowance for credit losses. Any allowance for credit losses is based on historical loss experience and management's estimate of collectability. Management estimates that all receivables at June 30, 2024 are fully collectible, and therefore no allowance has been presented.

Property, Plant, and Equipment

Property, plant, and equipment are carried at cost or, if contributed, at fair market value at the date of contribution. Intangible assets include patents and software. UEC's policy is to capitalize additions and improvements that significantly add to productive capacity or extend the useful life of an asset and are above \$5,000. Repairs and maintenance are charged to operations as incurred. Costs and related allowances for depreciation of property, plant, and equipment sold or otherwise retired are eliminated from the accounts and gains or losses on disposition are included in the changes in net assets. Depreciation and amortization are calculated using the straight-line method over the estimated useful lives of the assets.

Property acquired with federal and/or state funds is considered to be owned by UEC while used in the program(s) for which it was purchased or in other future authorized programs. Disposition of such equipment and the ownership of any proceeds there from is subject to federal and state regulations.

Donated Materials, Services, and Other Assets

Volunteers contribute time to our program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet the recognition criteria prescribed by generally accepted accounting principles.

Revenue and Revenue Recognition

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expirations of donor-imposed restrictions on net assets, that is, the donor-imposed stipulated purpose has been accomplished and/or the stipulated time period has elapsed, are reported as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same year the gift is made are reported as contributions without donor restrictions. Gains and losses on assets and liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations.

UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 SUMMARY OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue and Revenue Recognition (Continued)

Unconditional promises to give are recognized initially at fair value as contributions revenue in the period such promises are made by donors. Conditional promises are recorded as revenue once the conditions are substantially met. Contributions are recognized as donor restricted net assets if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restriction and reported in the statements of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same year the gift is made are reported as contributions with donor restrictions and releases in the current year.

Grants and Contracts comprise of cost-reimbursable contracts and grants, which are conditional contributions recognized in accordance with the policy described in the preceding paragraph, and exchange revenue related to the value of the benefits received by the funding agency, which is recognized as the services are provided. Amounts received under cost-reimbursable contracts are recognized as earned and are reported as revenue when UEC has incurred expenditures in compliance with specific contract or grant provisions. Amounts received but not yet earned are reported as deferred revenue in the statement of financial position. UEC received cost reimbursable grants of \$7,987,508 that have not been recognized at June 30, 2024 because qualifying expenditures have not yet been incurred.

Special Program revenue consists primarily of unconditional contributions.

Commissions revenue is recognized when earned in accordance with the terms and conditions contained in the agreements with the third-parties. UEC receives a percentage of proceeds derived from Bookstore and Food Services operations as well as vending machines. The contractor of the Bookstore operation provides a guaranteed commission for the life of the contract. The Food Services commission is based on a percentage of gross sales.

Concentrations

Receivables at June 30, 2024 include amounts due from students, governmental funding sources, and the California State University, San Bernardino.

Income Taxes

UEC is a nonprofit tax-exempt corporation organized under Internal Revenue Code Section 501(c)(3) and is classified as other than a private foundation. It is also exempt from state income taxes. However, any unrelated business income may be subject to taxation. The UEC had no obligation for any unrelated business income tax during the year.

UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 SUMMARY OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Comparative Totals

The financial statements and notes include certain prior year summarized comparative information in total, but not by net assets class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the University Enterprises Corporation at CSUSB's financial statements for the fiscal year ended June 30, 2023, from which the summarized information was derived.

Comparative Reclassifications

Certain amounts in 2023 have been reclassified for comparative purposes to conform with the presentation in 2024. The reclassifications have no effect on the previously reported changes in net assets including other adjustments.

Leases

UEC leases its facilities under noncancelable leases arrangements. UEC determines if an arrangement is a lease at inception. In evaluating contracts to determine if they qualify as a lease, UEC considers factors such as if UEC has obtained substantially all of the rights to the underlying asset through exclusivity, if UEC can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

Operating and financing leases are included in other assets – right-of-use (ROU) and lease liabilities on the accompanying balance sheet. ROU assets represent UEC's right to use an underlying asset for the lease term and lease liabilities represent UEC's obligation to make lease payments arising from the lease.

ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. For leases that do not provide an implicit rate, UEC has elected to use a risk-free discount rate of a period comparable with that of the lease term for computing the present value of lease liabilities. The lease ROU assets also include any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that UEC will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. UEC has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the accompanying balance sheet.

UEC has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component. UEC's lease agreements do not contain any material residual value guarantees or material restrictive covenants. Additionally, the individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, UEC has elected to use the risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of the lease liabilities.

UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 SUMMARY OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

Management has evaluated subsequent events through November 27, 2024, the date the financial statements were available to be issued.

Accounting Pronouncements

The Foundation has adopted ASU 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, as amended, which modifies the measurement of expected credit losses. UEC adopted this new guidance utilizing the modified retrospective transition method. The adoption of this standard did not have a material impact on the UEC's financial statements.

NOTE 2 INVESTMENTS AND FAIR VALUE MEASUREMENTS

FASB ASC 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value:

Money Market Funds – Money Market Funds are valued at net asset value (NAV) of \$1 per share, and are comprised of short-term (less than one year) securities representing high-quality, liquid debt and monetary instruments.

Mutual Funds – Shares of mutual funds are valued at quoted market prices, which represent the net assets value of shares held by UEC at year-end.

Equity Securities – Equity securities are valued at last quoted sales price as of the close of trading at year-end; such securities, not traded on the year-end date, are valued at the last quoted bid price.

Fixed Income Securities – Fixed income securities are valued using the last quoted bid price.

Investment Pool (SWIFT) – The pool investment is reported at fair value as provided by the University System.

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

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at June 30, 2024 are as follows:

	Total	Fair Value Measurements at June		Level 3
		Level 1	Level 2	
Short-Term Investments:				
Money Market Funds	\$ 11,307,941	\$ 11,307,941	\$ -	\$ -
SWIFT Investment Fund	2,036,759	-	2,036,759	-
Mutual Funds	181,521	181,521	-	-
Equity Securities	282,994	282,994	-	-
Total Short-Term Investments	<u>\$ 13,809,215</u>	<u>\$ 11,772,456</u>	<u>\$ 2,036,759</u>	<u>\$ -</u>

UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

UEC has pooled investments with the CSU Systemwide Investment Fund Trust (SWIFT). As a result of a 2007 change in Education Code 89721(l) that allowed CSU to self-manage student tuition and fees, CSU created a central banking system and created the SWIFT investment portfolio for the purpose of enhancing centralized cash and investment management. Because the central banking system and SWIFT are inextricably linked, each member in the central banking system is also a member in SWIFT, also referred to collectively as “the Bank of CSU”. These funds are reported as a short-term investment. The SWIFT consists of investments of cash on an overnight and/or short-term basis, the funds representing the float on funds collected from all eligible sources prior to their use for payment of accounts payable and payroll. Excess cash over and above what is needed to fund short-term payables and payroll are transferred to medium or longer term investments.

Investment fees for the year ended June 30, 2024 amounted to \$18,909 and are netted against investment income on the statement of activities.

NOTE 3 PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment consisted of the following at June 30, 2024:

Land	\$	4,640
Construction in Process		81,038
Buildings		2,196,396
Equipment, Furniture and Fixtures		4,778,563
Leasehold Improvements		3,015,871
Intangible Assets		189,057
		<u>10,265,565</u>
Less: Accumulated Depreciation and Amortization		<u>(7,548,194)</u>
Property, Plant, and Equipment, Net	\$	<u><u>2,717,371</u></u>

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

Depreciation expense for the year ended June 30, 2024 was \$632,999.

UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 4 LEASING ACTIVITIES

The UEC has operating and finance leases of buildings for administrative offices and for certain equipment. The leases have remaining lease terms of 1 year to 15 years, some of which include options to extend the leases for up to 5 years, and some of which include options to terminate the leases within 1 year.

The following summarizes the line items in the statements of financial position which include amounts for operating and finance leases as of June 30:

	2024	2023
Operating Leases		
Operating Lease Right-of-Use-Assets	\$ 3,524,624	\$ 4,116,598
Operating Lease Liabilities	\$ 3,641,637	\$ 4,175,569
Total Operating Lease Liabilities	\$ 3,641,637	\$ 4,175,569
Finance Leases		
Property and Equipment	\$ 69,690	\$ -
Accumulated Depreciation	-	-
Property and Equipment, net	\$ 69,690	\$ -
Other Current Liabilities	\$ 26,793	\$ -
Other Long-Term Liabilities	44,001	-
Total Finance Lease Liabilities	\$ 70,794	\$ -

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

	2024	2023
Weighted Average Remaining Lease Term		
Operating Leases	2.52 years	2.57 years
Finance leases	3.5 years	-
Weighted Average Discount Rate		
Operating Leases	3.88%	3.68%
Finance Leases	5.11%	0.00%

The maturities of lease liabilities as of June 30, 2024 were as follows:

<u>Year Ending June 30,</u>	Operating and Financing	Operating and Financing
2024	\$ 1,254,048	\$ 987,669
2025	1,301,335	1,004,296
2026	1,335,255	1,053,583
2027	1,299,276	1,118,893
2028	11,163	11,128
Total Lease Payments	5,201,077	4,175,569
Less: Interest	(398,680)	-
Present Value of Lease Liabilities	\$ 4,802,397	\$ 4,175,569

UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 4 LEASING ACTIVITIES (CONTINUED)

The following summarizes the line items in the statements of activities which include the components of lease expense for the year ended June 30:

	<u>2024</u>	<u>2023</u>
Operating Lease Expense Included in Management and General Expenses	<u>\$ 1,268,909</u>	<u>\$ -</u>
Finance lease Costs:		
Amortization of Lease Assets Included in Management and General Expenses	\$ 22,513	\$ -
Interest on Lease Liabilities Included in Management and General Expenses	3,123	-
Total Finance Lease Costs	<u>\$ 25,636</u>	<u>\$ -</u>

The following summarizes cash flow information related to leases for the year ended June 30:

	<u>2024</u>	<u>2023</u>
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:		
Operating Cash Flows From Operating Leases	\$ 1,230,186	\$ 1,133,117
Operating Cash Flows From Finance Leases	21,535	-
Financing Cash Flows From Finance Leases	2,899	-
Lease Assets Obtained in Exchange for Lease Obligations:		
Operating Leases	3,524,624	-
Finance Leases	69,690	-

NOTE 5 BOARD-DESIGNATED AND DONOR RESTRICTED NET ASSETS

UEC's governing board has designated, from net assets without donor restrictions of \$2,227,369 net assets for the following purposes as of June 30, 2024:

Board-Designated Net Assets	
Current Operations Reserve	\$ 302,253
Working Capital Reserve	840,105
Unplanned Capital Replacement Reserve	409,620
Capital Projects Reserve	300,000
Undesignated General Reserve	25,391
Sponsored Programs Reserve for Disallowances	350,000
Total Board-Designated Net Assets	<u>\$ 2,227,369</u>

There were no net assets with donor restrictions at June 30, 2024.

UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6 DEFINED BENEFIT PENSION PLAN

Plan Description

UEC contributes to the California Public Employees' Retirement System (PERS), a cost-sharing multiple employer public employee retirement system that acts as a common investment and administrative agent for participating public entities within the state of California. All employees who are current members of PERS or employed for more than six months or accumulate 1,000 hours of paid employment are eligible to participate in PERS. Benefits vest after five years of PERS credited service, usually five years of full-time service. UEC employees who retire at or after age 50 with five years of credited service are entitled to an annual retirement benefit, payable for life, in an amount equal to a percent of pay, on a scale based on age and years of service, of the average monthly pay rate for the highest consecutive 12 months of compensation. PERS also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute and UEC policies. Copies of CalPERS' annual financial report may be obtained from the CalPERS's website, at www.calpers.ca.gov.

Effective January 1, 2013, Public Employees' Pension Reform Act (PEPRA) implemented new benefit formulas and final compensation period, as well as new contribution requirements for new employees hired on or after January 1, 2013, who meet the definition of new member as per PEPRA.

Funding Policy

UEC employees are required to contribute 5% of their annual covered earnings over \$513. UEC is required to contribute the remaining amounts necessary to fund the benefits for its members, using the actuarial basis recommended by the PERS actuaries and actuarial consultants and adopted by the Board of Administration. The required employer contribution rate for the year ended June 30, 2024 was 15.260% for the miscellaneous plan and 8.00% for the miscellaneous tier 1 plan (PEPRA). The payroll for employees covered by PERS for the year ended June 30, 2024 was \$10,985,786. Total payroll for the year ended June 30, 2024 amounted to \$20,296,786. Employer contributions for the year ended June 30, 2024 were \$1,027,628 based on amounts required to be contributed. Total employee contributions for the year ended June 30, 2024 were \$826,760.

The following table presents a reconciliation of net pension liability:

	Plan Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Plan Net Pension Liability (c)=(a)-(b)
Miscellaneous Plan	\$ 41,757,964	\$ 34,729,384	\$ 7,028,580

Plan assets and funded status of the plan is as follows:

<u>Valuation Date</u>	<u>Measurement Date</u>	<u>Accrued Liability</u>	<u>Actuarial Value of Assets (AVA)</u>	<u>Funding Actuarial Excess</u>	<u>Funded Ratio AVA</u>
June 30, 2022	June 30, 2023	\$ 41,757,964	\$ 34,729,384	\$ 7,028,580	83.17%

UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Funding Policy (Continued)

Items not yet recognized as a component of net periodic pension cost during the year are as follows:

	Future Pension Cost Outflows	Future Pension Cost Inflows
Changes of Assumptions	\$ 424,347	\$ -
Differences between Expected and Actual Experience	359,058	55,699
Differences between Projected and Actual Investment Earnings	1,137,990	-
Differences between Employer's Contributions and Proportionate Share of Contributions	-	937,774
Change in Employer's Proportion	1,243,660	-
Pension Contributions Made Subsequent to Measurement Date	1,029,346	-
Total	<u>\$ 4,194,401</u>	<u>\$ 993,473</u>

Net actuarial pension expenses recognized as expenses in the statement of activities for the year was \$2,236,996.

Total liabilities for pension benefits recognized in the statement of financial position:

	<u>2024</u>
Net Pension Liability	\$ (7,028,580)
Future Pension Cost Outflows	4,194,401
Future Pension Cost Inflows	(993,473)
Total Liabilities for Pension Benefits	<u>\$ (3,827,652)</u>

UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions

	<u>Miscellaneous Plan</u>
Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry Age Actuarial Cost Method
Asset Valuation Method	Actuarial Value of Assets
Amortization Method	Straight Line
Actuarial Assumptions:	
Discount Rate	6.9%
Inflation Rate	2.30%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	6.90%
Mortality Rate Table (1)	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.30% thereafter.

The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website.

UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS

UEC has one retiree health plan that offers active and retired employees the option of enrolling in certain HMO or indemnity plans available through the program. UEC currently pays up to \$621 per month for retiree coverage, and \$1,200 for coverage with one or more dependents of retirees. Retiree contributions are to fund the cost of coverage that exceeds these amounts. The accounting for the health care plan anticipates future cost-sharing changes to the written plan that are consistent with UEC's past practice and management's intent to manage plan costs. In particular, UEC's maximum increase in the capped contribution is assumed to be limited to 2.5%. UEC no longer offers retiree medical benefits to employees hired after September 11, 2009. The following is a summary of change in accumulated postemployment benefit obligation, change in plan assets, and funded status of the plan.

Change in Accumulated Postemployment Benefit Obligation (APBO)

APBO at Beginning of Year	\$ 3,576,333
Service Cost (Excluding Expenses)	22,183
Interest Cost	169,510
Actuarial (Gain) Loss	(575,451)
Benefits Paid	(222,390)
APBO at End of Year	<u>2,970,185</u>

Change in Plan Assets

Fair Value of Assets at Beginning of Year	3,671,149
Actual Return on Assets (Net of Expenses)	443,895
Employer Contribution	32,390
Benefits Paid	(222,390)
Fair Value of Plan Assets at End of Year	<u>3,925,044</u>

<i>Funded Status - Unfunded Net OPEB Liability</i>	<u><u>\$ (954,859)</u></u>
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Amounts Recognized in the Statement of Financial Position

Consist of:

Current Liabilities	\$ (208,740)
Noncurrent Liabilities	1,163,599
Total Recognized on Statement of Financial Position	<u><u>\$ 954,859</u></u>

Components of Net Periodic Postretirement

Benefit Cost (NPPBC)

Service Cost (Including Expenses)	\$ 22,183
Interest Cost	169,510
Expected Return on Plan Assets	(214,652)
Amortization of Net (Gain) Loss	(343,465)
Net Periodic Postretirement Benefit Cost	<u>(366,424)</u>

Other Changes in Plan Assets and Benefit

Obligations Recognized in AOCI

Net Actuarial (Gain) Loss	(804,694)
Amortization of Actuarial (Gain) Loss	343,465
Total Recognized	<u>(461,229)</u>
Total Recognized in Change in Net Assets	<u><u>\$ (827,653)</u></u>

UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

The assumptions used in the measurement of UEC's benefit obligation and net periodic postemployment benefit cost included weighted-average discount rate of 4.89% and 4.39% were used as of and for the years ended June 30, 2024 and 2023, respectively.

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

Year	Rate
2024	6.00%
2025-2069	4.00%
2070+	4.00%

Assumed healthcare cost trend rates have a significant effect on the amounts reported for the healthcare plan. A 1% increase in the assumed healthcare trend rates would have the following effects:

	Dollar Increase	Percent Increase
Accumulated Post-Employment Benefit Obligation (Increase)	\$ 342,813	11.50%

A 1% decrease in the assumed healthcare trend rates would have the following effects:

	Dollar Decrease	Percent Decrease
Accumulated Post-Employment Benefit Obligation (Decrease)	\$ 287,680	9.70%

The Plan is funded on a pay-as-you-go basis; the expected contribution for the following year is the same as the expected future benefit payments for such year. UEC paid \$155,173 during the year ended June 30, 2024, for current benefit costs.

The expected benefits to be paid are as follows:

Year Ending June 30,	Amount
2025	\$ 182,989
2026	190,909
2027	195,550
2028	200,354
Thereafter	1,069,892

UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 8 RELATED PARTIES AND ECONOMIC DEPENDENCY

As discussed in Note 1, UEC operates under an agreement with the Trustees as an auxiliary organization of the University. Accordingly, essentially all revenues and realization of certain assets, are dependent upon the continuation of this agreement. UEC leases space for its bookstore operations, the Center for Developmental Activities, and the land for UEC's offices for nominal rent from the state of California. Accounting principles generally accepted in the United States of America require that contribution revenue and rent expense be recorded for the difference between a fair market rent and the amount actually charged under these leases. However, UEC has not determined a fair market rent and, accordingly, these amounts are not recorded in the financial statements.

A schedule of related party transactions between UEC, University, and other auxiliary organizations are as follows:

For the year ended June 30, 2024	CSUSB	Associated Students	Philanthropic Foundation	Santos Manuel Student Union	Total
<u>Expenses</u>					
Payments to Univ/Aux for salaries of personnel working on contracts, grants, and other programs	\$ 6,004,782	\$ -	\$ -	\$ -	\$ 6,004,782
Payments to Univ/Aux for other than salaries of personnel	8,340,616	-	144,466	82,725	8,567,807
<u>Revenues</u>					
Payments received from Univ/Aux for services, space and programs	2,763,313	157,634	744,244	-	3,665,191
<u>Due to</u>					
Accounts Payable due to Univ/Aux as of June 30, CY	(2,248,797)	-	(1,500)	(16,113)	(2,266,410)
<u>Due from</u>					
Accounts Receivable due from Univ/Aux as of June 30, CY	397,935	-	75,155	-	473,090

NOTE 9 AVAILABLE RESOURCES AND LIQUIDITY

UEC regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. UEC has various sources of liquidity at its disposal, including cash and cash equivalents, short-term debt and equity securities, and receivables due within the next 12 months.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, UEC considers all expenditures related to its ongoing activities of commercial operations, campus programs, and sponsored programs, as well as the general and administrative services undertaken to support those activities to be general expenditures.

UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 9 AVAILABLE RESOURCES AND LIQUIDITY (CONTINUED)

In addition to financial assets available to meet general expenditures over the next 12 months, UEC operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures. Refer to the statement of cash flows, which identifies the sources and uses of UEC's cash and shows positive cash generated by operations for fiscal year 2024.

As of June 30, 2024, the following tables show the total financial assets held by UEC and the amounts of those financial assets that could readily be made available within one year of the balance sheet date to meet general expenditures. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the balance sheet date.

Financial Assets:	2024	2023
Cash and Cash Equivalents	\$ 4,323,017	\$ 2,369,649
Investments Convertible to Cash in the Next 12 Months	13,809,215	11,269,664
Grants Receivable	13,992,070	12,237,088
Due From Related Parties	473,090	231,188
Other Receivables	139,751	441,066
Other Long-Term Assets	2,717,371	3,169,662
Total	\$ 35,454,514	\$ 29,718,317

Financial Assets Available to Meet General Expenditures Over the Next 12 Months:	2024	2023
Cash and Cash Equivalents	\$ 4,323,017	\$ 2,369,649
Investments Convertible to Cash in the Next 12 Months	13,809,215	11,269,664
Accounts Receivable	13,992,070	12,237,088
Due From Related Parties	473,090	231,188
Other Receivables	139,751	441,066
Total	\$ 32,737,143	\$ 26,548,655

UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
SCHEDULE OF NET POSITION
JUNE 30, 2024
(FOR INCLUSION IN THE CALIFORNIA STATE UNIVERSITY)
(SEE ACCOMPANYING INDEPENDENT AUDITORS' REPORT)

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 4,323,017
Short-term investments	13,809,215
Accounts receivable, net	14,604,911
Lease receivable, current portion	-
P3 receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	-
Prepaid expenses and other current assets	428,176
Total current assets	<u>33,165,319</u>

NONCURRENT ASSETS

Restricted cash and cash equivalents	-
Accounts receivable, net	-
Lease receivable, net of current portion	-
P3 receivable, net of current portion	-
Notes receivable, net of current portion	-
Student loans receivable, net	-
Public Service	-
Endowment investments	-
Other long-term investments	-
Capital assets, net	6,311,685
Other assets	954,859
Total noncurrent assets	<u>7,266,544</u>
Total assets	<u>40,431,863</u>

DEFERRED OUTFLOWS OF RESOURCES

Unamortized loss on debt refunding	-
Net pension liability	4,194,401
Net OPEB liability	-
Leases	-
P3	-
Others	-
Total deferred outflows of resources	<u>4,194,401</u>

UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
SCHEDULE OF NET POSITION (CONTINUED)
JUNE 30, 2024
(FOR INCLUSION IN THE CALIFORNIA STATE UNIVERSITY)
(SEE ACCOMPANYING INDEPENDENT AUDITORS' REPORT)

LIABILITIES

CURRENT LIABILITIES

Accounts payable	\$ 5,647,117
Accrued salaries and benefits	964,954
Accrued compensated absences, current portion	463,153
Unearned revenues	8,301,180
Lease liabilities, current portion	1,175,057
SBITA liabilities - current portion	-
P3 liabilities - current portion	-
Long-term debt obligations, current portion	-
Claims liability for losses and loss adjustment expenses, current portion	-
Depository accounts	-
Other liabilities	1,312,069
Total current liabilities	<u>17,863,530</u>

NONCURRENT LIABILITIES

Accrued compensated absences, net of current portion	38,545
Unearned revenues	2,241,250
Grants refundable	-
Lease liabilities, net of current portion	2,537,373
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	7,028,580
Other liabilities	-
Total noncurrent liabilities	<u>11,845,748</u>
Total liabilities	<u>29,709,278</u>

DEFERRED INFLOWS OF RESOURCES

P3 service concession arrangements	-
Net pension liability	993,473
Net OPEB liability	-
Unamortized gain on debt refunding	-
Nonexchange transactions	-
Lease	-
P3	-
Others	-
Total deferred inflows of resources	<u>993,473</u>

NET POSITION

Net investment in capital assets	2,717,371
Restricted for:	-
Nonexpendable – endowments	-
Expendable:	-
Scholarships and fellowships	-
Research	-
Loans	-
Capital projects	-
Debt service	-
Others	-
Unrestricted	11,206,141
Total Net Position	<u>\$ 13,923,512</u>

UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2024
(FOR INCLUSION IN THE CALIFORNIA STATE UNIVERSITY)
(SEE ACCOMPANYING INDEPENDENT AUDITORS' REPORT)

REVENUES

Operating revenues:

Student tuition and fees, gross	\$	-
Scholarship allowances (enter as negative)		-
Grants and contracts, noncapital:		
Federal		25,924,765
State		17,086,726
Local		4,661,035
Nongovernmental		1,278,842
Sales and services of educational activities		-
Sales and services of auxiliary enterprises, gross		856,903
Scholarship allowances (enter as negative)		-
Other operating revenues		2,025,658
Total operating revenues		<u>51,833,929</u>

EXPENSES

Operating expenses:

Instruction		442,650
Research		8,087,534
Public Service		25,281,596
Academic support		494,839
Student services		8,547,028
Institutional support		6,694,420
Operation and maintenance of plant		-
Student grants and scholarships		-
Auxiliary enterprise expenses		779,088
Depreciation and amortization		655,512
Total operating expenses		<u>50,982,667</u>
Operating income (loss)		<u>851,262</u>

UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (CONTINUED)
YEAR ENDED JUNE 30, 2024
(FOR INCLUSION IN THE CALIFORNIA STATE UNIVERSITY)
(SEE ACCOMPANYING INDEPENDENT AUDITORS' REPORT)

NONOPERATING REVENUES (EXPENSES)	
State appropriations, noncapital	\$ -
Federal financial aid grants, noncapital	-
State financial aid grants, noncapital	-
Local financial aid grants, noncapital	-
Nongovernmental and other financial aid grants, noncapital	-
Other federal nonoperating grants, noncapital	-
Gifts, noncapital	-
Investment income (loss), net	556,901
Endowment income (loss), net	-
Interest expense	(3,794)
Other nonoperating revenues (expenses)	973,568
Net nonoperating revenues (expenses)	1,526,676
Income (loss) before other revenues (expenses)	<u>2,377,938</u>
State appropriations, capital	-
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	<u>-</u>
INCREASE (DECREASE) IN NET POSITION	2,377,938
NET POSITION	
Net position at beginning of year, as previously reported	11,545,574
Restatements	<u>-</u>
Net position - beginning of year, as restated	<u>11,545,574</u>
NET POSITION - END OF YEAR	<u>\$ 13,923,512</u>

UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
OTHER INFORMATION
YEAR ENDED JUNE 30, 2024
(FOR INCLUSION IN THE CALIFORNIA STATE UNIVERSITY)
(SEE ACCOMPANYING INDEPENDENT AUDITORS' REPORT)

1 Cash and cash equivalents:

Portion of restricted cash and cash equivalents related to endowments

All other restricted cash and cash equivalents

Noncurrent restricted cash and cash equivalents

Current cash and cash equivalents

Total

-
4,323,017
\$ 4,323,017

2.1 Composition of investments:

	Investment Type	Current	Noncurrent	Total
	Money market funds	\$ 11,307,941		\$ 11,307,941
	Repurchase agreements			-
	Certificates of deposit			-
	U.S. agency securities			-
	U.S. treasury securities			-
	Municipal bonds			-
	Corporate bonds			-
	Asset backed securities			-
	Mortgage backed securities			-
	Commercial paper			-
Public	Supranational			-
	Mutual funds	181,521		181,521
	Exchange traded funds			-
	Equity securities	282,994		282,994
	Alternative investments:			
	Private equity (including limited partnerships)			-
	Hedge funds			-
	Managed futures			-
	Real estate investments (including REITs)			-
	Commodities			-
	Derivatives			-
	Other alternative investment types			-
	Other external investment pools			-
	CSU Consolidated Investment Pool (formerly SWIFT)	2,036,759		2,036,759
	State of California Local Agency Investment Fund (LAIF)			-
	State of California Surplus Money Investment Fund (SMIF)			-
	Other investments:			-
				-
				-
				-
				-
	Total other investments:	-	-	-
	Total investments	13,809,215	—	13,809,215
	Less endowment investments (enter as negative number)	-	-	-
	Total investments, net of endowments	\$ 13,809,215	-	13,809,215

**UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
OTHER INFORMATION (CONTINUED)
YEAR ENDED JUNE 30, 2024
(FOR INCLUSION IN THE CALIFORNIA STATE UNIVERSITY)
(SEE ACCOMPANYING INDEPENDENT AUDITORS' REPORT)**

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	\$ 11,307,941	\$ 11,307,941			
Repurchase agreements	-				
Certificates of deposit	-				
U.S. agency securities	-				
U.S. treasury securities	-				
Municipal bonds	-				
Corporate bonds	-				
Asset backed securities	-				
Mortgage backed securities	-				
Commercial paper	-				
Supranational	-				
Mutual funds	181,521	181,521			
Exchange traded funds	-				
Equity securities	282,994	282,994			
Alternative investments:					
Private equity (including limited partnerships)	-				
Hedge funds	-				
Managed futures	-				
Real estate investments (including REITs)	-				
Commodities	-				
Derivatives	-				
Other alternative investment types	-				
Other external investment pools	-				
CSU Consolidated Investment Pool (formerly SWIFT)	2,036,759				2,036,759
State of California Local Agency Investment Fund (LAIF)	-				
State of California Surplus Money Investment Fund (SMIF)	-				
Other investments:	-				
	-				
	-				
	-				
	-				
Total other investments:	-				
Total investments	\$ 13,809,215	11,772,456	—	—	2,036,759

2.3 Investments held by the University under contractual agreements:

Instruction: Amounts should agree with University's investments held on behalf of Discretely Presented Component Units.

	Current	Noncurrent	Total
Investments held by the University under contractual agreements			
e.g. - CSU Consolidated Investment Pool (formerly SWIFT):	2,036,759		\$ 2,036,759

UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
OTHER INFORMATION (CONTINUED)
YEAR ENDED JUNE 30, 2024
(FOR INCLUSION IN THE CALIFORNIA STATE UNIVERSITY)
(SEE ACCOMPANYING INDEPENDENT AUDITORS' REPORT)

3.1 Capital Assets, excluding ROU assets:
Composition of capital assets, excluding ROU assets:

	Balance June 30, 2023	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2023 (Restated)	Additions	Retirements	Transfer of completed CWIP/PWIP	Balance June 30, 2024
Non-depreciable/Non-amortizable capital assets:									
Land and land improvements	\$ 4,640				\$ 4,640				\$ 4,640
Works of art and historical treasures	-				-				-
Construction work in progress (CWIP)	37,259				37,259	43,779			81,038
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	41,899	-	-	-	41,899	43,779	-	-	85,678
Depreciable/Amortizable capital assets:									
Buildings and building improvements	2,196,396				2,196,396				2,196,396
Improvements, other than buildings	-				-				-
Infrastructure	-				-				-
Leasehold improvements	3,015,870				3,015,870				3,015,870
Personal property:									
Equipment	4,684,605				4,684,605	136,929	(42,971)		4,778,563
Library books and materials	-				-				-
Intangible assets:									
Software and websites	72,804				72,804				72,804
Rights and easements	-				-				-
Patents, copyrights and trademarks	116,253				116,253				116,253
Licenses and permits	-				-				-
Other intangible assets:	-				-				-
	-				-				-
Total Other intangible assets	-	-	-	-	-	-	-	-	-
Total intangible assets	189,057	-	-	-	189,057	-	-	-	189,057
Total depreciable/amortizable capital assets	10,085,928	-	-	-	10,085,928	136,929	(42,971)	-	10,179,886
Total capital assets	10,127,827	-	-	-	10,127,827	180,708	(42,971)	-	10,265,564
Less accumulated depreciation/amortization: (enter as negative number, except for reductions enter as positive number)									
Buildings and building improvements	(1,396,792)				(1,396,792)	(57,739)	-		(1,454,531)
Improvements, other than buildings	-				-				-
Infrastructure	-				-				-
Leasehold improvements	(1,610,037)				(1,610,037)	(266,543)	-		(1,876,580)
Personal property:									
Equipment	(3,762,279)				(3,762,279)	(308,717)	42,971		(4,028,025)
Library books and materials	-				-				-
Intangible assets:									
Software and websites	(72,804)				(72,804)				(72,804)
Rights and easements	-				-				-
Patents, copyrights and trademarks	(116,253)				(116,253)				(116,253)
Licenses and permits	-				-				-
Other intangible assets:	-				-				-
	-				-				-
	-				-				-
	-				-				-
	-				-				-
Total Other intangible assets	-	-	-	-	-	-	-	-	-
Total intangible assets	(189,057)	-	-	-	(189,057)	-	-	-	(189,057)
Total accumulated depreciation/amortization	(6,958,165)	-	-	-	(6,958,165)	(632,999)	42,971	-	(7,548,193)
Total capital assets, net excluding ROU assets	\$ 3,169,662	-	-	-	\$ 3,169,662	(452,291)	-	-	2,717,371

**UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
OTHER INFORMATION (CONTINUED)
YEAR ENDED JUNE 30, 2024
(FOR INCLUSION IN THE CALIFORNIA STATE UNIVERSITY)
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Capital Assets, Right of Use

Composition of capital assets - Lease ROU, net:	Balance June 30, 2023	Prior Period Reclassifications	Prior Period Additions	Prior Period Reductions	Balance June 30, 2023 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2024
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	4,116,598				4,116,598	524,817	83,137	(1,107,725)	3,616,827
Improvements, other than buildings	-				-				-
Infrastructure	-				-				-
Personal property:									
Equipment	-				-				-
Total depreciable/amortizable lease assets	4,116,598				4,116,598	524,817	83,137	(1,107,725)	3,616,827
Less accumulated depreciation/amortization: (enter as negative number, except for reductions enter as positive number)									
Land and land improvements	-				-				-
Buildings and building improvements	-				-	(22,514)			(22,514)
Improvements, other than buildings	-				-				-
Infrastructure	-				-				-
Personal property:									
Equipment	-				-				-
Total accumulated depreciation/amortization	-				-	(22,514)			(22,514)
Total capital assets - lease ROU, net	\$ 4,116,598	\$ -	\$ -	\$ -	\$ 4,116,598	\$ 502,303	\$ 83,137	\$ (1,107,725)	\$ 3,594,313

Composition of capital assets - SBITA ROU, net	Balance June 30, 2023	Reclassifications	Prior Period Additions	Prior Period Reductions	Balance June 30, 2023 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2024
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	-				-				-

Composition of capital assets - P3 ROU, net:	Balance June 30, 2023	Reclassifications	Prior Period Additions	Prior Period Reductions	Balance June 30, 2023 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2024
Non-depreciable/Non-amortizable P3 assets:									
Land and land improvements	-				-				-
Total non-depreciable/non-amortizable P3 assets	-				-				-

**UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
OTHER INFORMATION (CONTINUED)
YEAR ENDED JUNE 30, 2024
(FOR INCLUSION IN THE CALIFORNIA STATE UNIVERSITY)
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Composition of capital assets - P3 ROU, net:	Balance June 30, 2023	Reclassifications	Prior Period Additions	Prior Period Reductions	Balance June 30, 2023 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2024
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									6,311,684

3.2 Detail of depreciation and amortization expense:

Depreciation and amortization expense related to capital assets	\$ 632,999
Amortization expense - Leases ROU	22,513
Amortization expense - SBITA ROU	-
Amortization expense - P3 ROU	-
Depreciation and Amortization expense - Others	-
Total depreciation and amortization	\$ 655,512

**UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
OTHER INFORMATION (CONTINUED)
YEAR ENDED JUNE 30, 2024
(FOR INCLUSION IN THE CALIFORNIA STATE UNIVERSITY)
(SEE ACCOMPANYING INDEPENDENT AUDITORS' REPORT)**

4 Long-term liabilities:

	Balance June 30, 2023	Prior Period Adjustments/Recl assifications	Balance June 30, 2023 (Restated)	Additions	Reductions	Balance June 30, 2024	Current Portion	Noncurrent Portion
1. Accrued compensated absences	\$ 433,756		\$ 433,756	\$ 332,328	\$ (264,387)	\$ 501,697	\$ 463,152	\$ 38,545
2. Claims liability for losses and loss adjustment expenses	-		-			-		-
3. Capital lease obligations (pre-ASC 842):								
Gross balance	-		-			-		-
Unamortized net premium/(discount)	-		-			-	-	-
Total capital lease obligations (pre ASC 842)	-		-			-		-
4. Long-term debt obligations:								
4.1 Auxiliary revenue bonds (non-SRB related)	-		-			-		-
4.2 Commercial paper	-		-			-		-
4.3 Notes payable (SRB related)	-		-			-		-
4.4 Finance purchase of capital assets	-		-			-		-
4.5 Others:								
	-		-			-		-
	-		-			-		-
	-		-			-		-
	-		-			-		-
Total others	-		-			-		-
Sub-total long-term debt	-		-			-		-
4.6 Unamortized net bond premium/(discount)	-		-			-		-
Total long-term debt obligations	-		-			-		-

	Balance June 30, 2023	Prior Period Adjustments/Recl assifications	Additions	Remeasurements	Reductions	Balance June 30, 2024	Current Portion	Noncurrent Portion
5. Lease, SBITA, P3 liabilities:								
Lease liabilities	4,175,569	102,582	686,001		(1,251,721)	3,712,431	1,175,057	2,537,374
SBITA liabilities	-					-		-
P3 liabilities - SCA	-					-		-
P3 liabilities - non-SCA	-					-		-
Sub-total P3 liabilities	-		-			-		-
Total Lease, SBITA, P3 liabilities	\$ 4,175,569	\$ 102,582	\$ 686,001	\$ -	\$ (1,251,721)	\$ 3,712,431	\$ 1,175,057	\$ 2,537,374
Total long-term liabilities						<u>\$ 4,214,128</u>	<u>\$ 1,638,209</u>	<u>\$ 2,575,919</u>

**UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
OTHER INFORMATION (CONTINUED)
YEAR ENDED JUNE 30, 2024
(FOR INCLUSION IN THE CALIFORNIA STATE UNIVERSITY)
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5 Future minimum payments schedule - leases, SBITA, P3:

	Lease Liabilities			SBITA liabilities			Public-Private or Public-Public Partnerships (P3)			Total Leases, SBITA, P3 liabilities		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
Year ending June 30:												
2025	\$ 1,175,057	\$ 126,277	\$ 1,301,334			\$ -			\$ -	\$ 1,175,057	\$ 126,277	\$ 1,301,334
2026	1,256,546	78,710	1,335,256			-			-	1,256,546	78,710	1,335,256
2027	1,269,700	29,577	1,299,277			-			-	1,269,700	29,577	1,299,277
2028	11,128	34	11,162			-			-	11,128	34	11,162
2029	-	-	-			-			-	-	-	-
2030 - 2034	-	-	-			-			-	-	-	-
2035 - 2039	-	-	-			-			-	-	-	-
2040 - 2044	-	-	-			-			-	-	-	-
2045 - 2049	-	-	-			-			-	-	-	-
2050 - 2054	-	-	-			-			-	-	-	-
Thereafter	-	-	-			-			-	-	-	-
Total minimum lease payments	\$ 3,712,431	\$ 234,598	\$ 3,947,029	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,712,431	\$ 234,598	\$ 3,947,029
Less: amounts representing interest												(234,598)
Present value of future minimum lease payments												3,712,431
Total Leases, SBITA, P3 liabilities												3,712,431
Less: current portion												(1,175,057)
Leases, SBITA, P3 liabilities, net of current portion												\$ 2,537,374

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

	Auxiliary revenue bonds (non-SRB related)			All other long-term debt obligations			Total long-term debt obligations		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
Year ending June 30:									
2025	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-	-	-
2029	-	-	-	-	-	-	-	-	-
2030 - 2034	-	-	-	-	-	-	-	-	-
2035 - 2039	-	-	-	-	-	-	-	-	-
2040 - 2044	-	-	-	-	-	-	-	-	-
2045 - 2049	-	-	-	-	-	-	-	-	-
2050 - 2054	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-
Total minimum payments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less: amounts representing interest									
Present value of future minimum payments									
Unamortized net premium/(discount)									
Total long-term debt obligations									
Less: current portion									
Long-term debt obligations, net of current portion									

7 Transactions with related entities:

Payments to University for salaries of University personnel working on contracts, grants, and other programs	6,004,782
Payments to University for other than salaries of University personnel	8,340,616
Payments received from University for services, space, and programs	2,763,313
Gifts-in-kind to the University from discretely presented component units	
Gifts (cash or assets) to the University from discretely presented component units	
Accounts (payable to) University (enter as negative number)	(2,248,797)
Other amounts (payable to) University (enter as negative number)	
Accounts receivable from University (enter as positive number)	397,935
Other amounts receivable from University (enter as positive number)	

**UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
OTHER INFORMATION (CONTINUED)
YEAR ENDED JUNE 30, 2024
(FOR INCLUSION IN THE CALIFORNIA STATE UNIVERSITY)
(SEE ACCOMPANYING INDEPENDENT AUDITORS' REPORT)**

8 Restatements

Provide a detailed breakdown of the journal entries (at the financial statement line items level) booked to record each restatement:
Note: Additional account details can be found in the Table of Object Codes and CSU Fund Definitions

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

Debit/(Credit)

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

9 Natural classifications of operating expenses:

	Salaries	Benefits - Other	Benefits - Pension	Benefits - OPEB	Scholarships and fellowships	Supplies and other services	Depreciation and amortization	Total operating expenses
Instruction	143,135	11,695	1,167	-	-	286,652	-	442,649
Research	3,096,426	548,078	116,664	-	-	4,326,368	-	8,087,536
Public service	10,543,686	1,898,238	1,171,500	-	-	11,668,172	-	25,281,596
Academic support	379,634	74,566	13,650	-	-	26,789	-	494,839
Student services	4,725,965	1,111,638	335,192	-	-	2,374,635	-	8,547,028
Institutional support	1,422,269	451,912	1,230,412	(860,043)	-	4,449,869	-	6,694,419
Operation and maintenance of plant	-	-	-	-	-	-	-	-
Student grants and scholarships	-	-	-	-	-	-	-	-
Auxiliary enterprise expenses	-	-	-	-	-	779,088	-	779,088
Depreciation and amortization	-	-	-	-	-	-	655,512	655,512
Total operating expenses	\$ 20,310,915	\$ 4,096,125	\$ 2,868,585	\$ (860,043)	\$ -	\$ 23,911,573	\$ 655,512	\$ 50,982,667

Select type of pension plan >>

Defined Benefit Plan

10 Deferred outflows/inflows of resources:

1. Deferred Outflows of Resources

Deferred outflows - unamortized less on refunding(s)	
Deferred outflows - net pension liability	4,194,401
Deferred outflows - net OPEB liability	
Deferred outflows - leases	
Deferred outflows - P3	
Deferred outflows - others:	
Sales/intra-entity transfers of future revenues	
Gain/loss on sale leaseback	
Loan origination fees and costs	
Change in fair value of hedging derivative instrument	
Irrevocable split-interest agreements	
Total deferred outflows - others	
Total deferred outflows of resources	\$ 4,194,401

2. Deferred Inflows of Resources

Deferred inflows - service concession arrangements	
Deferred inflows - net pension liability	993,473
Deferred inflows - net OPEB liability	
Deferred inflows - unamortized gain on debt refunding(s)	
Deferred inflows - nonexchange transactions	
Deferred inflows - leases	
Deferred inflows - P3	
Deferred inflows - others:	
Sales/intra-entity transfers of future revenues	
Gain/loss on sale leaseback	
Loan origination fees and costs	
Change in fair value of hedging derivative instrument	
Irrevocable split-interest agreements	
Total deferred inflows - others	
Total deferred inflows of resources	\$ 993,473

11 Other nonoperating revenues (expenses)

Other nonoperating revenues	1,085,733
Other nonoperating (expenses)	(112,165)
Total other nonoperating revenues (expenses)	\$ 973,568



**INDEPENDENT AUDITORS' 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***

Board of Directors
University Enterprises Corporation at CSUSB
San Bernardino, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of University Enterprises Corporation at CSUSB, (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statement, and have issued our report thereon dated November 27, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered University Enterprises Corporation at CSUSB's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of University Enterprises Corporation at CSUSB's internal control. Accordingly, we do not express an opinion on the effectiveness of the organization'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.

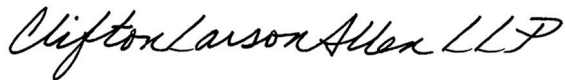
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2024-001 that we consider to be a material weakness.

Compliance and Other Matters

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

Purpose of this Report

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



CliftonLarsonAllen LLP

Glendora, California
November 27, 2024

**UNIVERSITY ENTERPRISES CORPORATION AT CSUSB
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2024**

Section I – Financial Statement Findings

2024-001

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Condition: The UEC incorrectly recorded grant revenue, receivables, and unearned revenue. Management recorded activity on a cash basis and did not properly adjust to accrual basis at year-end for the grants identified with errors.

Criteria or specific requirement: The UEC should review financial records timely as part of the internal controls system that may prevent or detect material errors that may misstate the financial statements.

Context: During testing of grant revenue and related activity, it was observed that for three of the 38 samples tested, the grant activity was recorded on a cash basis. As a result, grant revenue was overstated by \$4,032,601, receivables were overstated by \$1,793,697, and unearned revenue was understated by \$2,238,904. An adjusting audit entry was posted to the correct balance noted by CLA during the testing of grant activity.

Effect: Misstatements in grant related activity may remain undetected for substantial periods of time.

Cause: Management did not properly record all grants activity an accrual basis.

Recommendation: The UEC should review the grant activity and financial records timely to ensure proper revenue recognition.

Views of responsible officials: Management agrees with the finding and has developed a plan to correct the finding.



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