Sonoma State University Foundation

FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

Years Ended June 30, 2026 and 2025

Aldrich

SONOMA STATE UNIVERSITY FOUNDATION

Financial Statements and Supplemental Information

Years Ended June 30, 2026 and 2025

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Sonoma State University Foundation

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sonoma State University Foundation, which comprise the statements of net position as of June 30, 2026 and 2025, and the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Sonoma State University Foundation as of June 30, 2026 and 2025, and the changes in its net position 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Sonoma 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 opinions.

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 Sonoma State University Foundation's ability to continue as a going concern for twelve months beyond the financial statement issuance date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements, continued

In performing an audit in accordance with GAAS and GAS, 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 Sonoma 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 Sonoma 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Sonoma State University Foundation's basic financial statements. The supplemental information presented on pages 26-30 is presented for the purpose of additional analysis as required by the California State University Chancellor's Office and is not a required part of the financial statements.

The supplemental 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 basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2026, on our consideration of Sonoma 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 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 Sonoma State University Foundation'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 Sonoma State University Foundation's internal control over financial reporting and compliance.

Aldrich CPAs + Advisors LLP

San Diego, California
September 14, 2026

This section of the Sonoma State University Foundation (the Foundation) annual financial report presents management's overview and analysis of the financial activities of the Foundation for the fiscal year ended June 30, 2026. We encourage the reader to consider the information presented here in conjunction with the financial statements as a whole.

Introduction to the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the Foundation's audited financial statements, which are comprised of the basic financial statements and the notes, as outlined in the table of contents. This annual report is prepared in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities* and Governmental Accounting Standards Board (GASB) Statement No. 103, *Financial Reporting Model Improvements*.

The Business-Type Activity (BTA) reporting model has been adopted by the California State University (CSU) system for use by all of its member campuses. The CSU determined the BTA model best represents the combined activities of the CSU and its auxiliary corporations.

The three auxiliary not-for-profit corporations serving Sonoma State University (the University), of which the Foundation is one, have also adopted the BTA reporting model primarily for efficiencies gained in combining the three auxiliaries' annual financial statements with the University and ultimately the combined CSU financial statements.

The required financial statements include the Statements of Net Position; the Statements of Revenues, Expenses, and Changes in Net Position; and the Statements of Cash Flows. Notes to the financial statements and this summary support these statements. All sections must be considered together to obtain a complete understanding of the financial picture of the Foundation.

The Foundation's financial statements include:

Statements of Net Position: These statements include all assets and liabilities using the accrual basis of accounting as of the statement date. The difference between the two classifications is represented as "Net Position." This section of the statement identifies major categories of restrictions and reflects the overall financial position of the Foundation as a whole. Over time, increases and decreases in total net position can be an indicator of whether the financial health of the Foundation is improving or declining.

Statements of Revenues, Expenses, and Changes in Net Position: These statements present the revenues earned and the expenses incurred during the year using the accrual basis of accounting. Under the accrual basis, all increases or decreases in net position are reported as soon as the underlying event occurs, regardless of the timing of the cash flow. Consequently, revenues and/or expenses reported during this fiscal year may result in changes to cash flow in a future period.

Statements of Cash Flows: These statements reflect inflows and outflows of cash, summarized by operating, noncapital financing, and investing activities. The direct method was used to prepare this information, which means that gross rather than net amounts were presented for the year's activities.

Notes to Financial Statements: This additional information is essential to a full understanding of the data reported in the basic financial statements.

Supplemental Information: This is offered to support the required basic financial statements and to assist the reader in obtaining a clearer understanding of the operating units within the Foundation.

Analytical Overview

The following discussion highlights management's understanding of the key financial aspects of the Foundation's activities.

Condensed Summary of Net Position as of June 30,

	2026	2025	2024
Assets:			
Current assets	$ 1,734,035	$ 1,862,798	$ 1,127,678
Other noncurrent assets	86,787,846	77,915,828	71,534,462
Total Assets	88,521,881	79,778,626	72,662,140
Liabilities:			
Current liabilities	13,106	4,818	1,973
Total Liabilities	13,106	4,818	1,973
Net Position:			
Restricted, nonexpendable	55,645,402	53,528,754	51,580,176
Restricted, expendable	29,047,290	22,452,350	17,282,552
Unrestricted	3,816,083	3,792,704	3,797,439
Total Net Position	$ 88,508,775	$ 79,773,808	$ 72,660,167

Detailed Analysis - Statements of Net Position

Current assets include cash and cash equivalents, short-term investments and pledges receivable-current. For the year ended June 30, 2026 current assets decreased by approximately $129,000. In the previous fiscal year current assets increased by approximately $735,000. The fluctuation for both years is primarily driven by pledge activity. In the current year there were five new pledges totaling approximately $73,000, collections of more than $1,200,000 on outstanding pledges and write-offs of approximately $16,000 for uncollectible balances. The remainder of this overall change in current assets is the reclassification of noncurrent/long-term pledges to current, due to the passage of time. As pledge payments are collected, the related funds are transferred to the University in accordance with donor intent.

Other noncurrent assets include pledges receivable-noncurrent, endowment investments, other long-term investments, and other assets. Noncurrent assets increased by approximately $8,900,000 in the current year, primarily due to favorable market performance within the Foundation's long-term investment portfolio and new endowment gifts totaling approximately $10,000,000. This increase was offset by approximately $1,000,000 in noncurrent pledges that were reclassified to current assets. By comparison, noncurrent assets increased approximately $6,400,000 in the prior year, primarily due to favorable market performance within the Foundation's long-term investment portfolio. Endowment investment returns net of endowment distribution and new gifts to endowments are the main drivers for fluctuations in the other long-term investment category.

Current liabilities are made up of accounts payable. The balance consists of accrued operating expenses.

Net Position includes restricted-nonexpendable, restricted-expendable and unrestricted funds. The Foundation's current year net position increased approximately $8,700,000 following an increase of approximately $7,100,000 in the prior year. The increases in net position during both fiscal years were driven primarily by favorable market performance, which increased the value of the Foundation's investment portfolio.

Restricted, nonexpendable net position represents donor-restricted endowment principal that must be maintained in perpetuity. These endowments generate a permanent source of annual funding that supports the University's academic programs, scholarships, and other mission-driven initiatives. Net investment depreciation reduces this category if the total endowment's market value is below corpus. If the endowment's market value is above corpus, then the net investment appreciation is recorded under the restricted, expendable – other net position category. In the current year and previous year, there was accumulated investment appreciation that was recorded under the restricted, expendable – other net position category.

Restricted, expendable consists of scholarships and other restricted, expendable. Scholarships represent net position available for spending by authorized representatives of the University. This category increases from pledge donations and will decrease when pledge payments are gifted from the Foundation to the University for scholarships. Other restricted, expendable represents net position available for spending by authorized representatives and appropriated endowment earnings along with investment appreciation above endowment corpus. This category increases from direct donations (including pledges), appropriated endowment earnings and investment appreciation above corpus and will decrease when gifts are made from the Foundation to the University to support various campus programs.

The unrestricted category represents the Foundation's operating fund along with any Board of Directors (the Board) designated funds such as quasi-endowments. This category is not restricted by external restrictions. Its use is designated by management or the Board of the Foundation.

Condensed Statements of Revenues, Expenses and Changes in Net Position
for the Fiscal Years Ended June 30,

	2026	2025	2024
Revenues and Expenses:			
Operating revenues	$ 13,446,347	$ 11,707,702	$ 8,297,020
Operating expenses	(4,669,745)	(4,594,061)	(3,984,578)
Operating income	8,776,602	7,113,641	4,312,442
Noncapital Subsidies:			
Other subsidies provided	(41,635)	-	-
Noncapital Subsidies	(41,635)	-	-
Operating income and noncapital subsidies	8,734,967	7,113,641	4,312,442
Increase in net position	8,734,967	7,113,641	4,312,442
Beginning net position	79,773,808	72,660,167	68,347,725
Ending net position	$ 88,508,775	$ 79,773,808	$ 72,660,167

Detailed Analysis – Statements of Revenues, Expenses, and Changes in Net Position

Operating revenues consist primarily of endowment income and University fundraising efforts that benefited endowments, gifts to the Foundation, noncapital, donations to support endowments, and lifetime alumni membership fees. Gifts to the Foundation, noncapital, are donations to ultimately support the University. These gifts do not include donations that support the endowments. Noncapital gifts to the Foundation decreased by approximately $2,068,000 in the current year following a $2,111,000 increase in the prior year. In the prior year there were two new pledges totaling approximately $2,100,000, while in the current year new pledge activity totaled approximately $73,000. Operating revenues increased approximately $1,739,000 in the current year, following an increase of approximately $3,411,000 in the prior year.

Operating expenses consist primarily of the Foundation's operating fund and gifts to the University from the Foundation, noncapital. The operating fund is made up of various contractual services, audit, legal and insurance expenses along with reimbursements to the University for administrative and support services provided on behalf of the Foundation. The operating fund also includes a gift to the University to support the ongoing efforts of the Advancement Division. Gifts distributed to the University remained steady and only increased by approximately $135,000 in the current year following an increase of approximately $547,000 in the prior year. In the current year operating expenses increased by approximately $76,000 after increasing by $609,000 in the prior year. The increase in the prior year was largely due to a one-time contractual service for Outsourced Chief Investment Officer (OCIO) evaluation. Current year expenses are back in line with historical trends.

Additional Analysis

Detailed below are gifts to the Foundation in 2026 and 2025. These gifts may include direct gifts, matching gifts and pledges.

	2026	2025
Scholarships	$ 90,443	$ 27,102
Academic Programs	422,941	336,651
Green Music Center	13,252	2,315,585
Adjustments for pledge valuation	(44,519)	(128,940)
Total gifts to the Foundation	$ 482,117	$ 2,550,398

Direct donations to support academic programs and scholarships are received and recorded by the University, not the Foundation. The Foundation receives and records endowments, gifts of stock, pledges, and contributions made via payroll deduction.

Gifts to the University from the Foundation represent the endowment distribution along with donations to support a variety of academic departments and scholarships. Detailed below are gifts to the University in 2026 and 2025.

	2026	2025
Academic Programs	$ 2,052,779	$ 1,905,040
Scholarships	1,062,555	982,682
Support to University Advancement Division	355,301	290,075
Green Music Center	959,935	1,118,037
Total gifts to the University	$ 4,430,570	$ 4,295,834

Endowment income totaled approximately $10,766,000 in 2026. In the prior year endowment income was approximately $7,148,000. This category is the result of investment income, net of investment management fees; realized gains, net of realized losses; and unrealized gains, net of unrealized losses.

	2026	2025
Investment income, net	$ 1,442,874	$ 1,351,539
Realized gains, net	3,962,979	3,358,953
Unrealized gains, net	5,360,611	2,437,655
Total endowment gains, net	$ 10,766,464	$ 7,148,147

Total investment fees, including direct fund/manager fees and OCIO fees, are approximately 1.0% annually. All investment performance is presented net of these fees.

Additions to permanent endowments include direct gifts, matching gifts and gift annuities held at the California State University Foundation. Pledges made for endowments are not recorded until the actual gift has been made. Additions to permanent endowments in the current year were approximately $2,127,000. In the prior year additions to permanent endowments were approximately $1,968,000. Detailed below are additions to permanent endowments to the Foundation in 2026.

Finley-McFarling Endowment	$	1,830,278
Additions between $5,001 and $24,999		88,305
Malm OLLI Endowment Fund		64,600
K Erickson Memorial Scholarship		50,000
Additions of $5,000 or less		40,497
Dolores Westrich Endowment		27,000
Candi McCarthy Zizek Scholarship		26,316
Total increase to permanent endowments	$	2,126,996

Currently Known Facts, Decisions or Conditions

Budgetary Highlights: The Foundation's operating fund is the only Foundation fund with an established budget for operations. The budget is approved annually by the Board.

Management expects investment markets to remain volatile and will continue to evaluate spending policies with the dual objectives of preserving endowment purchasing power and providing sustainable support for University programs. The endowment as a whole is currently above corpus and the Board has approved the pooled endowment distribution of approximately $2,500,000 for the upcoming 2026/2027 fiscal year. The endowment distribution will support various campus programs and student scholarships.

It was announced by the University in the prior fiscal year that several academic departments and programs would be combined, downsized and/or eliminated. It was also announced that NCAA Division II athletics would be eliminated. During the current fiscal year a new University president started and there were many campus discussions regarding the path forward. This involved discussions and support from the State Legislature and California State University Chancellor's Office. In July of 2026 it was announced that several programs previously slated for closure would be preserved and NCAA Division II athletics would be coming back with 10 sports starting in fiscal year 2027-2028.

The Foundation has a grouping of endowment funds that support impacted departments, programs, and/or athletics (based on donor intent). While there continues to be fluidity in the exact impacts, University Advancement personnel and Foundation management continue to review gift agreements and work with associated departments on campus and with donors when/where appropriate to repurpose use of impacted endowment funds. With the reenvisioning of many programs, some funds no longer remain impacted and others have unique nuances to work through on a case by case basis. Any affected endowments will be addressed accordingly by the Foundation over time.
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SONOMA STATE UNIVERSITY FOUNDATION

Statements of Net Position

June 30, 2026 and 2025

	2026	2025
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 299,155	$ 675,385
Short-term investments	455,710	2,422
Pledges receivable, net	979,170	1,184,991
Total Current Assets	1,734,035	1,862,798
Noncurrent Assets:		
Pledges receivable, net	89,352	1,041,400
Endowment investments	53,204,804	51,579,349
Other long-term investments	32,372,931	24,248,689
Other assets	1,120,759	1,046,390
Total Noncurrent Assets	86,787,846	77,915,828
Total Assets	88,521,881	79,778,626
LIABILITIES		
Current Liabilities:		
Accounts payable	13,106	4,818
NET POSITION		
Restricted for:		
Nonexpendable-endowments	55,645,402	53,528,754
Expendable:		
Scholarships and fellowships	512,179	738,989
Other	28,535,111	21,713,361
Unrestricted	3,816,083	3,792,704
Total Net Position	$ 88,508,775	$ 79,773,808

See accompanying notes to financial statements.

SONOMA STATE UNIVERSITY FOUNDATION

Statements of Revenues, Expenses, and Changes in Net Position

Years Ended June 30, 2026 and 2025

	2026	2025
Operating Revenues:		
Endowment income	$ 10,766,464	$ 7,148,147
Additions to permanent endowments	2,126,996	1,968,499
Gifts to the Foundation, noncapital	482,117	2,550,398
Other operating revenues	69,217	41,082
Sales and services of educational activities	2,612	1,120
Investment loss	(1,059)	(1,544)
Total Operating Revenues	13,446,347	11,707,702
Operating Expenses:		
Gifts to the University from the Foundation, noncapital	4,430,570	4,295,834
Institutional support	239,175	298,227
Total Operating Expenses	4,669,745	4,594,061
Operating Income	8,776,602	7,113,641
Noncapital Subsidies:		
Other subsidies provided	(41,635)	-
Total Noncapital Subsidies	(41,635)	-
Operating Income and Noncapital Subsidies	8,734,967	7,113,641
Net Position, beginning	79,773,808	72,660,167
Net Position, ending	$ 88,508,775	$ 79,773,808

See accompanying notes to financial statements.

SONOMA STATE UNIVERSITY FOUNDATION

Statements of Cash Flows

Years Ended June 30, 2026 and 2025

	2026	2025
Cash Flows from Operating Activities:		
Payments to suppliers	$ (230,887)	$ (295,382)
Other operating receipts	71,829	42,202
Net Cash Used by Operating Activities	(159,058)	(253,180)
Cash Flows from Noncapital Financing Activities:		
Gifts received	3,650,978	3,710,081
Gifts made to the University	(4,430,570)	(4,295,834)
Net Cash Used by Noncapital Financing Activities	(779,592)	(585,753)
Cash Flows from Investing Activities:		
Sales and maturities of investments	11,425,196	13,299,526
Purchase of investments	(12,683,621)	(13,776,450)
Investment expenses paid	(268,032)	(259,463)
Investment income received	2,088,877	1,926,587
Net Cash Provided by Investing Activities	562,420	1,190,200
Net Increase (Decrease) in Cash and Cash Equivalents	(376,230)	351,267
Cash and Cash Equivalents, beginning of year	675,385	324,118
Cash and Cash Equivalents, end of year	$ 299,155	$ 675,385
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:		
Operating income	$ 8,776,602	$ 7,113,641
Net realized and unrealized gain	(10,765,405)	(7,146,603)
Gifts made to the University	4,430,570	4,295,834
Gifts received	(2,609,113)	(4,518,897)
Change in assets and liabilities:		
Accounts payable	8,288	2,845
Total Adjustments	8,288	2,845
Net Cash Used by Operating Activities	$ (159,058)	$ (253,180)

See accompanying notes to financial statements.

Note 1 - Organization

The Sonoma State University Foundation (the Foundation) was established in 1974 as an auxiliary organization of the California State University System (the System), as defined in the California Education Code, Title V, Section 42400, to engage in activities furthering and enhancing the educational effectiveness of Sonoma State University (University) and supplement services provided by the State of California.

The Foundation's principal mission is to receive and administer endowment gifts and planned giving that enhance and promote the University's educational mission. The activities of the Foundation are directed by a board of community, student, faculty, and administrative representatives.

Note 2 - Summary of Significant Accounting Policies

Financial Reporting Entity
The Foundation is a legally separate tax-exempt component unit of the University. The University is part of the System. The Foundation acts primarily as a support organization to supplement the resources that are available to the University in support of its programs. The Foundation's board appointments require approval from the University President, and as a result, the Foundation follows the reporting principles promulgated by the Governmental Accounting Standards Board (GASB).

The financial statements present only the statements of net position, statements of revenues, expenses, and changes in net position, and statements of cash flows of Sonoma State University Foundation and do not purport to, and do not, present fairly the financial position of the University or the System as of June 30, 2026 and 2025 and its changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America (GAAP).

Basis of Presentation
The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with GAAP, as prescribed by the GASB. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

The basic financial statements include a statement of net position; a statement of revenues, expenses, and changes in net position; and a statement of cash flows. As a component unit of a public institution, the Foundation has chosen to present its basic financial statements using the reporting model for special-purpose governments engaged only in business-type activities. In accordance with the business-type activities reporting model, the Foundation prepares its statement of cash flows using the direct method.

Classification of Current and Noncurrent Assets and Liabilities
The Foundation considers current assets, those that can reasonably be expected, as part of its normal business operations, to be converted to cash and be available for liquidation of current liabilities within 12 months of the statement of net position date. Liabilities that reasonably can be expected, as part of normal Foundation business operations, to be liquidated within 12 months of the statement of net position date are considered to be current. All other assets and liabilities are considered to be noncurrent.

Cash and Cash Equivalents
The Foundation considers all highly liquid investments that are to be used for operations with a maturity date of three months or less to be cash equivalents. Cash and cash equivalents consist of checking accounts and money market funds.

Note 2 - Summary of Significant Accounting Policies, continued

Pledges Receivable
Unconditional pledges receivable are recorded as receivables and revenue. To be recorded, the pledge must be documented, reasonably measured and probable of collection. The Foundation distinguishes between contributions received for each asset category in accordance with donor-imposed restrictions. Pledges receivable are discounted to the anticipated net present value of future cash flows. After pledges are originally recorded, an allowance for uncollectible pledges may be established based on past payment history. Pledges received for endowments are not recorded until received as cash.

Investments
Investments are reflected at fair value using quoted market prices when available. For investments that do not have quoted market prices readily available, the fair value is determined by the Foundation to be the most recent investment manager reported asset value adjusted for calls and distributions, giving consideration to factors which might necessitate an adjustment such as ongoing due diligence monitoring and significant market or portfolio changes. Realized and unrealized gains and losses are included in the accompanying statements of revenues, expenses, and changes in net position as investment income (loss), net. It is generally the policy of the Foundation to invest all funds that are not required for operations. The three general investment pools are the current funds pool, endowment pool and the special investment pool. Alternative types of investment may be considered, although, in no case are any of the investment pools to be invested exclusively in alternative investment vehicles.

The investment objectives of the endowment pool are to achieve returns in excess of the rate of inflation, net of spending, in order to preserve the purchasing power of the assets, while also emphasizing long-term growth while avoiding excessive risk. The long-term total return objective for the portfolio is inflation, as determined by the U.S. Higher Education Price Index (HEPI), plus 4.5 percent.

Net Position
The Foundation's net position is classified into the following categories:

Restricted - nonexpendable endowments: Net position subject to externally imposed conditions require that the Foundation retains them in perpetuity; this category mainly consists of endowments held by the Foundation.

Restricted - expendable: Net position subject to externally imposed conditions that can be fulfilled by the actions of the Foundation or by the passage of time.

Unrestricted: All other categories of net position; in addition, unrestricted net position may be designated for use by management or the Board of Directors of the Foundation.

The Foundation has adopted a practice of generally utilizing restricted - expendable funds, prior to unrestricted funds, when an expense is incurred for purposes for which both are available.

Classification of Revenues and Expenses
The Foundation considers operating revenues and expenses in the statements of revenues, expenses, and changes in net position to be those revenues and expenses that result from exchange transactions or from other activities that are connected directly to the Foundation's primary functions. As the Foundation's primary function is to receive and administer endowment gifts and planned giving, endowment and other investment income, additions to permanent endowments, and gifts to and from the University are classified as operating revenues and expenses. Certain other transactions are reported as nonoperating revenues and expenses in accordance with GASB Statement No. 103. These nonoperating activities include subsidies received and provided.

Note 2 - Summary of Significant Accounting Policies, continued

Income Taxes
The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and from California franchise and income tax under section 23701(d) of the Revenue and Taxation Code. Continuance of such exemption is subject to compliance with laws and regulations of the taxing authorities. The Foundation utilizes accounting standards generally accepted in the United States of America related to the recognition of uncertain tax positions. The Foundation recognizes accrued interest and penalties associated with uncertain tax positions as part of the statements of revenues, expenses, and changes in net position, when applicable. Management has determined that the Foundation has no uncertain tax positions at June 30, 2026 and 2025 and therefore, no amounts have been accrued. The Foundation files income tax returns in the United States and various state and local jurisdictions.

Estimates
The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts in the accompanying financial statements. Actual results could differ from those estimates.

Implementation of New Accounting Standard
Effective July 1, 2025, the Foundation adopted GASB Statement No. 103, Financial Reporting Model Improvements. This statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. Management has analyzed the provisions contained in the Statement and updated the financial statements accordingly.

Effective July 1, 2025, the Foundation adopted GASB Statement No. 104, Disclosures of Certain Capital Assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34 and requires additional disclosures for capital assets held for sale. Management has analyzed the provisions contained in the Statement and determined that there is no impact on the financial statements from the adoption of the new Statement.

Subsequent Events
The Foundation has evaluated subsequent events through September 14, 2026, which is the date the financial statements were available to be issued.

Note 3 - Cash and Cash Equivalents

The majority of cash and investments are pooled; however, separate accounting is maintained as to the amounts allocable to the various programs.

Cash and Cash Equivalents at June 30:

	2026	2025
Book balance	$ 299,155	$ 675,385
Bank balance	298,928	673,582
Difference between book balance and bank	$ 227	$ 1,803
Significant reconciling items consist of:		
Deposits in transit	$ 2,100	$ 11,700
Outstanding checks	(1,873)	(9,897)
	$ 227	$ 1,803

Note 4 - Investments

Composition of Investments

Investments include real property, debt and equity securities, mutual funds, hedge funds, private equity and commodities. Investments are reported at fair market value. Changes in the fair value of endowment investments are reported as part of endowment income (loss), net in the statements of revenues, expenses, and changes in net position. During the year ended June 30, 2026, the Foundation recognized $1,442,874 of investment income net of fees along with a net realized gain of $3,962,979 and an unrealized gain of $5,360,611. During the year ended June 30, 2025, the Foundation recognized $1,351,539 of investment income net of fees along with a net realized gain of $3,358,953 and an unrealized gain of $2,437,655. The calculation of realized gains is independent of the calculation of the net increase in the fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current year may have been recognized as an increase or decrease in the fair value of investments reported in the prior year.

The market approach is the valuation technique that the Foundation utilizes. Quoted market prices for identical assets in an active market are used to value the Foundation's mutual funds, equity and portion of commodities/real assets (Level 1). Quoted market prices for similar assets or quoted prices for identical assets but not in active markets are used to value the Foundation's hedge funds (Level 2). Investments with unobservable inputs significant to the fair value measurement include private equity and a portion of commodities (Level 3). As a practical expedient, certain financial instruments may be valued using net asset value (NAV) per share. NAV is the amount of net assets attributable to each share of outstanding capital stock at the end of the period.

These prices and values are estimates from financial institutions as of June 30, 2026 and 2025. There have been no changes in the Foundation's valuation techniques for the years presented.

The composition of short-term investments consists of the current portion of CSU Consolidated Investment pool classified as NAV. As of June 30, 2026 and 2025, short-term investments in the CSU Investment pool were $455,710 and $2,422, respectively.

The composition of investments at June 30:

	2026	2025
Long-Term Investments:		
Exchange traded funds (ETFs)	$ 30,055,633	$ 23,943,038
Equity	18,994,665	17,396,948
Mutual funds	11,323,661	8,836,400
Private equity	7,117,425	6,415,116
Hedge funds	6,485,857	9,013,484
Real assets and commodities	5,636,573	4,513,749
Treasury securities	2,933,308	2,878,897
CSU Consolidated Investment pool	2,279,551	2,086,753
Federal agencies	703,559	697,954
Annuity and life insurance	47,503	45,699
Total Long-Term Investments	85,577,735	75,828,038
Short-Term Investments:		
CSU Consolidated Investment pool	455,710	2,422
Total Investments	86,033,445	75,830,460
Less Endowment Investments	(53,204,804)	(51,579,349)
Total Investments, Net of Endowments	$ 32,828,641	$ 24,251,111

Note 4 - Investments, continued

Investment Costs and Fair Market Values
Aggregated costs and fair values of investments at June 30, 2026 are as follows:

	Cost	Fair Value
Exchange traded funds (ETFs)	$ 20,866,068	$ 30,055,633
Equity	12,936,348	18,994,665
Mutual funds	10,583,854	11,323,661
Private equity funds	6,944,139	7,117,425
Hedge funds	5,570,534	6,485,857
Real assets and commodities	5,471,190	5,636,573
Treasury securities	2,939,393	2,933,308
CSU Consolidated Investment pool	2,735,261	2,735,261
Federal agencies	709,674	703,559
Annuity and life insurance	47,503	47,503
Total	$ 68,803,964	$ 86,033,445

The private equity funds are invested in U.S. domiciled private equity funds that are primarily focused on growth equity and buyout strategies, but also include distressed and opportunistic strategies as well as private infrastructure assets. The Foundation has a $15,535,950 commitment of which $7,184,734 was unfunded as of June 30, 2026.

Aggregated costs and fair values of investments at June 30, 2025 are as follows:

	Cost	Fair Value
Exchange traded funds (ETFs)	$ 18,920,240	$ 23,943,038
Equity	12,685,630	17,396,948
Mutual funds	8,510,522	8,836,400
Hedge funds	7,281,486	9,013,484
Private equity funds	6,387,772	6,415,116
Real assets and commodities	4,389,421	4,513,749
Treasury securities	2,862,736	2,878,897
CSU Consolidated Investment pool	2,089,176	2,089,175
Federal agencies	710,313	697,954
Annuity and life insurance	45,699	45,699
Total	$ 63,882,995	$ 75,830,460

Note 4 - Investments, continued

Investments Broken Down Using the Fair Value Hierarchy
The fair market value of investments is categorized as follows for the year ended June 30, 2026:

	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)
Exchange traded funds (ETFs)	$ 30,055,633	$ 30,055,633	$ -	$ -	$ -
Equity	18,994,665	18,994,665	-	-	-
Hedge funds	6,485,857	-	3,456,606	-	3,029,251
Mutual funds	11,323,661	11,323,661	-	-	-
Private equity	7,117,425	-	-	1,619,277	5,498,148
Real assets and commodities	5,636,573	-	-	2,807,131	2,829,442
Treasury securities	2,933,308	-	2,933,308	-	-
CSU Consolidated Investment pool	2,735,261	-	-	-	2,735,261
Federal agencies	703,559	-	703,559	-	-
Annuity and life insurance	47,503	-	-	47,503	-
Total Long-Term Investments	$ 86,033,445	$ 60,373,959	$ 7,093,473	$ 4,473,911	$ 14,092,102

The fair market value of investments is categorized as follows for the year ended June 30, 2025:

	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)
Exchange traded funds (ETFs)	$ 23,943,038	$ 23,943,038	$ -	$ -	$ -
Equity	17,396,948	17,396,948	-	-	-
Hedge funds	9,013,484	-	3,323,229	-	5,690,255
Mutual funds	8,836,400	8,836,400	-	-	-
Private equity	6,415,116	-	-	1,815,920	4,599,196
Real assets and commodities	4,513,749	-	-	1,953,500	2,560,249
Treasury securities	2,878,897	-	2,878,897	-	-
CSU Consolidated Investment pool	2,089,175	-	-	-	2,089,175
Federal agencies	697,954	-	697,954	-	-
Annuity and life insurance	45,699	-	-	45,699	-
Total Long-Term Investments	$ 75,830,460	$ 50,176,386	$ 6,900,080	$ 3,815,119	$ 14,938,875

Note 4 - Investments, continued

Investments Broken Down Using the Fair Value Hierarchy, continued
Changes in the fair value of Level 3 investments are as follows for the years ended June 30:

	2026	2025
Fair value, beginning of year	$ 3,815,119	$ 3,214,235
Deposits (Withdrawals)	894,405	649,714
Unrealized gains (losses)	(237,418)	(50,468)
Change in annuity and life insurance	1,805	1,638
	$ 4,473,911	$ 3,815,119

Changes in the fair value of NAV investments are as follows for the years ended June 30:

	2026	2025
Fair value, beginning of year	$ 14,938,875	$ 17,373,747
Deposits (Withdrawals)	(197,907)	(552,263)
Unrealized gains (losses)	(648,866)	(1,882,609)
	$ 14,092,102	$ 14,938,875

Commitments and redemption schedule for Level 3 investments are as follows:

	Fair value at June 30, 2026	Unfunded commitment	Redemption frequency	Redemption notice period
McMorgan Infrastructure (a)	$ 822,308	$ 331,964	n/a	n/a
KKR Americas (b)	999,567	96,874	n/a	n/a
Bridge WFAH (a)	815,233	64,715	n/a	n/a
Vistria V (i)	619,710	384,527	n/a	n/a
McMorgan Infrastructure II (a)	709,760	400,745	n/a	n/a
Ridgewood Water Infrastructure II (a)	255,927	287,593	n/a	n/a
Rialto Real Estate V (c)	203,756	294,831	n/a	n/a
ASF IX Infrastructure (a)	147	1,469,853	n/a	n/a
Annuity and life insurance	47,503	-	n/a	n/a
	$ 4,473,911	$ 3,331,102		

	Fair value at June 30, 2025	Unfunded commitment	Redemption frequency	Redemption notice period
McMorgan Infrastructure (a)	$ 839,707	$ 331,964	n/a	n/a
KKR Americas (b)	1,232,352	97,849	n/a	n/a
Bridge WFAH (a)	818,418	96,311	n/a	n/a
Vistria V (i)	583,568	423,305	n/a	n/a
McMorgan Infrastructure II (a)	-	1,000,000	n/a	n/a
Ridgewood Water Infrastructure II (a)	163,337	282,004	n/a	n/a
Rialto Real Estate V (c)	132,038	364,250	n/a	n/a
Annuity and life insurance	45,699	-	n/a	n/a
	$ 3,815,119	$ 2,595,683		

Note 4 - Investments, continued

Investments Broken Down Using the Fair Value Hierarchy, continued
Commitments and redemption schedule for NAV investments are as follows:

	Fair value at June 30, 2026	Unfunded commitment	Redemption frequency	Redemption notice period
Private Advisors Fund VI (c)	$ 407,358	$ 105,199	n/a	n/a
Hamilton Lane (d)	374,827	-	n/a	n/a
Vintage Access (e)	417,236	105,000	n/a	n/a
Millennium (f)	995,985	-	semi-annual	90 days
Canyon Value (f)	17,285	-	quarterly	by 20th day of each
Sculptor Overseas (f)	58,779	-	annually	45 days
BREIT (g)	2,180,824	-	monthly	90 days
Goldman Sachs Vintage VIII (d)	869,399	709,985	n/a	n/a
NB Select Opps III (d)	672,867	101,250	n/a	n/a
Schonfeld (f)	1,957,202	-	quarterly	45 days
HarbourVest (h)	856,308	112,500	n/a	n/a
KKR Global II (k)	1,188,987	498,444	n/a	n/a
Coller International IX (j)	347,396	454,752	n/a	n/a
Clearlake Capital (b)	240,770	690,933	n/a	n/a
Adams St. Investment VI (d)	123,000	758,500	n/a	n/a
Grain Communications (d)	188,649	317,069	n/a	n/a
KKR Infrastructure (a)	459,969	-	quarterly	45 days
CSU Consolidated Investment pool	2,735,261	-	n/a	n/a
	$ 14,092,102	$ 3,853,632		

Note 4 - Investments, continued

Investments Broken Down Using the Fair Value Hierarchy, continued

	Fair value at June 30, 2025	Unfunded commitment	Redemption frequency	Redemption notice period
Private Advisors Fund VI (c)	$ 448,505	$ 105,199	n/a	n/a
Hamilton Lane (d)	406,419	62,913	n/a	n/a
Vintage Access (e)	449,547	105,000	n/a	n/a
Millennium (f)	852,318	-	semi-annual	90 days
Canyon Value (f)	1,320,539	-	quarterly	by 20th day of each
Sculptor Overseas (f)	1,905,791	-	annually	45 days
BREIT (g)	2,000,347	-	monthly	90 days
Goldman Sachs Vintage VIII (d)	918,837	612,034	n/a	n/a
NB Select Opps III (d)	856,837	101,250	n/a	n/a
Schonfeld (f)	1,611,606	-	quarterly	45 days
HarbourVest (h)	779,200	112,500	n/a	n/a
KKR Global II (k)	448,526	680,407	n/a	n/a
Coller International IX (j)	244,280	526,624	n/a	n/a
Clearlake Capital (b)	47,045	803,500	n/a	n/a
Adams St. Investment VI (d)	-	820,000	n/a	n/a
Grain Communications (d)	138,087	304,746	n/a	n/a
KKR Infrastructure (a)	421,816	-	quarterly	45 days
CSU Consolidated Investment pool	2,089,175	-	n/a	n/a
	$ 14,938,875	$ 4,234,173		

Note 4 - Investments, continued

Investments Broken Down Using the Fair Value Hierarchy, continued

(a) limited partnership formed for the purpose of investing in private infrastructure assets

(b) limited liability company formed to invest in private equity with the particular focus on buyout

(c) limited partnership organized for the purpose of investing in private equity and small company buyout, distressed and opportunistic funds and limited partnership organized for the purpose of investing in private equity funds focused on growth equity, buyout and distressed strategies

(d) limited partnership organized for the purpose of investing in global private equity including real assets

(e) limited liability company formed for the purpose of making direct investments in institutional private equity and private credit

(f) various hedge funds where the NAV is calculated separately with respect to the company's different classes and series of shares

(g) non-traded perpetual life REIT that invests in private commercial real estate and real estate debt securities

(h) limited liability company formed for the purpose of making investments in limited partnerships or other pooled investment vehicles and directly in private equity transactions

(i) limited partnership formed to make middle-market buyout and growth equity investments

(j) limited partnership focuses on acquiring buyout assets but may have an allocation across the private markets to include credit and other asset types

(k) limited partnership focuses on private equity established to invest in businesses that deliver solutions to critical global challenges

Endowment Investments

The Uniform Prudent Management of Institutional Funds Act (UPMIFA) authorizes the spending of corpus and net appreciation. Spending under UPMIFA is governed by a comprehensive prudence standard that considers a number of factors. One of those factors is the duration and preservation of the endowment fund. The Board of Directors has interpreted this factor as requiring the preservation of the fair value of the original gift as of the gift date absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies the original value of the gift donated along with the original value of subsequent gifts donated to the permanent endowment. These are included in the restricted, nonexpendable-endowment net position category on the statements of net position. The Foundation's current spending policy is targeted to distribute up to 4% of a five-year rolling average of the market value of the pooled endowment, based on the average market value of the previous 20 quarters with the final quarter ending on December 31, while taking into account the required prudence evaluation as guided by UPMIFA, which requires considering the donor's intent as well as several economic factors.

If the endowments' market value is above corpus, then the net investment appreciation, realized and unrealized, is reported in the restricted, expendable – other net position category on the statements of net position until appropriated for spending pursuant to donor agreements. However, if the endowments' market value is below corpus, then the net investment depreciation, realized and unrealized, is reported in the restricted, nonexpendable-endowment net position category on the statements of net position.

The Foundation made a pooled endowment distribution of $2.2 million to the University in Fall of 2025 (FY25/26) and $2.1 million to the University in Fall of 2024 (FY24/25). These amounts are included in gifts to the University from the Foundation, noncapital on the statements of revenues, expenses, and changes in net position. These distributions were funded with endowment income and realized gains on endowment assets. Additional non-pooled endowment distributions are made in accordance with parameters of each non-pooled endowment fund/gift. The Foundation's Board has approved a distribution of $2.5 million for the upcoming year.

Note 5 - Deposit and Investment Risk

Custodial Credit Risk
Custodial credit risk is the risk that in the event of the failure of a counterparty, the Foundation would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Financial instruments that potentially subject the Foundation to custodial credit risk consist primarily of bank demand deposits and investments in excess of amounts insured by the Federal Deposit Insurance Corporation (FDIC) or the Securities Investors Protector Corporation (SIPC). The Foundation places its cash investments with a number of quality financial institutions to limit the exposure to loss by any one institution.

The Foundation had cash and cash equivalents of $298,928, which represents the balance recorded at the respective financial institutions compared to the book balance recorded by the Foundation of $299,155 at June 30, 2026, of which all was covered by the FDIC or SIPC insurance programs. Coverage amounts are based on the balance recorded by the financial institution.

Investments other than cash are held in the name of the Foundation. No policy exists related to custodial risk specifically. The Foundation's investment policy does not prohibit deposits in single institutions that expose the Foundation to custodial credit risk.

Concentration of Credit Risk
The Foundation does not limit the amount that may be invested in any one issuer. At June 30, 2026, the Foundation's Schedule of Investments had $81,462,255 or 93% of its noncurrent investments with its primary investment advisor, Graystone Consulting. Graystone Consulting's parent Morgan Stanley (MS) carries $600 million coverage for loss due to fraudulent acts and $20 million coverage for Errors and Omissions, which covers MS and all of its subsidiaries. The Foundation has no policy which limits concentration of credit risk.

Credit Risk
Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Foundation participates in a CSU system wide internal investment pool managed by an asset management and investment advisory firm that serves the CSU system.

Interest Rate Risk
Interest rate risk is the risk of exposure to fair value losses resulting from rising interest rates. The Foundation has various types of fixed income investments. The other investments subject to interest rate risk are bond funds, which are invested in mutual funds that mitigate interest rate risk through a multi-strategy approach.

Note 6 - Pledges Receivable

Pledges receivable at June 30, 2026 consisted of the following:

	Current	Noncurrent	Total
Year ending June 30, 2027	$ 1,204,476	$ -	$ 1,204,476
Years ending June 30, 2028 through 2030	-	100,266	100,266
Total pledges at full pledged value	1,204,476	100,266	1,304,742
Less:			
Allowance for uncollectible pledges	(190,224)	(5,014)	(195,238)
Reduction in pledges for present value	(35,082)	(5,900)	(40,982)
Total pledges, net	$ 979,170	$ 89,352	$ 1,068,522

Pledges receivable at June 30, 2025 consisted of the following:

	Current	Noncurrent	Total
Year ending June 30, 2026	$ 1,286,811	$ -	$ 1,286,811
Years ending June 30, 2027 through 2030	-	1,169,211	1,169,211
Total pledges at full pledged value	1,286,811	1,169,211	2,456,022
Less:			
Allowance for uncollectible pledges	(64,341)	(58,461)	(122,802)
Reduction in pledges for present value	(37,479)	(69,350)	(106,829)
Total pledges, net	$ 1,184,991	$ 1,041,400	$ 2,226,391

Note 7 - Other Assets

Other assets consist of the following at June 30:

	2026	2025
Beneficial interest in perpetual trust	$ 1,049,709	$ 978,831
Gift annuities held at CSU Foundation	71,050	67,559
Total other assets	$ 1,120,759	$ 1,046,390

Note 7 - Other Assets, continued

The Foundation is the beneficiary of a perpetual trust agreement that is administered by an independent third party. The principal assets will remain part of the trust for perpetuity. Market appreciation is offset by a distribution made by the Trustee as required by the trust. This distribution, which is to an outside party, was $41,635 for the current year and $0 for the year ended June 30,2025. This distribution, when it occurs, is reflected in other subsidies provided in the statements of revenues, expenses, and changes in net position. The Foundation will receive a stream of income from this trust, which is included in endowment income (loss), net in the statements of revenues, expenses, and changes in net position.

The Foundation records its interest in gift annuities held under agency agreement at the CSU Foundation at their estimated present value. The contribution revenue is included in gifts to the Foundation, noncapital, on the statements of revenues, expenses, and changes in net position.

The Foundation is also the beneficiary of certain trusts that are administered by third parties. These interests are not recognized in the financial statements as they do not meet the eligibility requirements.

Note 8 - Risk Management

The Foundation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Foundation has joined together with other CSU Auxiliaries in the CSU Risk Management Authority (the Authority), a public entity risk pool. The Foundation pays an annual premium to the Authority for its general insurance coverage. The intent is for the Authority to remain self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of the $5,000,000 limit per each insured event. There have been zero claims against the insurance in the past three years. Annual premiums totaled $15,054 and $8,678 for the years ending June 30, 2026 and 2025, respectively.

Note 9 - Classification of Operating Expenses

The Foundation has elected to report operating expenses by functional classification in the statements of revenues, expenses, and changes in net position, but to provide the natural classification of those expenses as an additional disclosure. For the years ended June 30, 2026 and 2025, operating expenses by natural classification consisted of the following:

2026	Supplies and other services	Total
Functional classification:		
Gifts to the University from the Foundation, noncapital	$ 4,430,570	$ 4,430,570
Institutional support	239,175	239,175
Total	$ 4,669,745	$ 4,669,745

2025	Supplies and other services	Total
Functional classification:		
Gifts to the University from the Foundation, noncapital	$ 4,295,834	$ 4,295,834
Institutional support	298,227	298,227
Total	$ 4,594,061	$ 4,594,061

Note 10 - Calculation of Net Position Restricted for Nonexpendable Endowments

	2026	2025
Endowment investments	$ 53,204,804	$ 51,579,349
Portion of other assets restricted to endowments	2,440,598	1,949,405
Net position - restricted for nonexpendable - endowments	$ 55,645,402	$ 53,528,754

Note 11 - Transactions with Related Entities

The Foundation has an operating agreement with the University for executive management, oversight, financial resources, and logistical services and reimburses the University in accordance with the approved cost allocation plan (Executive Order 1000). The Foundation manages endowment donations received. The Foundation manages pledges and accepts stock donations; once pledges or stocks are converted to cash, they are transferred to the University. The Foundation transfers funds to the University as authorized and directed by the respective programs. Included in the transfers to the University are amounts for scholarships and support of programs.

The Foundation is the beneficiary of gift annuities that are held by the CSU Foundation. These gift annuities are included in other assets in the statements of net position. Each year, an annual update of the gift annuities is provided and the changes in the values are recognized as additional revenues and receivables.

The accompanying financial statements include the following transactions with related parties as of and for the years ended June 30:

	2026	2025
Transfer from the University for Lifetime Alumni Endowment	$ 2,612	$ 1,120
Total payments received from the University	$ 2,612	$ 1,120
Gifts to the University	$ 4,075,269	$ 4,005,759
Gifts to the University to support Advancement Division	355,301	290,075
Payments to the University for catering	7,179	7,595
Payments to the University in accordance with CSU Executive Order 1000	120,205	141,219
Transfers to the University for program activities	$ 4,557,954	$ 4,444,648
Accounts payable to the University	$ 2,815	$ 4,818
Gift annuities held by the California State University Foundation (included in *Other Assets* in the Statements of Net Position)	$ 71,050	$ 67,559

SUPPLEMENTAL INFORMATION

SONOMA STATE UNIVERSITY FOUNDATION

Schedule of Net Position

June 30, 2026

(for inclusion in the California State University)

Assets:		
Current assets:		
Cash and cash equivalents	$	299,155
Short-term investments		455,710
Pledges receivable, net, current portion		979,170
Total current assets		1,734,035
Noncurrent assets:		
Pledges receivable, net		89,352
Endowment investments		53,204,804
Other long-term investments		32,372,931
Other assets		1,120,759
Total noncurrent assets		86,787,846
Total assets		88,521,881
Liabilities:		
Current liabilities:		
Accounts payable		13,106
Total current liabilities		13,106
Total liabilities		13,106
Net position:		
Restricted for:		
Endowments		55,645,402
Expendable:		
Scholarships and fellowships		512,179
Others		28,535,111
Unrestricted		3,816,083
Total net position	$	88,508,775

SONOMA STATE UNIVERSITY FOUNDATION

Schedule of Revenues, Expenses, and Changes in Net Position

Year Ended June 30, 2026

(for inclusion in the California State University)

Revenues:		
Grants and contracts, noncapital:		
Sales and services of Educational Activities	$	2,612
Other operating revenues		69,217
Total operating revenues		71,829
Expenses:		
Operating expenses:		
Institutional support		239,175
Auxiliary enterprise expenses		4,430,570
Total operating expenses		4,669,745
NonCapital Subsidies:		
Gifts		482,117
Other Noncapital Subsidies received/(provided)		(41,635)
Total NonCapital Subsidies Received:		440,482
Operating Income (Loss) and NonCapital Subsidies:		(4,157,434)
Nonoperating revenues (expenses):		
Investment income (loss), net		(1,059)
Endowment income (loss), net		10,766,464
Additions/reductions to permanent endowments		2,126,996
Total nonoperating revenues (expenses)		12,892,401
Increase (decrease) in net position		8,734,967
Net position:		
Net position at beginning of year, as previously reported		79,773,808
Net position at beginning of year, as restated		79,773,808
Net position at end of year	$	88,508,775

SONOMA STATE UNIVERSITY FOUNDATION

Other Information

June 30, 2026

(for inclusion in the California State University)

1. Cash and cash equivalents

Current cash and cash equivalents	299,155
Total	**$ 299,155**

2.1 Composition of investments

Investment Type	Current	Noncurrent	Total
U.S. agency securities	$ -	$ 703,559	**$ 703,559**
U.S. treasury securities	-	2,933,308	**2,933,308**
Mutual funds	-	11,323,661	**11,323,661**
Exchange traded funds	-	30,055,633	**30,055,633**
Equity securities	-	18,994,665	**18,994,665**
Alternative investments:			
Private equity (including limited partnerships)	-	7,117,425	**7,117,425**
Hedge funds	-	6,485,857	**6,485,857**
Real estate investments (including REITs)	-	5,636,573	**5,636,573**
CSU Consolidated Investment Pool (formerly SWIFT)	455,710	2,279,551	**2,735,261**
Other investments:			
Annuity and Life Insurance	-	47,503	**47,503**
Total other investments:	-	47,503	**47,503**
Total investments	**455,710**	**85,577,735**	**86,033,445**
Less endowment investments (enter as negative number)	-	(53,204,804)	**(53,204,804)**
Total investments, net of endowments	**$ 455,710**	**32,372,931**	**32,828,641**

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)
U.S. agency securities	**$ 703,559**	$ -	$ 703,559	$ -	$ -
U.S. treasury securities	**2,933,308**	-	2,933,308	-	-
Mutual funds	**11,323,661**	11,323,661	-	-	-
Exchange traded funds	**30,055,633**	30,055,633	-	-	-
Equity securities	**18,994,665**	18,994,665	-	-	-
Alternative investments:					
Private equity (including limited partnerships)	**7,117,425**	-	-	1,619,277	5,498,148
Hedge funds	**6,485,857**	-	3,456,606	-	3,029,251
Real estate investments (including REITs)	**5,636,573**	-	-	2,807,131	2,829,442
CSU Consolidated Investment Pool (formerly SWIFT)	**2,735,261**	-	-	-	2,735,261
Other investments:					
Annuity and Life Insurance	**47,503**	-	-	47,503	-
Total other investments:	47,503	-	-	47,503	-
Total investments	**$ 86,033,445**	**$ 60,373,959**	**$ 7,093,473**	**$ 4,473,911**	**$ 14,092,102**

2.3 Investments held by the University under contractual agreements

	Current	Noncurrent	Total
Investments held by the University under contractual agreements e.g. - CSU Consolidated Investment Pool (formerly SWIFT):	455,710	2,279,551	**$ 2,735,261**

3.1 Capital Assets

Not Applicable

3.2 Detail of depreciation and amortization expense

Not Applicable

4. Long-term liabilities

Not Applicable

5. Lease, SBITA, P3 liabilities

Not Applicable

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

Not Applicable

7. Transactions with related entities

Payments to University for other than salaries of University personnel	$	127,384
Payments received from University for services, space, and programs	$	2,612
Gifts (cash or assets) to the University from discretely presented component units	$	4,430,570
Accounts (payable to) University	$	(2,815)

8. Restatements

Not Applicable

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
Institutional support	$ -	$ -	$ -	$ -	$ -	$ 239,175	$ -	**$ 239,175**
Auxiliary enterprise expenses	-	-	-	-	-	4,430,570	-	**4,430,570**
Total operating expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 4,669,745**	**$ -**	**$ 4,669,745**

No pension plan reported Not Applicable

10. Deferred outflows/inflows of resources

Not Applicable

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7676 Hazard Center Drive, Suite 550
San Diego, CA 92108

INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ONAN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Sonoma State University Foundation

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 (*Government Auditing Standards*), the financial statements of Sonoma State University Foundation, which comprise the statement of net position as of June 30, 2026, the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 14, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Sonoma State University Foundation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Sonoma State University Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of Sonoma State University Foundation'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 Sonoma State University Foundation's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sonoma State University Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial 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*.

INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ONAN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*, CONTINUED

INDEPENDENT AUDITOR'S REPORT, CONTINUED

Purpose of this Report

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

Aldrich CPAs + Advisors LLP

San Diego, California
September 14, 2026