California State University, Los Angeles Foundation

FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

Years Ended June 30, 2024 and 2023

Aldrich

CALIFORNIA STATE UNIVERSITY, LOS ANGELES FOUNDATION

Financial Statements and Supplemental Information

Years Ended June 30, 2024 and 2023

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INDEPENDENT AUDITOR'S REPORT

To the Audit Committee
California State University, Los Angeles Foundation

Report on the Audit of the Financial Statements

Opinion

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

Prior Period Financial Statements

The financial statements of California State University, Los Angeles Foundation as of June 30, 2023 were audited by other auditors whose report dated September 29, 2023 expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, 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 California State University, Los Angeles Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental information shown on pages 20-29 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 October 7, 2024, on our consideration of California State University, Los Angeles 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 California State University, Los Angeles 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 California State University, Los Angeles Foundation's internal control over financial reporting and compliance.

Aldrich CPAs + Advisors LLP

Brea, California
October 7, 2024

CALIFORNIA STATE UNIVERSITY, LOS ANGELES FOUNDATION

Statements of Financial Position

June 30, 2024 and 2023

	2024	2023
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 5,094,120	$ 2,436,463
Short-term investments	485,000	1,450,000
Due from related parties	860,174	997,833
Promises to give, current portion, net of allowance	2,999,176	814,285
Prepaid expenses and other current assets	22,635	22,635
Total Current Assets	9,461,105	5,721,216
Noncurrent Assets:		
Restricted cash	1,294,635	849,488
Investments	66,895,713	64,381,683
Promises to give, net of current portion and discount	1,878,655	3,843,920
Total Noncurrent Assets	70,069,003	69,075,091
Total Assets	$ 79,530,108	$ 74,796,307
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and other liabilities	$ 157,293	$ 173,459
Due to related parties	140,985	12,633
Total Liabilities	298,278	186,092
Net Assets:		
Without donor restrictions:		
General operations	1,097,725	1,949,422
Board designated	1,562,756	2,459,114
	2,660,481	4,408,536
With donor restrictions	76,571,349	70,201,679
Total Net Assets	79,231,830	74,610,215
Total Liabilities and Net Assets	$ 79,530,108	$ 74,796,307

See accompanying notes to financial statements.

CALIFORNIA STATE UNIVERSITY, LOS ANGELES FOUNDATION

Statement of Activities

Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues:			
Investment return, net	$ (416,078)	$ 6,203,554	$ 5,787,476
Gifts and contributions	110,797	2,179,434	2,290,231
Contributed nonfinancial assets	9,855	-	9,855
Interfund transfers	(1,273,944)	1,273,944	-
Net assets released from restriction	3,287,262	(3,287,262)	-
Total Support and Revenues	1,717,892	6,369,670	8,087,562
Expenses:			
Program services:			
Scholarships	1,659,937	-	1,659,937
College grants	747,611	-	747,611
Supporting services:			
General and administrative	505,401	-	505,401
Fundraising and development	552,998	-	552,998
Total Expenses	3,465,947	-	3,465,947
Change in Net Assets	(1,748,055)	6,369,670	4,621,615
Net Assets, beginning	4,408,536	70,201,679	74,610,215
Net Assets, ending	$ 2,660,481	$ 76,571,349	$ 79,231,830

See accompanying notes to financial statements.

CALIFORNIA STATE UNIVERSITY, LOS ANGELES FOUNDATION

Statement of Activities

Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues:			
Investment return, net	$ 1,330,503	$ 3,311,350	$ 4,641,853
Gifts and contributions	306,890	1,437,544	1,744,434
Contributed nonfinancial assets	11,745	-	11,745
Net assets released from restriction	2,942,405	(2,942,405)	-
Total Support and Revenues	4,591,543	1,806,489	6,398,032
Expenses:			
Program services:			
Scholarships	1,677,030	-	1,677,030
College grants	604,636	-	604,636
Supporting services:			
General and administrative	229,288	-	229,288
Fundraising and development	341,164	-	341,164
Total Expenses	2,852,118	-	2,852,118
Change in Net Assets	1,739,425	1,806,489	3,545,914
Net Assets, beginning	2,669,111	68,395,190	71,064,301
Net Assets, ending	$ 4,408,536	$ 70,201,679	$ 74,610,215

See accompanying notes to financial statements.

CALIFORNIA STATE UNIVERSITY, LOS ANGELES FOUNDATION

Statement of Functional Expenses

Year Ended June 30, 2024

	Program Services		Supporting Services		
	Scholarships	College Grants	General and Administrative	Fundraising and Development	Total
Advertising	$ -	$ -	$ 28,513	$ -	$ 28,513
Bank fees	-	-	14,886	-	14,886
Contract services	-	-	92,450	-	92,450
Insurance	-	-	9,189	-	9,189
Miscellaneous	-	-	27,252	-	27,252
Office	-	-	1,497	-	1,497
Professional fees	-	-	306,019	-	306,019
Scholarships and University projects	1,659,937	747,611	-	-	2,407,548
Supplies and other fees	-	-	23,331	552,998	576,329
Travel and entertainment	-	-	2,264	-	2,264
Total expenses	$ 1,659,937	$ 747,611	$ 505,401	$ 552,998	$ 3,465,947

See accompanying notes to financial statements.

CALIFORNIA STATE UNIVERSITY, LOS ANGELES FOUNDATION

Statement of Functional Expenses

Year Ended June 30, 2023

	Program Services		Supporting Services		
	Scholarships	College Grants	General and Administrative	Fundraising and Development	Total
Advertising	$ -	$ -	$ 17,122	$ -	$ 17,122
Bank fees	-	-	11,548	-	11,548
Contract services	-	-	73,960	-	73,960
Insurance	-	-	7,707	-	7,707
Miscellaneous	-	-	32,498	-	32,498
Office	-	-	1,361	-	1,361
Professional fees	-	-	69,149	-	69,149
Scholarships and University projects	1,677,030	604,636	-	-	2,281,666
Supplies and other fees	-	-	13,924	341,164	355,088
Travel and entertainment	-	-	2,019	-	2,019
Total expenses	$ 1,677,030	$ 604,636	$ 229,288	$ 341,164	$ 2,852,118

See accompanying notes to financial statements.

CALIFORNIA STATE UNIVERSITY, LOS ANGELES FOUNDATION

Statements of Cash Flows

Years Ended June 30, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities:		
Change in net assets	$ 4,621,615	$ 3,545,914
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Donated securities	(36,901)	(542,266)
Net realized and unrealized gain on investments	(3,824,900)	(3,242,693)
Contributions restricted for endowment	(984,686)	(1,570,960)
Changes in operating assets and liabilities:		
Due from related parties	137,659	80,368
Promises to give, net	(219,626)	758,868
Prepaid expenses and other current assets	-	(22,040)
Accounts payable and other liabilities	(16,166)	135,935
Due to related parties	128,352	(65,978)
Net Cash Used by Operating Activities	(194,653)	(922,852)
Cash Flows from Investing Activities:		
Purchases of investments	(48,731,330)	(25,795,265)
Proceeds from sale of investments	51,007,200	24,879,330
Proceeds from sale of donated securities	36,901	542,266
Net Cash Provided (Used) by Investing Activities	2,312,771	(373,669)
Cash Flows Provided by Financing Activities:		
Endowment contributions	984,686	1,570,960
Net Increase in Cash, Cash Equivalents, and Restricted Cash	3,102,804	274,439
Cash, Cash Equivalents, and Restricted Cash, beginning	3,285,951	3,011,512
Cash, Cash Equivalents, and Restricted Cash, ending	$ 6,388,755	$ 3,285,951
Cash, Cash Equivalents, and Restricted Cash Components:		
Cash and cash equivalents	$ 5,094,120	$ 2,436,463
Restricted cash	1,294,635	849,488
	$ 6,388,755	$ 3,285,951

See accompanying notes to financial statements.

Note 1 - Organization and Summary of Significant Accounting Policies

Nature of Activities
California State University, Los Angeles Foundation (Foundation) is a nonprofit auxiliary corporation organized under the California Nonprofit Public Benefit Corporation Law. It was incorporated on September 9, 1985, for the primary purpose of encouraging and promoting the scientific, literary, educational, and charitable purposes of California State University, Los Angeles (University) by providing financial assistance through scholarships, grants, gifts, loans, and other means to the University, its support groups, students, faculty, and staff.

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

- Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. The governing board may designate, from net assets without donor restrictions, net assets for an operating reserve through a board designated endowment.

- Net assets with donor restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by the passage of time, purpose, or other events specified by the donor. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. 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.

Use of Estimates
The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes
The Foundation is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the Revenue Taxation Code of California. Accordingly, no provision for income taxes is included in the accompanying financial statements.

The Foundation follows U.S. GAAP 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 activities, when applicable. Management has determined that the Foundation has no uncertain tax positions at June 30, 2024 and 2023 and therefore, no amounts have been accrued.

Cash and Cash Equivalents
The Foundation considers all highly liquid investments with an original maturity date of three months or less to be cash equivalents.

Investments
The Foundation carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statements of financial position. The fair value is determined using quoted market prices. Alternative investments, for which quoted market prices are not readily available, are valued at fair value by the investment manager based on factors deemed relevant by the manager including, but not limited to, market conditions, purchase price, estimated liquidation value, restrictions on transfer and meaningful third-party transactions in the private market. Because of the inherent uncertainty of valuations, the estimated fair values may differ significantly from the values that would have been used had a ready market for such investments existed or had such investments been liquidated, and those differences could be material.

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

Investments, continued
Purchases and sales of securities are recorded on the basis at which traded on that date. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses are included in the change in net assets in the statements of activities.

Accounts Receivable
Accounts receivable arise in the normal course of operations. The Foundation provides for losses on receivables using the allowance method which is based on experience and other circumstances. The Foundation considers all accounts receivable to be fully collectable and, as such, an allowance for credit losses is not considered necessary.

Promises to Give
Promises to give are stated at unpaid balances, less an allowance for doubtful accounts and a discount on those promises to give due in greater than one year. The Foundation provides for losses on receivables using the allowance method. The allowance is based on experience and other circumstances. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Foundation's policy to charge off uncollectable receivables when management determines the receivable will not be collected.

Revenue Recognition
Unconditional promises to give are recorded as promises to give receivable when the promise is received and there is no barrier or right of return on the promise. Unconditional promises to give with payments due in future periods are reported as restricted support.

Contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence or nature of any donor restrictions. Contributions for which donors have imposed restrictions, which limit the use of the donated assets, are reported as restricted support if the restrictions are not met in the same reporting period. When such donor-imposed restrictions are met in subsequent reporting periods, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions. Contributions of assets which donors have stipulated must be maintained in perpetuity, with only the income earned thereon available for current use, are classified as contributions with donor restrictions. Contributions for which donors have not stipulated restrictions, as well as contributions for which donors have stipulated restrictions that are met within the same reporting period, are reported as net assets without donor restrictions.

Gifts of land, buildings, and equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulation, the Foundation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return to the donor, are not recognized until the conditions on which they depend have been substantially met. As of June 30, 2024 and 2023, the Foundation did not have any conditional contributions.

Contributed Nonfinancial Assets
The Foundation records various types of in-kind contributions. Contributions of tangible assets are recognized at fair value when received. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The fair market value was determined through contributed nonfinancial assets active markets of identical or similar items. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses.

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

Leases
Leases with an initial term of 12 months or less are not recorded on the statements of financial position. Lease expense is recognized for these leases on a straight-line basis over the lease term. Management has analyzed all lease agreements and determined no right-of-use assets or lease liabilities exist as of June 30, 2024 and 2023. The lease agreements do not contain any material residual value guarantees.

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

Functional Expense Allocations
The costs of providing programs and other activities have been summarized on a functional basis in the accompanying statements of functional expenses. Accordingly, certain costs have been allocated among the program services and supporting services, specifically supplies and services which are allocated on the basis of estimates of time and effort.

Fair Value Measurements
The Foundation defines fair value as the exchange price that would be received for an asset or paid for a liability in the principal or most advantageous market. The Foundation applies fair value measurements to assets and liabilities that are required to be recorded at fair value under U.S. GAAP. Fair value measurement techniques maximize the use of observable inputs and minimize the use of unobservable inputs, and are categorized in a fair value hierarchy based on the transparency of inputs.

The three levels are defined as follows:

Level 1 – Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the same term of the financial instrument.

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

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Certain financial instruments may be valued using net asset value (NAV) per share. NAV is based on the value of the underlying assets owned by the fund, minus its liabilities, divided by the number of shares outstanding or percentage ownership.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2024 and 2023.

Common stock, exchange-traded funds, U.S. Treasury securities, and mutual funds – Valued at the closing price reported on the active market on which the individual securities are traded.

Corporate bonds, government securities, and certificates of deposit – Valued using pricing models maximizing the use of observable inputs for similar securities

Hedge funds – Valued at the partner's reported capital account balance, which approximates fair value.

Alternative investments – Valued at net asset value per share.

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

Reclassifications
Certain items in the 2023 financial statements have been reclassified to conform to current year classifications, specifically, amounts due from and to related parties and expenses within the statement of functional expenses. Such reclassifications had no effect on previously reported changes in net assets.

From time to time, management performs an evaluation of funds and related restrictions held by the Foundation which can result in interfund transfers reported on the statements of activities.

Subsequent Events
The Foundation has evaluated subsequent events through October 7, 2024, which is the date the financial statements were available to be issued.

Note 2 - Liquidity and Availability

The Foundation regularly monitors liquidity required to meet its operating needs and other contractual commitments. The Foundation has various sources of liquidity at its disposal, including cash and cash equivalents, investments, and receivables.

The following reflects the Foundation's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual obligations within one year of the statement of financial position date:

	2024	2023
Cash, cash equivalents and restricted cash	$ 6,388,755	$ 3,285,951
Investments	67,380,713	65,831,683
Due from related parties	860,174	997,833
Promises to give, net	4,877,831	4,658,205
Total financial assets	79,507,473	74,773,672
Less amounts not available to be used within one year:		
Restricted by donor with time or purpose restrictions	(76,571,349)	(70,201,679)
Board designations	(1,562,756)	(2,459,114)
Financial assets available to meet cash needs for general expenditures within one year	$ 1,373,368	$ 2,112,879

The Foundation is substantially supported by donor-restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Foundation must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

As of June 30, 2024 and 2023, the Foundation had $1,562,756 and $2,459,114 in Board-designated funds, respectively. Although the Foundation does not intend to spend from its Board-designated funds, other than amounts approved for expenditure as part of the annual appropriation process, amounts from its Board-designated fund could be made available, if necessary, by an action voted on by the Board of Directors.

Note 3 - Concentrations of Credit Risk

The Foundation maintains its cash in bank deposit accounts that are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of $250,000 per depositor. The balances at times may exceed FDIC limits. The Foundation manages this risk by using high-quality financial institutions. The Foundation has not experienced any losses on such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

The Foundation's investments are subject to various risks, such as interest rate, credit and overall market volatility risks. Further, because of the significance of the investments to the Foundation's financial position and the level of risk inherent in most investments, it is reasonably possible that changes in the values of these investments could occur in the near term and such changes could materially affect the amounts reported in the financial statements. Management is of the opinion that the diversification of its invested assets among the various asset classes should mitigate the impact of changes.

Two donors comprised approximately 71% and 79% of the Foundation’s total promises to give at June 30, 2024 and 2023, respectively. One donor comprised approximately 17% and 30% of the Foundation’s total contributions for the years ended June 30, 2024 and 2023, respectively.

Note 4 - Investments and Fair Value Measurement

Investments consist of the following at June 30, 2024:

	Level 1	Level 2	Level 3	NAV	Total
Common stock	$ 231,272	$ -	$ -	$ -	$ 231,272
Exchanged-traded funds	3,123,614	-	-	-	3,123,614
Corporate bonds	-	1,191,239	-	-	1,191,239
U.S. Treasury securities	504,838	-	-	-	504,838
U.S. Government securities	-	1,244,677	-	-	1,244,677
Certificates of deposit	-	1,939,175	-	-	1,939,175
Mutual funds	16,136,883	-	-	-	16,136,883
Hedge funds	-	-	-	3,536,991	3,536,991
Alternative investments	-	-	-	39,472,024	39,472,024
Total	$ 19,996,607	$ 4,375,091	$ -	$ 43,009,015	$ 67,380,713

Investments consist of the following at June 30, 2023:

	Level 1	Level 2	Level 3	NAV	Total
Common stock	$ 26,969,777	$ -	$ -	$ -	$ 26,969,777
Exchanged-traded funds	3,762,317	-	-	-	3,762,317
Corporate bonds	-	1,089,185	-	-	1,089,185
U.S. Treasury securities	3,439,618	-	-	-	3,439,618
U.S. Government securities	-	1,307,636	-	-	1,307,636
Certificates of deposit	-	3,452,116	-	-	3,452,116
Mutual funds	17,702,805	-	-	-	17,702,805
Hedge funds	-	-	-	6,893,678	6,893,678
Alternative investments	-	-	-	1,214,551	1,214,551
Total	$ 51,874,517	$ 5,848,937	$ -	$ 8,108,229	$ 65,831,683

Note 4 - Investments and Fair Value Measurement, continued

At June 30, 2024, the Foundation has the following investments that calculate NAV per share:

Type	Fair Value June 30, 2024	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Private equity funds [a]	$ 33,994,380	N/A	Weekly	None
Private equity funds [b]	2,710,935	$ 516,577	N/A	N/A
Hedge funds [c]	1,679,490	None	Annually	None
Hedge funds [c]	891,226	None	Semi-annually	None
Hedge funds [c]	966,276	None	Quarterly	None
Real estate investment trusts [d]	2,766,708	None	Monthly	None

At June 30, 2023, the Foundation has the following investments that calculate NAV per share:

Type	Fair Value June 30, 2023	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Hedge funds [c]	$ 1,589,111	None	Annually	None
Hedge funds [c]	665,550	None	Semi-annually	None
Hedge funds [c]	884,618	None	Quarterly	None
Real estate investment trusts [d]	2,819,766	None	Monthly	None
Private equity funds [b]	2,149,184	$ 755,373	N/A	N/A

[a] Funds in this category are climate-aligned index funds intended to meet U.S. and international equity targets per the Foundation's investment policy.
[b] The Foundation invests in multiple private equity funds that invest in both U.S. and international equities.
[c] The Foundation invests in hedge funds that pursue multiple strategies to diversify risks and reduce volatility.
[d] The Foundation invests in two real estate investment trusts focusing on Sunbelt markets in both residential and commercial real estate. One fund also invests in international markets.

Note 5 - Promises to Give

Promises to give consist of the following:

	2024	2023
Due in less than one year	$ 3,100,790	$ 814,285
Due in one to five years	1,368,889	3,032,237
Due in more than five years	1,118,859	1,203,075
Gross promises to give	5,588,538	5,049,597
Less:		
Allowance for doubtful promises to give	(183,138)	(391,392)
Discount on promises to give (average imputed rate of 4.58%)	(527,569)	-
Promises to give, net	$ 4,877,831	$ 4,658,205

Note 5 - Promises to Give, continued

Promises to give consist of the following on the statements of financial position:

	2024	2023
Current	$ 2,999,176	$ 814,285
Noncurrent	1,878,655	3,843,920
	$ 4,877,831	$ 4,658,205

Note 6 - Net Assets

Board Designated Net Assets

Board designated net assets consist of funds that are invested to be used for scholarships. Additionally, earnings have also been designated for scholarships. At June 30, 2024 and 2023, Board designated net assets were $1,562,756 and $2,459,114, respectively.

Net Assets with Donor Restrictions

At June 30, 2024 and 2023, net assets with donor restrictions consist of the following:

	2024	2023
Time or purpose:		
Unappropriated endowment earnings	$ 13,983,435	$ 10,208,604
Academic programs	8,970,910	9,509,266
Scholarships	6,640,548	5,043,540
	29,594,893	24,761,410
Perpetual:		
Endowments	46,976,456	45,440,269
	$ 76,571,349	$ 70,201,679

At June 30, 2024 and 2023, net assets totaling $46,976,456 and $45,440,269, respectively, are restricted for investments in perpetuity, primarily for scholarships and program services, which represents the Foundation's endowment funds. At the request of the donor, any interest not awarded to any qualified candidates should be retained as perpetually restricted in the same year. There was no investment income to be retained as perpetually restricted for the years ended June 30, 2024 and 2023.

Net Assets Released from Restrictions

Net assets with donor restrictions were released from restrictions for the following purposes at June 30:

	2024	2023
Scholarships	$ 1,659,937	$ 1,677,030
College grants	747,611	604,636
Annual general fund support	879,714	660,739
	$ 3,287,262	$ 2,942,405

Note 7 - Endowments

General Board Policy on Administration of Endowment Funds

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

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

1. The duration and preservation of the fund
2. The purposes of the Foundation and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Foundation
7. The investment policies of the Foundation

Investment Policy

The Foundation has adopted investment and spending policies, approved by the Board of Trustees, for endowment assets that attempt to provide a predictable stream of funding for the scholarships supported by its endowment assets, while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity, debt securities and mutual funds, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make annual scholarship distributions of approximately 3% to 5% of the fair value of the endowment investments as of December 31, while growing the funds, if possible. Investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy

The Foundation has a policy of appropriating for distribution for scholarships each year approximately 3% to 5% of its endowed investments' fair value as of December 31. In establishing this policy, the Foundation considered the long-term expected return on its investment assets, the nature and duration of the endowment fund which must be maintained in perpetuity because of donor restrictions, and the possible effects of inflation. The policy is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return. For the years ended June 30, 2024 and 2023, appropriation of $2,304,745 and $2,942,405 was made from the endowment fund for scholarship distributions.

The Foundation has a policy of appropriating 5% of all contributions received for the endowment fund annually to cover general operating expenses of the Foundation of which donors are notified of upon gift acceptance. The amount appropriated from the endowment for general operations as of June 30, 2024 and 2023, was $49,234 and $55,200, respectively, which represented 5% of endowed contributions received.

Additionally, the Foundation has a policy of appropriating up to 1.5% of its endowment fund's fair value as of June 30 of the prior year, for general operating expenses of the Foundation as established in the annual budget for the Foundation in July of the subsequent year. During the years ended June 30, 2024 and 2023, $385,684 and $193,760, respectively, appropriation was made from the endowment fund for general operations expenses.

Note 7 - Endowments, continued

The endowment net assets composition by type of fund consisted of the following as of June 30, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Board designated endowment funds	$ 1,562,756	$ -	$ 1,562,756
Donor designated funds:			
Original donor-restricted gift amount required to be maintained in perpetuity by donor	-	46,976,456	46,976,456
Accumulated investment gains	-	13,983,435	13,983,435
	$ 1,562,756	$ 60,959,891	$ 62,522,647

The endowment net assets composition by type of fund consisted of the following as of June 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Board designated endowment funds	$ 2,459,114	$ -	$ 2,459,114
Donor designated funds:			
Original donor-restricted gift amount required to be maintained in perpetuity by donor	-	45,440,269	45,440,269
Accumulated investment gains	-	10,208,604	10,208,604
	$ 2,459,114	$ 55,648,873	$ 58,107,987

Changes in endowment net assets for the year ended June 30, 2024 consisted of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 2,459,114	$ 55,648,873	$ 58,107,987
Contributions	-	984,686	984,686
Transfers, net	(3,400)	551,501	548,101
Appropriated expenditures	-	(2,304,745)	(2,304,745)
Investment return, net	(892,958)	6,079,576	5,186,618
Endowment net assets, end of year	$ 1,562,756	$ 60,959,891	$ 62,522,647

Changes in endowment net assets for the year ended June 30, 2023 consisted of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 1,306,061	$ 53,707,826	$ 55,013,887
Contributions	3,400	1,570,960	1,574,360
Transfers, net	-	152,104	152,104
Appropriated expenditures	-	(2,942,405)	(2,942,405)
Investment return, net	1,149,653	3,160,388	4,310,041
Endowment net assets, end of year	$ 2,459,114	$ 55,648,873	$ 58,107,987

Note 7 - Endowments, continued

Transfers in are comprised of prior year contributions re-designated to the endowment during the years ended June 30, 2024 and 2023. As of June 30, 2024 and 2023, there were no deficiencies of donor-restricted endowment funds.

The Foundation's donor restricted endowment contains a collection of funds totaling $8,267,735 and $12,865,951 as of June 30, 2024 and 2023, respectively, which were originally restricted for a specific purpose by the donor left as a bequest, that the Board has determined to operate as an endowment fund with earnings serving the original donor-restricted purpose.

Note 8 - Related Party Transactions

The Foundation reimbursed the University $290,283 and $352,684 for services performed and other expenses incurred during the years ended June 30, 2024 and 2023, respectively. The Foundation reimbursed the University $92,450 and $73,960 for accounting services for the years ended June 30, 2024 and 2023, respectively.

University personnel performed administrative services for the Foundation, and the charges related to such services totaled $126,164 and $121,802 for the years ended June 30, 2024 and 2023, respectively, of which the Foundation reimbursed the University.

Cal State L.A. University Auxiliary Services, Inc. (UAS) assists the University in various program expenses. The Foundation reimbursed UAS $0 and $36,494 for campus program expenses incurred during the years ended June 30, 2024 and 2023, respectively. Accounts payable between the Foundation and UAS as of June 30, 2024 and 2023 is $40,562 and $11,702, respectively.

For the years ended June 30, 2024 and 2023, contributions received from UAS were $766,749 and $882,281, respectively.

Payroll services for the Foundation were provided by the University-Student Union at California State University, Los Angeles (Union). The Foundation reimburses the Union for wages and benefits paid along with an administrative fee. Total reimbursed wages and benefits were $150,724 and $98,459 for the years ended June 30, 2024 and 2023, respectively. Total fees were $6,050 and $6,292 for the years ended June 30, 2024 and 2023, respectively.

The Foundation subleases space from the Union consisting of 375 square feet on the first floor of the University-Student Union Building. In March 2010, the Union revised the agreement to waive the normal square footage rate and payment was based on the calculation of $0.24 per square foot for utility services. As such, the Foundation recorded $9,855 and $11,745, respectively, as a contributed nonfinancial asset use of facilities and expense on the accompanying statements of activities for the years ended June 30, 2024 and 2023. The value of the donated facilities is equal to the fair market value of this rent for similar facilities and is used for administrative purposes. Payments made during years ended June 30, 2024 and 2023 for utility services were $1,620 and $1,080, respectively. Total payments under the agreement for custodial services were $2,340 and $1,890 for the years ended June 30, 2024 and 2023, respectively.

Note 8 - Related Party Transactions, continued

The following table summarizes accounts receivable from and accounts payable to affiliated organizations at June 30:

	2024	2023
Due from related parties:		
University	$ 9,800	$ 2,151
UAS	766,750	882,281
Chancellor's Office	83,624	113,401
	$ 860,174	$ 997,833
Due to related parties:		
University	$ 99,467	$ -
UAS	40,562	11,702
USU	956	931
	$ 140,985	$ 12,633

SUPPLEMENTAL INFORMATION

CALIFORNIA STATE UNIVERSITY, LOS ANGELES FOUNDATION

Schedule of Net Position

June 30, 2024

(for inclusion in the California State University)

Assets:	
Current assets:	
Cash and cash equivalents	5,094,120
Short-term investments	485,000
Accounts receivable, net	860,174
Lease receivable, current portion	-
P3 receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	2,999,176
Prepaid expenses and other current assets	22,635
Total current assets	**9,461,105**
Noncurrent assets:	
Restricted cash and cash equivalents	1,294,635
Accounts receivable, net	-
Lease receivable, net of current portion	-
P3 receivable, net of current portion	-
Notes receivable, net of current portion	-
Student loans receivable, net	-
Pledges receivable, net	1,878,655
Endowment investments	65,675,428
Other long-term investments	1,220,285
Capital assets, net	-
Other assets	-
Total noncurrent assets	**70,069,003**
Total assets	**79,530,108**
Deferred outflows of resources:	
Unamortized loss on debt refunding	-
Net pension liability	-
Net OPEB liability	-
Leases	-
P3	-
Others	-
Total deferred outflows of resources	**-**

CALIFORNIA STATE UNIVERSITY, LOS ANGELES FOUNDATION

Schedule of Net Position

June 30, 2024

(for inclusion in the California State University)

Liabilities:	
Current liabilities:	
Accounts payable	298,278
Accrued salaries and benefits	-
Accrued compensated absences, current portion	-
Unearned revenues	-
Lease liabilities, current portion	-
SBITA liabilities - current portion	-
P3 liabilities - current portion	-
Long-term debt obligations, current portion	-
Claims liability for losses and loss adjustment expenses, current portion	-
Depository accounts	-
Other liabilities	-
Total current liabilities	298,278
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	-
Unearned revenues	-
Grants refundable	-
Lease liabilities, net of current portion	-
SBITA liabilities, net of current portion	-
P3 liabilities, net of current portion	-
Long-term debt obligations, net of current portion	-
Claims liability for losses and loss adjustment expenses, net of current portion	-
Depository accounts	-
Net other postemployment benefits liability	-
Net pension liability	-
Other liabilities	-
Total noncurrent liabilities	-
Total liabilities	298,278
Deferred inflows of resources:	
P3 service concession arrangements	-
Net pension liability	-
Net OPEB liability	-
Unamortized gain on debt refunding	-
Nonexchange transactions	-
Lease	-
P3	-
Others	-
Total deferred inflows of resources	-

CALIFORNIA STATE UNIVERSITY, LOS ANGELES FOUNDATION

Schedule of Net Position, continued

June 30, 2024

(for inclusion in the California State University)

Net position:	
Net investment in capital assets	-
Restricted for:	
Nonexpendable – endowments	46,976,456
Expendable:	
Scholarships and fellowships	6,640,548
Research	-
Loans	-
Capital projects	-
Debt service	-
Others	22,954,345
Unrestricted	2,660,481
Total net position	**79,231,830**

CALIFORNIA STATE UNIVERSITY, LOS ANGELES FOUNDATION

Schedule of Revenues, Expenses, and Changes in Net Position

Year Ended June 30, 2024

(for inclusion in the California State University)

Revenues:	
Operating revenues:	
Student tuition and fees, gross	-
Scholarship allowances (enter as negative)	-
Grants and contracts, noncapital:	
Federal	-
State	-
Local	-
Nongovernmental	-
Sales and services of educational activities	-
Sales and services of auxiliary enterprises, gross	-
Scholarship allowances (enter as negative)	-
Other operating revenues	9,855
Total operating revenues	**9,855**
Expenses:	
Operating expenses:	
Instruction	-
Research	-
Public service	-
Academic support	-
Student services	-
Institutional support	1,058,399
Operation and maintenance of plant	-
Student grants and scholarships	2,407,548
Auxiliary enterprise expenses	-
Depreciation and amortization	-
Total operating expenses	**3,465,947**
Operating income (loss)	**(3,456,092)**

CALIFORNIA STATE UNIVERSITY, LOS ANGELES FOUNDATION

Schedule of Revenues, Expenses, and Changes in Net Position, continued

Year Ended June 30, 2024

(for inclusion in the California State University)

Nonoperating revenues (expenses):	
State appropriations, noncapital	-
Federal financial aid grants, noncapital	-
State financial aid grants, noncapital	-
Local financial aid grants, noncapital	-
Nongovernmental and other financial aid grants, noncapital	-
Other federal nonoperating grants, noncapital	-
Gifts, noncapital	2,290,231
Investment income (loss), net	600,858
Endowment income (loss), net	5,186,618
Interest expense	-
Other nonoperating revenues (expenses)	-
Net nonoperating revenues (expenses)	**8,077,707**
Income (loss) before other revenues (expenses)	**4,621,615**
State appropriations, capital	-
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	-
Increase (decrease) in net position	**4,621,615**
Net position:	
Net position at beginning of year, as previously reported	74,610,215
Restatements	-
Net position at beginning of year, as restated	**74,610,215**
Net position at end of year	**79,231,830**

1 Cash and cash equivalents:

Portion of restricted cash and cash equivalents related to endowments	$	1,294,635
All other restricted cash and cash equivalents		-
Noncurrent restricted cash and cash equivalents		**1,294,635**
Current cash and cash equivalents		5,094,120
Total	**$**	**6,388,755**

2.1 Composition of investments:

Investment Type	Current	Noncurrent	Total
Money market funds	$ -	$ -	**-**
Repurchase agreements	-	-	**-**
Certificates of deposit	485,000	1,454,175	**1,939,175**
U.S. agency securities	-	1,244,677	**1,244,677**
U.S. treasury securities	-	504,838	**504,838**
Municipal bonds	-	-	**-**
Corporate bonds	-	1,191,239	**1,191,239**
Asset-backed securities	-	-	**-**
Mortgage-backed securities	-	-	**-**
Commercial paper	-	-	**-**
Supranational	-	-	**-**
Mutual funds	-	16,136,883	**16,136,883**
Exchange-traded funds	-	3,123,614	**3,123,614**
Equity securities	-	231,272	**231,272**
Alternative investments:			
Private equity (including limited partnerships)	-	36,705,315	**36,705,315**
Hedge funds	-	3,536,992	**3,536,992**
Managed futures	-	-	**-**
Real estate investments (including REITs)	-	2,766,708	**2,766,708**
Commodities	-	-	**-**
Derivatives	-	-	**-**
Other alternative investments	-	-	**-**
Other external investment pools	-	-	**-**
CSU Consolidated Investment Pool (formerly SWIFT)	-	-	**-**
State of California Local Agency Investment Fund (LAIF)	-	-	**-**
State of California Surplus Money Investment Fund (SMIF)	-	-	**-**

Other investments:			
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
Total other investments	-	-	-
Total investments	**485,000**	**66,895,713**	**67,380,713**
Less endowment investments (enter as negative number)	-	**(65,675,428)**	**(65,675,428)**
Total investments, net of endowments	**$ 485,000**	**1,220,285**	**1,705,285**

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	-	-	-	-	-
Repurchase agreements	-	-	-	-	-
Certificates of deposit	**1,939,175**	-	1,939,175	-	-
U.S. agency securities	**1,244,677**	-	1,244,677	-	-
U.S. treasury securities	**504,838**	504,838	-	-	-
Municipal bonds	-	-	-	-	-
Corporate bonds	**1,191,239**	-	1,191,239	-	-
Asset-backed securities	-	-	-	-	-
Mortgage-backed securities	-	-	-	-	-
Commercial paper	-	-	-	-	-
Supranational	-	-	-	-	-
Mutual funds	**16,136,883**	16,136,883	-	-	-
Exchange-traded funds	**3,123,614**	3,123,614	-	-	-
Equity securities	**231,272**	231,272	-	-	-
Alternative investments:					
Private equity (including limited partnerships)	**36,705,315**	-	-	-	36,705,315
Hedge funds	**3,536,992**	-	-	-	3,536,992
Managed futures	-	-	-	-	-
Real estate investments (including REITs)	**2,766,708**	-	-	-	2,766,708
Commodities	-	-	-	-	-
Derivatives	-	-	-	-	-
Other alternative investments	-	-	-	-	-
Other external investment pools	-	-	-	-	-
CSU Consolidated Investment Pool (formerly SWIFT)	-	-	-	-	-
State of California Local Agency Investment Fund (LAIF)	-				-
State of California Surplus Money Investment Fund (SMIF)	-				-
Other investments:					
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
Total other investments	-	-	-	-	-
Total investments	**$ 67,380,713**	**19,996,607**	**4,375,091**	**-**	**43,009,015**

2.3 Investments held by the University under contractual agreements: Not Applicable

3.1 Capital Assets, excluding ROU assets: Not Applicable

3.2 Detail of depreciation and amortization expense: Not Applicable

4 Long-term liabilities: Not Applicable

5 Future minimum payments schedule - leases, SBITA, P3: Not Applicable

6 Future minimum payments schedule - Long-term debt obligations: Not Applicable

7 Transactions with related entities:

Payments to University for salaries of University personnel working on contracts, grants, and other programs	$	92,450
Payments to University for other than salaries of University personnel		416,447
Payments received from University for services, space, and programs		-
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		(99,467)
Other amounts payable to University		-
Accounts receivable from University		9,800
Other amounts receivable from University		-

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
Instruction	-	-	-	-	-	-	-	-
Research	-	-	-	-	-	-	-	-
Public service	-	-	-	-	-	-	-	-
Academic support	-	-	-	-	-	-	-	-
Student services	-	-	-	-	-	-	-	-
Institutional support	-	-	-	-	-	1,058,399	-	**1,058,399**
Operation and maintenance of plant	-	-	-	-	-	-	-	-
Student grants and scholarships	-	-	-	-	2,407,548	-	-	**2,407,548**
Auxiliary enterprise expenses	-	-	-	-	-	-	-	-
Depreciation and amortization	-	-	-	-	-	-	-	-
Total operating expenses	**-**	**-**	**-**	**-**	**2,407,548**	**1,058,399**	**-**	**$ 3,465,947**

No pension plan reported **N/A**

10 Deferred outflows/inflows of resources: Not Applicable

11 Other nonoperating revenues (expenses): Not Applicable

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Audit Committee
California State University, Los Angeles 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, the financial statements of California State University, Los Angeles Foundation (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, and have issued our report thereon dated October 7, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered California State University, Los Angeles 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 California State University, Los Angeles Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of California State University, Los Angeles 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 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 were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described below as item 2024-001 that we consider to be a significant deficiency.

2024-001 Financial Close and Reporting

Criteria: The California State University Office of the Chancellor requires an independent audit to be completed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and submitted annually by a specified deadline.

Condition: Certain reconciliations were not performed timely, specifically those related to investments and net assets, which impacted the Foundation's ability to generate information needed for internal and external stakeholders, including for the annual audit.

Cause: There was not effective communication between those tasked with performing the reconciliations and those established to provide oversight and review them.

Effect: Audit testing procedures and financial reporting were delayed.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*, CONTINUED

Report on Internal Control over Financial Reporting, continued

2024-001 Financial Close and Reporting, continued

Recommendation: California State University, Los Angeles Foundation should consider enhancing the year-end close process to ensure all major accounts are reconciled and reviewed on a timely basis and to ensure resulting financial reporting is accurate and completed within a reasonable timeframe to meet all internal and external reporting requirements. California State University, Los Angeles Foundation should evaluate the structure of the accounting department to ensure the number of staff and their skill level is appropriate to support the close process, considering the volume and complexity of the financial transactions of the California State University, Los Angeles Foundation.

Views of Responsible Officials: Management agrees with the finding and is committed to implementing corrective actions to enhance internal controls. They acknowledge that the delays in reconciling investments and net assets affected the ability to generate timely financial reports. A key contributor was the reliance on the previous auditor for the preparation of specific financial statement schedules, particularly those related to net asset categories and investment schedules. As these details were not readily available internally, the process of obtaining them from the previous auditor added unexpected delays, especially during this year of transitioning audit firms.

To address these issues, management is implementing corrective actions to enhance the financial close process and reduce dependence on external parties. They will now internally manage the preparation of financial schedules, net asset categories, and investment schedules to ensure timely reconciliations. This includes implementing a comprehensive financial close calendar, improving internal communication protocols, enhancing staffing and training, and optimizing accounting structure and systems for complex areas like endowment accounting. Regular internal reviews will be conducted to monitor the effectiveness of these measures. Management is fully committed to preventing similar issues in future years.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether California State University, Los Angeles 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 statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

California State University, Los Angeles Foundation's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on California State University, Los Angeles Foundation's response to the finding identified in our audit and described above. California State University, Los Angeles Foundation's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 California State University, Los Angeles 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 California State University, Los Angeles Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Aldrich CPAs + Advisors LLP

Brea, California
October 7, 2024