



(a Component Unit of San Diego State University)

## Financial Statements and Supplementary Information

June 30, 2024 and 2023  
(With Independent Auditors' Report Thereon)

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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

Board of Directors  
San Diego State University Research Foundation

**Report on the financial statements****Opinions**

We have audited the financial statements of the business-type activities and the aggregate remaining fund information of San Diego State University Research Foundation (a California State University Auxiliary Organization and Component Unit of San Diego State University) (“SDSU Research Foundation”), as of June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise SDSU Research Foundation’s basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the business-type activities and the aggregate remaining fund information of SDSU Research Foundation as of June 30, 2024 and 2023, and the respective changes in financial 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 of the financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 SDSU Research Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Responsibilities of management for the financial statements**

Management is responsible for the preparation and fair presentation of 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 SDSU Research Foundation’s ability to continue as a going concern for

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SDSU Research 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 SDSU Research 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 Discussion and Analysis on pages 8 - 23, the Schedule of Changes in SDSU Research Foundation’s Net OPEB Asset (Liability) and Related Ratios Last Seven Fiscal Years on page 55, and the Schedule of SDSU Research Foundation Contributions Last Seven Fiscal Years on page 56 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a required 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 US GAAS. These limited procedures 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.

**Other reporting required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2024 on our consideration of SDSU Research 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 SDSU Research 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 SDSU Research Foundation's internal control over financial reporting and compliance.

*Grant Thornton LLP*

San Diego, California  
September 27, 2024

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## **REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Board of Directors  
San Diego State University Research Foundation

We have audited, 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 (*Government Auditing Standards*), the financial statements of business type activities and the aggregate remaining fund information of San Diego State University Research Foundation (a California State University Auxiliary Organization and Component Unit of San Diego State University) (“SDSU Research Foundation”) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise SDSU Research Foundation’s basic financial statements and have issued our report thereon dated September 27, 2024.

### **Report on internal control over financial reporting**

In planning and performing our audit of the financial statements, we considered SDSU Research 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SDSU Research Foundation’s internal control. Accordingly, we do not express an opinion on the effectiveness of SDSU Research 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 SDSU Research 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 SDSU Research 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*.

**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 SDSU Research 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 SDSU Research Foundation's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

*Grant Thornton LLP*

San Diego, California  
September 27, 2024

**San Diego State University Research Foundation**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

**June 30, 2024 and 2023**

***Management's Discussion and Analysis (Unaudited)***

This section of the San Diego State University Foundation (dba San Diego State University (SDSU) Research Foundation) annual financial report includes management's discussion and analysis of the financial performance of SDSU Research Foundation for fiscal years (FY) ended June 30, 2024 and 2023. This discussion should be read in conjunction with the financial statements and notes.

***Introduction to the Financial Statements***

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, as prescribed by the Government Accounting Standards Board (GASB). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

SDSU Research Foundation's financial statements include the Statements of Net Position; the Statements of Revenues; Expenses and Changes in Net Position; the Statements of Cash Flows; and the Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. These statements are supported by notes to the financial statements and Management's Discussion and Analysis. All sections must be considered together to obtain a complete understanding of the financial picture of SDSU Research Foundation.

***Statements of Net Position***

The Statements of Net Position include all assets, deferred outflows and inflows of resources, liabilities, and net position of SDSU Research Foundation. The statements also identify major categories of restrictions on the net position of SDSU Research Foundation.

***Statements of Revenues, Expenses and Changes in Net Position***

The Statements of Revenues, Expenses and Changes in Net Position present revenues earned, and expenses incurred during the years on an accrual basis.

***Statements of Cash Flows***

The Statements of Cash Flows present the inflows and outflows of cash for the years and are summarized by operating, capital and related financing, and investing activities. These statements are prepared using the direct method of cash flows and therefore present gross rather than net amounts for the years' activities.

***Statements of Fiduciary Net Position and Changes in Fiduciary Net Position***

The fiduciary funds are divided into two separate fund types: Other Post Employment Benefit Trust Funds and the Custodial Funds. These funds use the accrual basis of accounting.

***Financial Overview***

**Summary**

The following discussion highlights management's understanding of the key financial aspects of SDSU Research Foundation's financial activities as of and for the years ended June 30, 2024 and 2023 (FY 2024 and FY 2023, respectively). Included are comparative analyses of current year and prior year activities and balances; a discussion of restrictions of SDSU Research Foundation net position; and a discussion of capital assets and long-term debt.



**San Diego State University Research Foundation**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED**

**June 30, 2024 and 2023**

**Significant Events - Year Ended June 30, 2024**

Fiscal Year 2024 was defined by workforce stabilization, a space transition, new system implementations, and significant growth in research funding.

The research foundation's staffing has stabilized with about 191 employees to support and further university research activities. Our staffing plan, which began in FY 2021, planned for a 25 percent increase in staffing assuming 35% growth in awards over five years. Actual award volume has grown by over 60% in just three years. Department workload metrics will be reassessed to determine future staffing needed to support continued growth. Management is also focusing on recruitment, retention, and development of staff to support services provided to SDSU researchers.

Last year the research foundation completed a project to consolidate its offices in the Gateway Center to occupy one floor rather than two, utilizing the space more efficiently through hybrid work with flexible and shared spaces. This space transition reduces the research foundation's footprint and makes nearly 20,000 square feet of much-needed space available for the university.

To better serve SDSU principal investigators and project staff, SDSU Research Foundation continued its implementation of Chrome River, the enterprise solution to better manage accounts payable and purchasing cards, which began in FY 2023. Following the successful launch of the purchasing card module, the expense module launched this spring, further streamlining travel and accounts payable operations with electronic workflow and approval processes. New modules in InfoEd, the proposal submission software, were implemented to streamline the subaward preparation and communication processes; and SDSU Research Foundation's time and attendance system, WorkForce, and MyRF, the web-based interface with SDSURF accounting systems, were transitioned to use SDSUid credentials for improved account security and user access.

Another important activity that will impact future revenues was the analysis of base year data and development and submission of an updated Facilities and Administrative (F&A) costs proposal to SDSU Research Foundation's cognizant audit agency, U.S. Department of Health and Human Services (DHHS), to negotiate a new F&A rate agreement. The proposal was submitted in June and indicates room for recovering a higher percentage of costs associated with the research infrastructure. Monitoring of other institutions' experiences lead management to believe it will take at least a year before DHHS completes its review of the proposal and begins the negotiations process.

Management also implemented a mandatory conversion of banking systems from First Republic to JPMorgan. SDSURF's main depository bank, First Republic Bank (FRB), was acquired by JPMorgan (JPM) in the spring of 2023. Since that time, SDSURF has continued banking on the FRB platform, using all existing FRB processes including various file transmissions from SDSURF to FRB. As of May 24, 2024, per JPMorgan requirement, SDSURF converted its banking platform to JPMorgan and is now using all new systems at the bank while updating file transmissions. The conversion took place without impacting banking processes including vendor payments and payroll payments.

Most notably this year, research funding surpassed \$226 million - a nearly 20% increase compared to the prior fiscal year, and a third consecutive research funding record for SDSU - comprising 867 awards for 374 researchers from 360 funding sources.

The National Institutes of Health continued to be one of the largest sources of support with \$48.6 million in direct and pass-through funding for nearly 200 projects addressing public health, treatment development, and biomedical research.

SDSU achieved a record high total of funding from the National Science Foundation, with \$19.1 million in direct and pass-through support for projects improving energy efficiency, developing high-performance

**San Diego State University Research Foundation**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED**

**June 30, 2024 and 2023**

computing resources and artificial intelligence applications, and increasing research opportunities for student engineers and computer scientists.

With \$13 million in state funding managed by the California Jobs First initiative, and as the only awarded High Road Transition Collaboratives (HRTC) in San Diego and Imperial County, SDSU has partnered with organizations across the region to form the Southern Border Coalition, helping to create well-paid carbon-neutral jobs with an emphasis on empowering under-resourced communities and training the workforce for the green economy.

The university's commitments to inclusion and diversity in education and research, as a Hispanic-Serving Institution (HSI) and Asian American Native American and Pacific Islander-Serving Institution (AANAPISI), have elevated its position to compete for funding that prioritizes research at minority-serving institutions, with over \$1 million in grant funding in FY 2024 to support diverse student populations through the APIDA Center, Black Student Success initiatives, Behner Stiefel Center for Brazilian Studies, and other campus resource centers.

**Significant Events - Year Ended June 30, 2023**

Fiscal Year 2023 was defined by workforce stabilization, significant growth in research funding, a banking transition, and new system implementations.

The research foundation's pandemic-era staffing turnover stabilized with most positions filled and about 170 staff working to support and further university research activities toward SDSU's goal of achieving R1 status as a premier public research university.

Research funding reached \$192.2 million - a second consecutive record-breaking year with a 17 percent increase compared to the prior fiscal year in FY 2022-23, also for a second consecutive year - comprising 805 awards for 365 researchers from 331 funding sources.

The National Institutes of Health continued to be one of the largest sources of support with \$41 million in funding, more than triple from the previous year, demonstrating significant growth in public health and biomedical research at SDSU. Funding from Department of Defense agencies reached \$11.2 million, more than double that of the previous year.

The newly established Center to Foster Environmental Justice at SDSU Mission Valley received a multi-year award of \$10 million from the Environmental Protection Agency (EPA), SDSU's largest award to date from the EPA.

SDSU Teacher Education faculty received \$4.2 million to implement a new early childhood education program in the country of Georgia. SDSU Global Campus received \$1.5 million to admit an additional cohort of 30 students each in three STEM programs, extending SDSU's presence in Georgia for another four years with SDSURF support of ongoing personnel and infrastructure managed through our branch office.

Funding for Hispanic Serving Institution (HSI)-specific initiatives increased to \$10.4 million, including transborder programs and projects at SDSU Imperial Valley, demonstrating the university's commitments to inclusion and diversity in both education and research.

In spring of 2023, instabilities in the financial system led to the collapse of a number of regional banks, including SDSU Research Foundation's main depository bank, First Republic Bank. The research foundation had taken early action to be sure that its accounts were insured and proactively strategized for contingency plans and safeguards, including a Request for Proposal to other banks. First Republic Bank's assets and liabilities were acquired by JPMorgan Chase, which provided uninterrupted service and will honor the previous terms of our Line of Credit until 2026, providing both security and favorable terms to continue with JPMorgan Chase.

**San Diego State University Research Foundation**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED**

**June 30, 2024 and 2023**

To better serve our principal investigators and project staff, SDSU Research Foundation began implementation this year of Chrome River, an enterprise solution to better manage accounts payable and purchasing cards. The platform streamlines receipt management, transaction approval, and allocation processes. The research foundation also implemented PaymentWorks, a new vendor management platform that streamlines vendor onboarding, facilitates payment requests, enhances security, and ensures compliance with federal and state laws and regulations. Each of these improve operations as well as support for our researchers.

SDSU Research Foundation implemented GASB Statement No. 94 - *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, (PPPs). This Statement increases the usefulness of governments' financial statements by improving accounting and financial reporting for PPP agreements. This statement recognizes a receivable for any underlying PPP assets when a new asset has been purchased or constructed by an operator and the asset is to be received at the end of the PPP term. This Statement created a substantial impact on the financial statements, adding \$37.6 million receivable to non-current assets and \$36.8 million in additional deferred inflow of resources. The receivable for the payment installments for this agreement was implemented in-line with GASB Statement No. 87 in FY22.

SDSU Research Foundation implemented GASB Statement No. 96 *Subscription-Based Information Technology Arrangements* (SBITA). This Statement provides guidance to better meet the information needs of financial statement users by improving accounting and financial reporting of SBITAs. This GASB Statement (Statement) is intended to increase the usefulness of governments' financial statements by requiring recognition of a liability and an intangible right-to-use asset for certain SBITAs that previously were classified as operating expenses and recognized as outflows of resources based on the payment provisions of the agreement. It establishes a single model for SBITAs on the foundational principle that SBITAs are financings of the right to use an underlying asset. This Statement created a substantial impact to the financial statements, adding \$2.1 million net in additional right-to-use assets, \$1.2 million in additional liabilities, and \$300,000 in additional deferred outflow of resources.

**San Diego State University Research Foundation**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED**

**June 30, 2024 and 2023**

SDSU Research Foundation's condensed summary of net position as of June 30, 2024, 2023, and 2022 follows:

**Condensed Summary of Net Position**

	<u>2024</u>	<u>2023</u>	<u>2022</u>
<b>Assets</b>			
Current assets	\$ 111,623,971	\$ 87,294,446	\$ 66,510,683
Capital assets, net	62,482,962	63,835,352	64,225,183
Other noncurrent assets	122,205,993	129,348,563	108,633,022
	<hr/>	<hr/>	<hr/>
Total assets	296,312,926	280,478,361	239,368,888
Deferred outflows of resources	2,401,240	2,839,958	892,796
<b>Liabilities</b>			
Current liabilities	71,328,028	52,826,001	48,969,797
Noncurrent liabilities	46,932,326	48,558,414	51,703,689
	<hr/>	<hr/>	<hr/>
Total liabilities	118,260,354	101,384,415	100,673,486
Deferred inflows of resources	56,711,878	62,374,018	29,883,366
<b>Net position</b>			
Net investment in capital assets	28,981,958	29,757,895	20,818,483
Restricted - nonexpendable	7,262,698	7,188,902	6,686,913
Restricted - expendable	22,942,363	21,863,877	22,233,153
Unrestricted	64,554,915	60,749,212	59,966,283
	<hr/>	<hr/>	<hr/>
Total net position	<u>\$ 123,741,934</u>	<u>\$ 119,559,886</u>	<u>\$ 109,704,832</u>

**Assets**

Total assets increased by \$15.8 million from FY 2023 to FY 2024 mainly due to an increase in current assets of \$24.3 million, a decrease in capital assets of \$1.4 million, and a decrease in non-current assets of \$7.1 million. Most of the increase in current assets is due to the increase in short-term investments of \$13.7 million, restricted assets - short term investments of \$2.1 million and accounts and pledges receivable of \$6.7 million. The decrease in non-current assets is due to a decrease in lease receivable of \$4.7 million, pledges receivable of \$2.3 million offset by decreases in other categories including capital assets and other assets.

Total assets increased by \$41.1 million from FY 2022 to FY 2023 mainly due to an increase in current assets of \$20.8 million and non-current assets of \$20.3 million. The majority of the increase in current assets is due to the increase in short-term investments of \$16.7 million, restricted assets – short term investments of \$2.1 million and accounts and pledges receivable of \$4.0 million. The increase in non-current assets is due to the increase in leases receivable with the implementation of GASB 94 of \$36.2 million offset by decreases in other categories including pledges receivable and other assets.

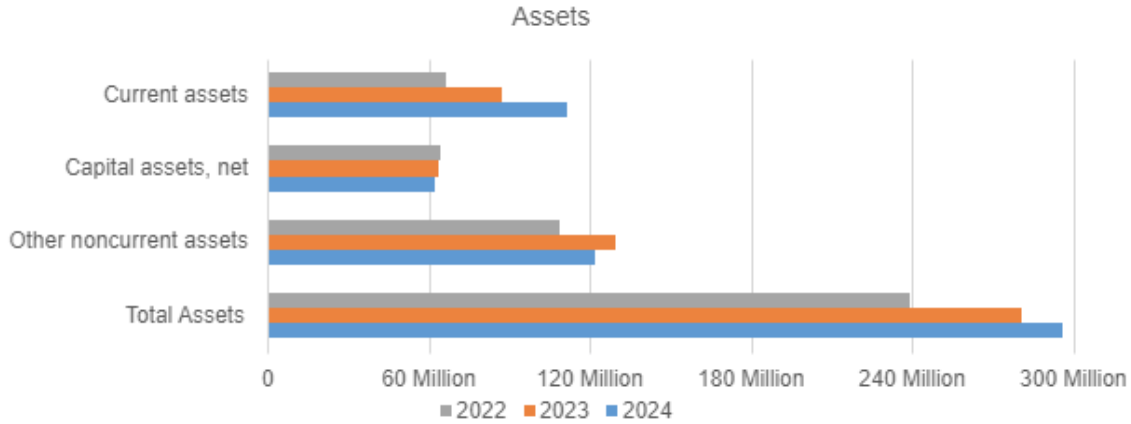
Current assets increased by \$24.3 million from FY 2023 to FY 2024 due to an increase in short-term investments of \$13.7 million, restricted assets - short-term investments of \$2.1 million, accounts and pledges receivable, net, of \$6.7 million, and prepaid expense of \$305,000. These increases were offset by a decrease to cash and cash equivalents of \$1.6 million, and Leases receivable of \$667,246.

**San Diego State University Research Foundation**

**MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED**

**June 30, 2024 and 2023**

Current assets increased by \$20.8 million from FY 2022 to FY 2023 due to an increase in Short-term investments of \$16.7 million, Restricted assets - short-term investments of \$2.1 million, Accounts and pledges receivable, net, of \$4.0 million, and prepaid expense of \$258 thousand. These increases were offset by a decrease to cash and cash equivalents of \$1.7 million, and Leases receivable of \$513,000.



Capital assets, net of accumulated depreciation, are shown below:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Land and land improvements	\$ 13,914,536	\$ 13,914,536	\$ 13,914,536
Buildings and improvements	16,097,203	16,799,196	19,296,283
Furniture, fixtures, equipment, and construction in progress	12,959,007	11,219,999	9,021,880
Right of use assets	19,512,216	21,901,621	21,992,484
<b>Capital assets, net of accumulated depreciation</b>	<u>\$ 62,482,962</u>	<u>\$ 63,835,352</u>	<u>\$ 64,225,183</u>

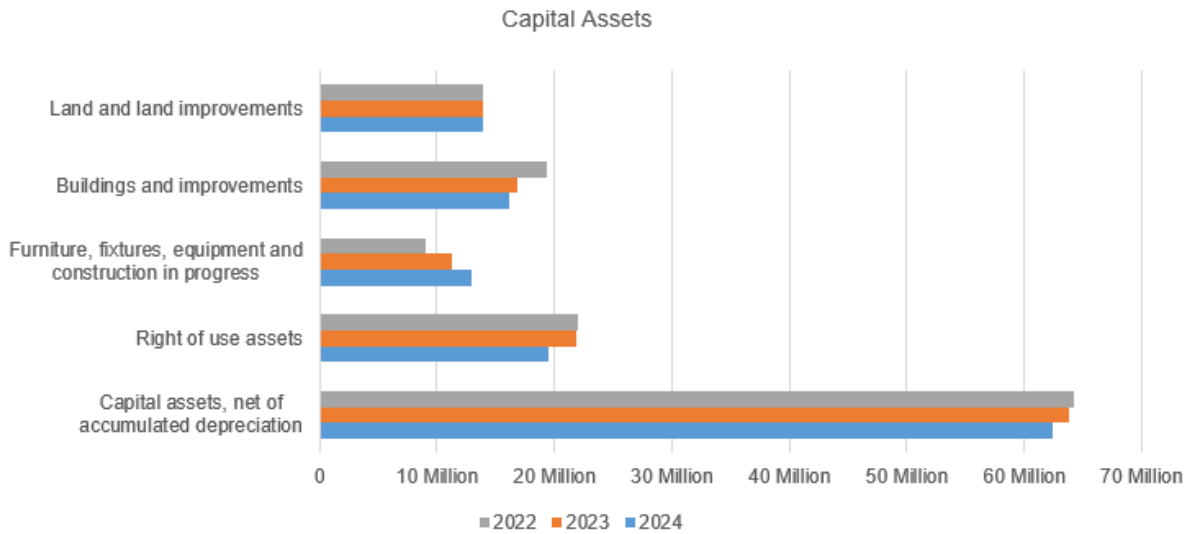
Capital assets decreased by \$1.3 million from FY 2023 to FY 2024 mainly due to a decrease in right to use assets of \$2.3 million offset by an increase in equipment acquisitions of \$1 million.

Capital assets decreased by \$390,000 from FY 2022 to FY 2023 mainly due to a decrease in buildings and improvements from increase in accumulated depreciation which was partially offset by acquisitions.

**San Diego State University Research Foundation**

**MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED**

**June 30, 2024 and 2023**



Other noncurrent assets decreased by \$7.1 million from FY 2023 to FY 2024 mainly due to a decrease in lease receivable of \$4.7 million, pledges receivable of \$2.3 million, offset by decreases in other categories including long-term investments, notes receivable, and other assets.

Other noncurrent assets increased by \$20.3 million from FY 2022 to FY 2023 mainly due to GASB 94, which added \$37.6 million to leases receivable, as well as an increase in restricted assets - investments, offset by decreases in pledges receivable, long-term investments, notes receivable, and other assets.

**Deferred Outflows of Resources**

Deferred outflows of resources decreased by \$400,000 from FY 2023 to FY 2024 primarily due to a decrease in OPEB Investment Experience and slight decrease in unamortized loss on bond refunding. The other postemployment benefits (OPEB) related outflows of resources are due to changes in assumptions related to the actuarial valuation.

Deferred outflows of resources increased by \$2.0 million from FY 2022 to FY 2023 primarily due to an increase in OPEB Investment Experience offset by a slight decrease in unamortized loss on bond refunding and a decrease in other postemployment benefits (OPEB) related outflows of resources due to changes in assumptions related to the actuarial valuation.

**Liabilities**

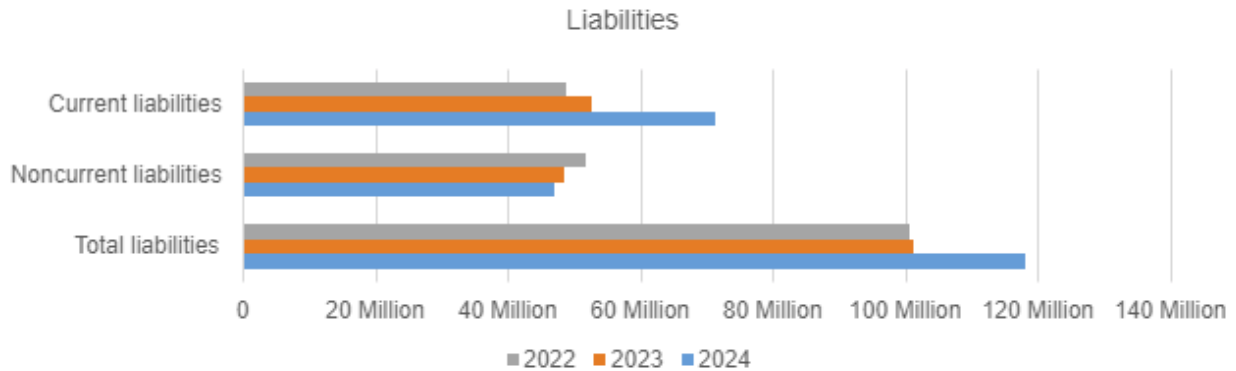
Total liabilities increased by \$16.9 million from FY 2023 to FY 2024 due to an increase in current liabilities of \$18.5 million offset by a decrease of noncurrent liabilities of \$1.6 million.

Total liabilities increased by \$711,000 from FY 2022 to FY 2023 due to an increase in current liabilities of \$3.9 million offset by a decrease of noncurrent liabilities of \$3.1 million.

**San Diego State University Research Foundation**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED**

**June 30, 2024 and 2023**



**Long-Term Obligations**

Obligations outstanding as of June 30, 2024, 2023, and 2022 is summarized below by the type of debt instrument:

<u>Long-Term Obligations</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Revenue bonds	\$ 21,595,000	\$ 22,945,000	\$ 24,055,000
Paycheck Protection Program Loan	-	-	2,122,277
Unamortized bond premiums	34,194	34,194	48,421
Lessee leases	15,539,295	16,526,748	17,559,765
SBITA	771,119	1,236,335	-
<b>Total long-term obligations</b>	<b>37,939,608</b>	<b>40,742,277</b>	<b>43,785,463</b>
<b>Less current portion</b>	<b>(4,683,231)</b>	<b>(4,408,277)</b>	<b>(3,124,646)</b>
<b>Long-term obligations, net of current portion</b>	<b>\$ 33,256,377</b>	<b>\$ 36,334,000</b>	<b>\$ 40,660,817</b>

Long-term obligations, net of current portion, decreased by \$3.1 million from FY 2023 to FY 2024 mainly due to a decrease in revenue bonds of \$1.4 million, obligations related to GASB 87 - *Lease Accounting*, and unamortized bond premium of \$ 1.7 million.

Long-term obligations, net of current portion, decreased by \$4.3 million from FY 2022 to FY 2023 mainly due to the forgiveness of the Paycheck Protection Program loan with a decrease of \$2.1 million. There was also a decrease in revenue bonds of \$1.1 million, obligations related to GASB 87 – *Lease Accounting*, and unamortized bond premium of \$1 million.

**Deferred Inflows of Resources**

Deferred inflows of resources decreased by \$5.7 million from FY 2023 to 2024 due primarily a decrease in lease receivable of \$5.1 million and decrease in contributions of \$600,000 of deferred inflows of resources. This decrease was offset by an increase in OPEB related inflow of resources.

Deferred inflows of resources increased by \$32.5 million from FY 2022 to 2023 due primarily to GASB 94, which added \$36.8 of deferred inflows of resources. This increase was offset by a decrease in OPEB related inflow of resources, unamortized deferred gain on bond refunding, and contributions for KPBS.

**San Diego State University Research Foundation**

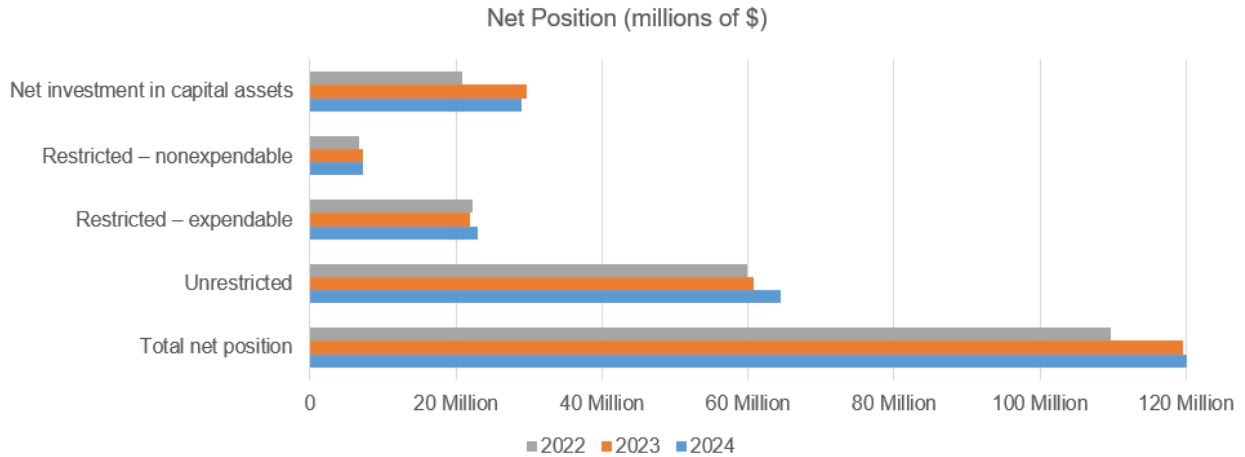
**MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED**

**June 30, 2024 and 2023**

**Net Position**

Total net position increased by \$4.2 million from FY 2023 to FY 2024 primarily due to an increase of \$3.8 million in unrestricted assets, an increase of \$1.0 million in restricted expendables, an increase of \$80,000 due to unrealized gains on unitrust funds, offset by a decrease of \$800,000 in net investments in capital assets.

Total net position increased by \$9.9 million from FY 2022 to FY 2023 due to an increase in the net investments in capital assets of \$8.9 million. The \$8.9 million increase is mainly due to a \$1.6 million increase of right-to-use assets for lease and SBITA arrangements, increase in net capital assets of \$7.0 million, and an increase of \$340,000 in capital asset work in process. Restricted for nonexpendable – endowments and property increased by \$500,000 which comprises of two new endowments for KPBS. Restricted expendables increased by \$400,000 and unrestricted by \$780,000.



**Restricted Resources**

The net position of SDSU Research Foundation includes funds that are restricted by donor or law. Nonexpendable net position increased by \$74,000 from FY 2023 to FY 2024 due to earnings on existing endowments.

The net position of SDSU Research Foundation includes funds that are restricted by donor or law. Nonexpendable net position increased by \$502,000 from FY 2022 to FY 2023 due to earnings on existing endowments. Expendable restricted net position decreased by \$1.1 million from FY 2023 to FY 2024 primarily due to the completion of the KPBS capital campaign and the use of the funds for the purpose intended. Expendable restricted net position decreased by \$369,000 from FY 2022 to FY 2023 primarily due to KPBS capital campaign.

The following table summarizes restricted funds, the type of restriction and the amount:



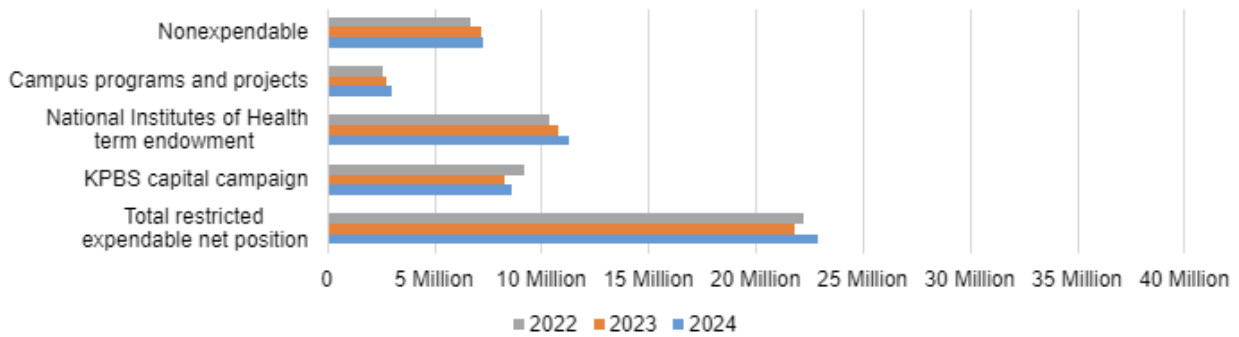
**San Diego State University Research Foundation**

**MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED**

**June 30, 2024 and 2023**

	<b>June 30</b>		
	<b>2024</b>	<b>2023</b>	<b>2022</b>
Nonexpendable	\$ 7,262,698	\$ 7,188,902	\$ 6,686,913
Expendable:			
Campus programs and projects	\$ 3,007,363	\$ 2,760,149	\$ 2,590,941
National Institutes of Health term endowment	11,317,951	10,805,871	10,407,278
KPBS capital campaign	8,617,049	8,297,857	9,234,934
 Total restricted expendable net position	 \$ 22,942,363	 \$ 21,863,877	 \$ 22,233,153

**Restricted Net Position**



**San Diego State University Research Foundation**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED**

**June 30, 2024 and 2023**

SDSU Research Foundation's condensed summary of revenues, expenses, and changes in net position for the years ended June 30, 2024, 2023, and 2022 follows:

**Condensed Summary of Revenues, Expenses and Changes in Net Position,  
Years Ended June 30,**

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Operating revenues			
Sponsored programs support	\$ 174,273,906	\$ 153,573,124	\$ 129,704,840
Community & campus programs	27,751,930	31,728,616	20,685,128
Contributions	22,370,986	23,408,253	23,506,961
Other operating revenues	9,501,833	11,762,826	8,840,111
Total operating revenues	233,898,655	220,472,819	182,737,040
Operating expenses			
Sponsored programs	152,741,457	130,031,797	109,388,982
Community & campus programs, including fundraisers	49,407,011	51,300,206	39,705,888
Other operating expenses	34,677,801	30,048,308	28,976,642
Total operating expenses	236,826,269	211,380,311	178,071,512
Operating income (loss)	(2,927,614)	9,092,508	4,665,528
Net non-operating revenues (expenses)	7,035,866	260,557	(24,155,165)
Income (loss) before changes to permanent endowments	4,108,252	9,353,065	(19,489,637)
Increase in permanent endowments	73,796	501,989	720,609
Net income (loss)	4,182,048	9,855,054	(18,769,028)
Net position at beginning of year	119,559,886	109,704,832	128,473,860
Net position at end of year	<u>\$ 123,741,934</u>	<u>\$ 119,559,886</u>	<u>\$ 109,704,832</u>

**Operating Revenues and Expenses**

Operating revenues and expenses come from sources that are connected directly to SDSU Research Foundation's primary business functions.

**Operating Revenues**

Operating revenues increased by \$13.4 million from FY 2023 to FY 2024 primarily due to an increase in Sponsored programs support of \$20.7 million, offset by Community and campus programs decrease of \$4 million, a decrease in other operating revenue of \$2.2 million and a decreases in Contributions of \$1 million.

Operating revenues increased by \$37.7 million from FY 2022 to FY 2023 primarily due to an increase in Sponsored programs support of \$23 million, Community and campus programs of \$11 million, and other operating revenue of \$2.9 million, offset by decreases in Contributions of \$98,000.

Sponsored programs support revenue increased from FY 2023 to FY 2024 by \$20.7 million and \$23 million from FY 2022 to FY 2023 due to overall increase in awards resulting in increased research activity as awards are expended since the majority of awards are on a cost reimbursable basis.

**San Diego State University Research Foundation**

**MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED**

**June 30, 2024 and 2023**

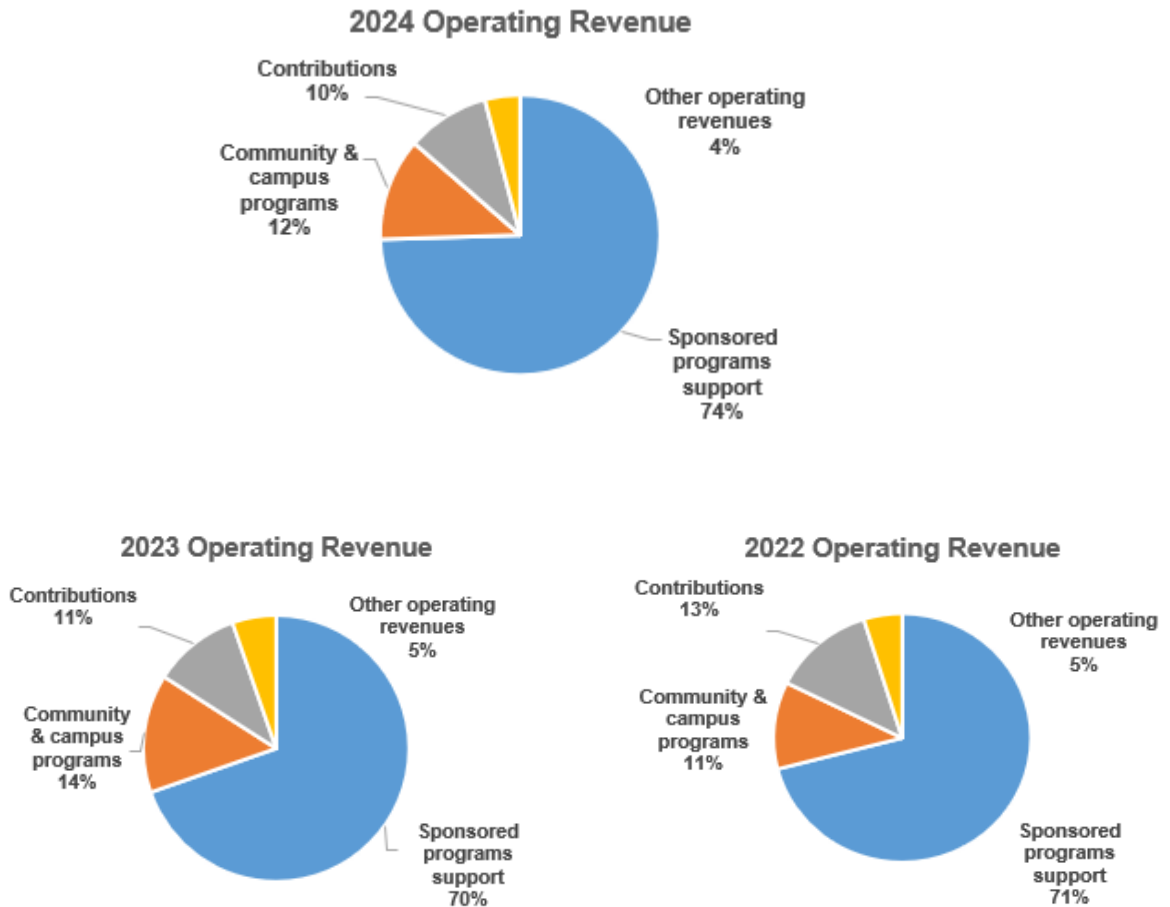
Community and campus programs include revenues generated by SDSU Global Campus and KPBS as well as other campus programs. The revenues decreased by \$4 million from FY 2023 to FY 2024 and increased \$11 million from FY 2022 to FY 2023. This is due to a fluctuation in activity of SDSU Global Campus and other various campus programs.

Contributions decreased by \$1 million from FY 2023 to FY 2024 and decreased by \$98,000 from FY 2022 to FY 2023 primarily due to the KPBS capital campaign winding down and fluctuations related to the timing of contribution receipts.

Other operating revenues decreased by \$2.3 million from FY 2023 to FY 2024 mostly due to a decrease in transfers from related entities to cover the faculty housing program and other miscellaneous activities including a one-time property tax refund in FY 2023.

Other operating revenues increased by \$2.9 million from FY 2022 to FY 2023 mostly due to an increase in transfers from related entities to cover the faculty housing program and the research endowment distribution from The Campanile Foundation.

The following charts present the percentages that each category of operating revenue contributed to total revenues for the years ended June 30, 2024, 2023, and 2022:



**San Diego State University Research Foundation**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED**

**June 30, 2024 and 2023**

The sources of Sponsored program support revenues for the years ended June 30, 2024, 2023, and 2022 are as follows:

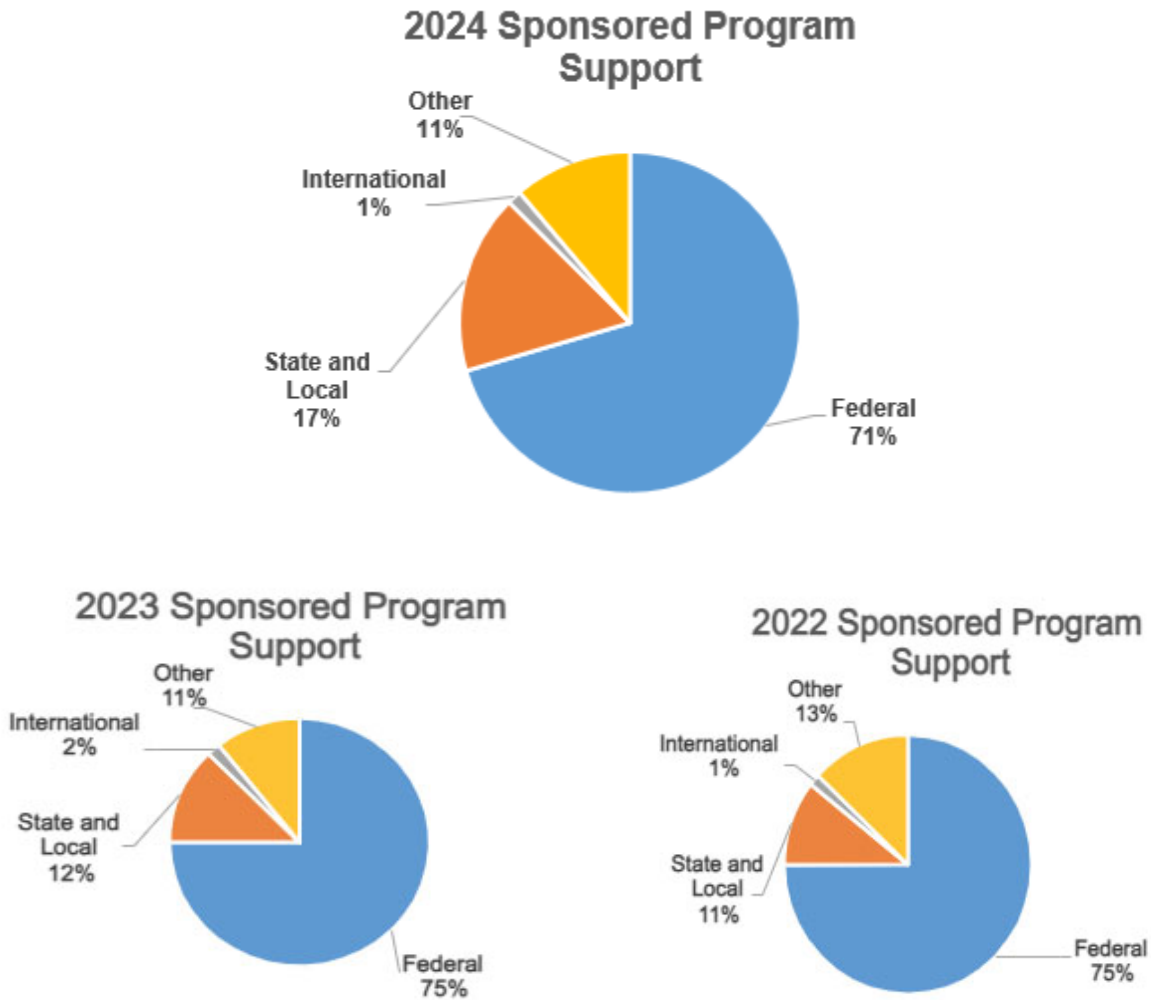
	Years Ended June 30					
	2024		2023		2022	
Federal						
Department of Health & Human Services	\$ 60,613,588	34.8%	\$ 51,302,223	33.4%	\$ 49,154,624	37.9%
Department of Education	16,926,747	9.7	15,665,875	10.2	13,195,952	10.2
Department of Defense	12,477,803	7.2	12,154,875	7.9	8,666,216	6.7
National Science Foundation	15,640,389	9.0	12,972,379	8.4	10,369,567	8.0
Department of Agriculture	7,589,597	4.4	7,154,320	4.7	7,065,896	5.4
Other	9,597,417	5.5	15,975,326	10.4	8,774,475	6.8
Total federal	122,827,541	70.5	115,224,997	75.0	97,226,730	75.0
State and local	29,588,901	17.0	19,406,985	12.6	13,828,808	10.7
International	2,352,298	1.3	2,597,827	1.7	1,870,961	1.4
Other	19,505,166	11.2	16,343,314	10.6	16,778,341	12.9
Total	<u>\$ 174,273,906</u>	<u>100.0%</u>	<u>\$ 153,573,124</u>	<u>100.0%</u>	<u>\$ 129,704,840</u>	<u>100.0%</u>

San Diego State University Research Foundation

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

June 30, 2024 and 2023

The following charts present the percentages that each sponsor type contributed to Sponsored program support revenues for the years ended June 30, 2024, 2023, and 2022:



**Operating Expenses**

Operating expenses increased by \$25 million from FY 2023 to FY 2024 and by \$33 million from FY 2022 - FY 2023 due to increases in all categories.

Sponsored programs expenses increased by \$22.7 million from FY 2023 to FY 2024 and by \$20.6 million from FY 2022 to FY 2023 due to increase in awards which are accounted for in the Statement of Activities when spent.

Community and campus programs expenses decreased by \$1.9 million from FY 2023 to FY 2024 due to regular fluctuations in volume in programs. Community and campus programs increased by \$11.5 million from FY 2022 to FY 2023 mostly due to increase in SDSU Global Campus noncredit courses and KPBS activities.

San Diego State University Research Foundation

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

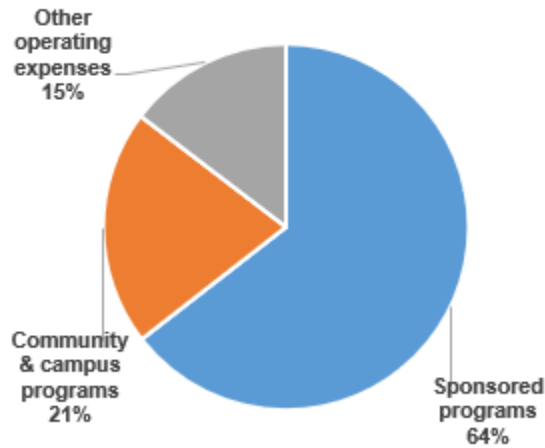
June 30, 2024 and 2023

Other operating expenses increased by \$4.6 million from FY 2023 to FY 2024 due mostly to an increase in property management related and general administration expenses, as well as increases in service contracts, insurance, and overall inflation including cost of living increases.

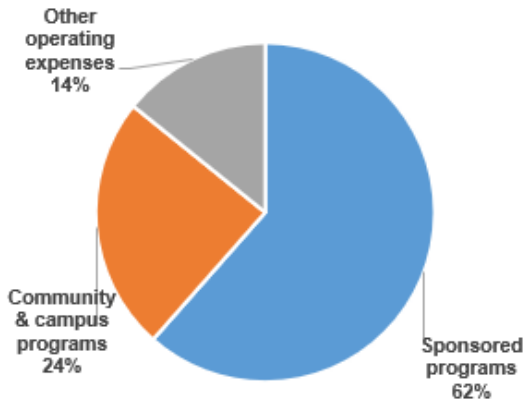
Other operating expenses increased by \$1.1 million from FY 2022 to FY 2023 due mostly to an increase in Property management related and General administration expenses as a result of an increase in minimum wage, as well as increases in service contracts and insurance and overall inflation.

The following charts present the distribution of resources by percentage of operating expense category in support of SDSU Research Foundation's mission for the years ended June 30, 2024, 2023, and 2022:

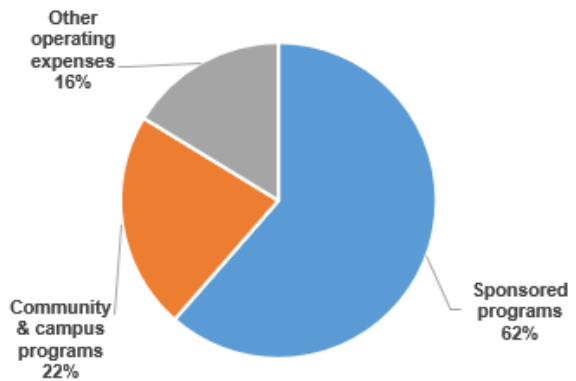
2024 Operating Expenses



2023 Operating Expenses



2022 Operating Expenses



**San Diego State University Research Foundation**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED**

**June 30, 2024 and 2023**

***Nonoperating (Expenses) Revenues***

Nonoperating (expenses) revenues come from sources that are not part of SDSU Research Foundation's primary business functions. Included in this classification are interest expense, investment income, changes in the fair value of investments, net gains and losses from the disposition of property and equipment, and transfers (to) from SDSU and The Campanile Foundation.

Net nonoperating (expenses) revenues increased by \$6.8 million from FY 2023 to FY 2024 primarily due to increase in interest income, net increase in fair value of investments, reduction in interest expense and reduction in transfers to the university and The Campanile foundation.

Net nonoperating (expenses) revenues increased by \$24.4 million from FY 2022 to FY 2023 primarily due to reduction in transfers to the university for reimbursement of construction costs on behalf of KPBS for the renovation and expansion of their station.

San Diego State University Research Foundation

STATEMENTS OF NET POSITION

June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>Current assets:</b>		
Cash and cash equivalents (Note 2)	\$ 12,655,046	\$ 11,095,249
Short-term investments (Note 3)	44,875,881	31,189,155
Restricted assets - short-term investments (Note 3)	6,866,720	4,782,101
Accounts and pledges receivable, net (Notes 4 and 7)	41,540,737	34,831,566
Leases, SBITAs, PPP receivable (Note 4)	4,062,345	3,395,099
Notes receivable - current portion (Note 5)	763,699	837,199
Prepaid expenses	859,543	1,164,077
	<u>111,623,971</u>	<u>87,294,446</u>
<b>Noncurrent assets:</b>		
Pledges receivable, net (Note 4)	279,156	2,584,214
Long-term investments (Note 3)	39,502,726	41,225,362
Restricted assets – investments (Note 3)	19,057,512	18,224,554
Restricted assets – land	2,308,532	2,308,532
Leases, SBITAs, PPP receivable (Note 4)	50,251,340	54,988,132
Notes receivable - net of current portion (Note 5)	4,715,895	5,479,594
Capital assets, net (Notes 2 and 6)	62,482,962	63,835,352
Other assets (Notes 2 and 11)	6,090,832	4,538,175
	<u>184,688,955</u>	<u>193,183,915</u>
<b>Total assets</b>	<u>\$ 296,312,926</u>	<u>\$ 280,478,361</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES (NOTE 13)</b>	<u>\$ 2,401,240</u>	<u>\$ 2,839,958</u>
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses (Notes 2 and 7)	\$ 22,749,166	\$ 18,375,788
Sponsored programs receipts over expenditures (Note 2)	43,898,195	30,041,936
Long-term obligations – current portion (Note 8)	4,680,667	4,408,277
	<u>71,328,028</u>	<u>52,826,001</u>
<b>Noncurrent liabilities:</b>		
Long-term obligations, net of current portion (Note 8)	33,258,942	36,334,000
Other liabilities (Notes 9 and 11)	13,673,384	12,224,414
	<u>46,932,326</u>	<u>48,558,414</u>
<b>Total liabilities</b>	<u>\$ 118,260,354</u>	<u>\$ 101,384,415</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES (NOTE 12)</b>	<u>\$ 56,711,878</u>	<u>\$ 62,374,018</u>
<b>Commitments and Contingencies (Notes 9, 10, 11, and 13)</b>		
<b>NET POSITION</b>		
Net investment in capital assets	\$ 28,981,958	\$ 29,757,895
Restricted for:		
Nonexpendable – endowments and property	7,262,698	7,188,902
Expendable:		
Campus programs and projects	3,007,363	2,760,149
National Institutes of Health term endowment	11,317,951	10,805,871
KPBS capital campaign	8,617,049	8,297,857
Unrestricted	64,554,915	60,749,212
	<u>\$ 123,741,934</u>	<u>\$ 119,559,886</u>

The accompanying notes are an integral part of these financial statements.



**San Diego State University Research Foundation**

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

**Years ended June 30, 2024 and 2023**

	<b>2024</b>	<b>2023</b>
<b>Operating revenues:</b>		
Sponsored programs support	\$ 174,273,906	\$ 153,573,124
Community and campus programs	27,751,930	31,728,616
Contributions	22,370,986	23,408,253
Rental income (Note 10)	7,758,764	8,419,569
Other operating revenues (Note 7)	1,743,069	3,343,257
Total operating revenues	233,898,655	220,472,819
<b>Operating expenses (Notes 9,10 and 11):</b>		
Sponsored programs	152,741,457	130,031,797
Community and campus programs	42,536,214	45,381,620
Fundraising - broadcasting	6,870,797	5,918,586
Property management	13,510,854	11,233,005
General administration	21,166,947	18,815,303
Total operating expenses	236,826,269	211,380,311
Operating income	(2,927,614)	9,092,508
<b>Nonoperating revenues (expenses):</b>		
Interest expense (Note 8)	(736,970)	(1,449,794)
Investment income, net	3,455,462	2,340,853
Net increase in fair value of investments (Note 3)	3,733,363	2,703,529
Net gain (loss) on dispositions of property and equipment (Notes 2 and 6)	7,500	(87,409)
Transfers (to) from SDSU (Note 2)	607,779	(2,246,622)
Transfers to The Campanile Foundation (Note 2)	(31,268)	(1,000,000)
Net nonoperating revenues	7,035,866	260,557
Income before changes to permanent endowments	4,108,252	9,353,065
<b>Increase in permanent endowments</b>	73,796	501,989
Net income	4,182,048	9,855,054
<b>Net position:</b>		
Net position at beginning of year	119,559,886	109,704,832
Net position at end of year	\$ 123,741,934	\$ 119,559,886

The accompanying notes are an integral part of these financial statements.

**San Diego State University Research Foundation**

**STATEMENTS OF CASH FLOWS**

**Years ended June 30, 2024 and 2023**

	<b>2024</b>	<b>2023</b>
<b>Cash flows from operating activities:</b>		
Sponsored programs receipts	\$ 182,224,678	\$ 149,150,652
Community and campus programs receipts	26,670,547	30,353,396
Contributions	22,446,382	21,726,288
Rents received	6,402,880	7,276,730
Payments to suppliers	(78,954,403)	(73,163,569)
Payments to employees	(143,733,966)	(124,870,134)
Transfers from SDSU	857,779	253,378
Transfers to The Campanile Foundation	(31,268)	(1,000,000)
Forgiveness of KPBS Payroll Protection Plan loan	-	(2,122,277)
Other receipts	2,607,927	1,202,527
	<b>18,490,556</b>	<b>8,806,991</b>
Net cash provided by operating activities		
	<b>18,490,556</b>	<b>8,806,991</b>
<b>Cash flows from capital and related financing activities:</b>		
Principal payments on long-term debt	(1,350,000)	(1,110,000)
Payments for right of use leased assets	(3,110,629)	(3,370,596)
Interest paid	(703,034)	(1,452,264)
Purchase of property and equipment	(6,596,898)	(4,379,361)
Proceeds from sale of property and equipment	7,500	83,255
Proceeds from KPBS capital campaign	1,941,429	5,242,538
KPBS capital campaign purchases	(497,791)	(606,081)
KPBS capital campaign transfers to SDSU	(250,000)	(2,500,000)
	<b>(10,559,423)</b>	<b>(8,092,509)</b>
Net cash used in capital and related financing activities		
	<b>(10,559,423)</b>	<b>(8,092,509)</b>
<b>Cash flows from investing activities:</b>		
Investment income	3,399,208	2,432,036
Purchases of investments	(71,343,602)	(64,849,999)
Proceeds from sales and maturities of investments	60,735,860	59,109,769
Collection of notes receivable	837,199	837,199
	<b>837,199</b>	<b>837,199</b>
Net cash used in investing activities		
	<b>(6,371,335)</b>	<b>(2,470,995)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>1,559,798</b>	<b>(1,756,513)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>11,095,249</b>	<b>12,851,762</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 12,655,046</b>	<b>\$ 11,095,249</b>

The accompanying notes are an integral part of these financial statements.

**San Diego State University Research Foundation**

**STATEMENTS OF CASH FLOWS - CONTINUED**

**Years ended June 30, 2024 and 2023**

	<b>2024</b>	<b>2023</b>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income	\$ (2,927,613)	\$ 9,092,510
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	9,607,248	8,172,441
Change in assets, liabilities, deferred outflows and inflows of resources:		
Accounts receivable	(6,460,996)	(5,200,921)
Pledges receivable - KPBS operating contributions	669,504	(1,606,454)
Prepaid expenses and other assets	(1,248,122)	2,636,193
Deferred outflows of resources	404,782	(1,974,687)
Accounts payable	1,242,158	(54,738)
Accrued expenses	3,131,220	1,185,248
Sponsored programs receipts over expenses	13,856,259	1,442,063
Other liabilities	908,405	786,015
Deferred Contributions KPBS	(668,710)	(562,135)
Deferred inflows of resources	(923,886)	(2,741,633)
Forgiveness of KPBS Payroll Protection Plan loan	-	(2,122,277)
Net transfers to SDSU	857,779	253,378
Net transfers to The Campanile Foundation	(31,268)	(1,000,000)
Increase in permanent endowments	73,796	501,990
	<b>\$ 18,490,556</b>	<b>\$ 8,806,993</b>
<b>Supplemental disclosure of noncash finance and investing activity:</b>		
Increase (decrease) in fair value of investments	\$ 3,733,363	\$ 2,703,529
Increase (decrease) in permanent endowments	\$ 71,270	\$ 42,663
Obtaining a right-of-use asset in exchange for a lease liability	\$ (2,382,005)	\$ (909,288)
Forgiveness of KPBS Payroll Protection Plan loan	\$ -	\$ 2,122,277

The accompanying notes are an integral part of these financial statements.

San Diego State University Research Foundation

STATEMENTS OF FIDUCIARY NET POSITION

Years ended June 30, 2024 and 2023

	<b>Other Postemployment Benefit Trust December 31, 2023</b>	<b>Custodial Funds (TCF) June 30, 2024</b>
<b>Assets</b>		
Cash and cash equivalents	\$ -	\$ (131,876)
Investments	14,439,936	6,081,142
	<hr/>	<hr/>
Total assets	14,439,936	5,949,266
<b>Liabilities</b>		
Payable to employer	132,541	-
Accounts payable and accrued liabilities	5,473	-
	<hr/>	<hr/>
Total liabilities	138,014	-
	<hr/>	<hr/>
Total net position	\$ 14,301,922	\$ 5,949,266
	<hr/> <hr/>	<hr/> <hr/>
	<b>Other Postemployment Benefit Trust December 31, 2022</b>	<b>Custodial Funds (TCF) June 30, 2023</b>
<b>Assets</b>		
Cash and cash equivalents	\$ -	\$ 791,722
Investments	12,915,097	5,835,731
	<hr/>	<hr/>
Total assets	12,915,097	6,627,453
<b>Liabilities</b>		
Payable to employer	151,891	-
Accounts payable and accrued liabilities	5,262	-
	<hr/>	<hr/>
Total liabilities	157,153	-
	<hr/>	<hr/>
Total net position	\$ 12,757,944	\$ 6,627,453
	<hr/> <hr/>	<hr/> <hr/>

The accompanying notes are an integral part of these financial statements.

**San Diego State University Research Foundation**  
**STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION**

Years ended June 30, 2024 and 2023

	<b>Other Postemployment Benefit Trust December 31, 2023</b>	<b>Custodial Funds (TCF) June 30, 2024</b>
<b>Additions:</b>		
Contributions	\$ (5,351)	\$ -
Net investment income	1,910,209	-
Fund Additions - Campus and community programs	-	23,448,330
Fund Additions - Student financial aid	-	611,022
Fund Additions - Endowment	-	90,117,102
Total additions	1,904,858	114,176,454
<b>Deductions:</b>		
Insurance payments	296,781	-
Professional fees	64,099	-
Fund Deductions - Campus and community programs	-	23,388,193
Fund Deductions - Student financial aid	-	530,436
Fund Deductions - Endowment	-	90,936,012
Total deductions	360,880	114,854,641
Net increase in fiduciary net position	1,543,978	(678,187)
<b>Net position - beginning</b>	12,757,944	6,627,453
<b>Net position - ending</b>	\$ 14,301,922	\$ 5,949,266
	<b>Other Postemployment Benefit Trust December 31, 2022</b>	<b>Custodial Funds (TCF) June 30, 2023</b>
<b>Additions:</b>		
Contributions	\$ 21,354	\$ -
Net investment income	(1,930,235)	-
Fund Additions - Campus and community programs	-	4,562,678
Fund Additions - Student financial aid	-	143,229
Fund Additions - Endowment	-	58,839,339
Total additions	(1,908,881)	63,545,246
<b>Deductions:</b>		
Insurance payments	357,360	-
Professional fees	55,930	-
Fund Deductions - Campus and community programs	-	8,577,163
Fund Deductions - Student financial aid	-	233,769
Fund Deductions - Endowment	-	62,435,318
Total deductions	413,290	71,246,250
Net increase in fiduciary net position	(2,322,171)	(7,701,004)
<b>Net position - beginning</b>	15,080,115	14,328,457
<b>Net position - ending</b>	\$ 12,757,944	\$ 6,627,453

The accompanying notes are an integral part of these financial statements.

**San Diego State University Research Foundation**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2024 and 2023**

**NOTE 1 - DESCRIPTION OF ORGANIZATION**

San Diego State University Foundation (dba San Diego State University (SDSU) Research Foundation) was formed on February 11, 1943. It is an auxiliary organization of San Diego State University (the University) and is organized and operated in accordance with the Education Code of the State of California and the California Code of Regulations. It is a nonprofit corporation chartered to provide and augment programs that are an integral part of the educational and community service mission of the University. While SDSU Research Foundation is organized to function as a separate corporation, it is integrated into the goals and programs of the University. SDSU Research Foundation reports as a special-purpose government entity engaged only in business-type activities.

SDSU Research Foundation is responsible for the accomplishment of certain University objectives that require financial support not provided by the state. These activities occur in all aspects of university life, including the development and administration of sponsored grants and contracts for faculty and staff research and educational projects; the administration of community and campus-related programs; the financial administration of certain gifts and donations; and the investment of certain endowments and other funds. SDSU Research Foundation's financial statements are included as a component unit of the University's annual financial statements as required by the Government Accounting Standards Board (GASB).

***Affiliated Organizations***

SDSU Research Foundation is related to the four other auxiliaries of the University: Associated Students of San Diego State University, Aztec Shops, Ltd., SDSU Mission Valley Enterprises and The Campanile Foundation (TCF). The auxiliaries and the University periodically provide numerous services for one another and collaborate on projects.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A summary of the significant accounting policies utilized by SDSU Research Foundation follows.

***Basis of Accounting***

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board (GASB). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

***Classification of Current and Noncurrent Assets and Liabilities***

SDSU Research Foundation considers assets to be current that can be reasonably expected, as a part of its normal business operations, to be converted to cash and be available for liquidation of current liabilities within twelve months of the statement of net position date. Liabilities that can be reasonably expected, as part of normal operations, to be liquidated within twelve 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***

SDSU Research Foundation considers cash and short-term highly liquid investments with original maturities of three months or less to be cash and cash equivalents. These short-term investments are stated at cost, which approximates fair value.

**San Diego State University Research Foundation**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**June 30, 2024 and 2023**

***Investments***

All investments are reported at fair value, which is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

***Accounts and Pledges Receivable***

Accounts receivables are recorded at the actual amounts expected to be collected and include both billed and unbilled amounts.

Pledges receivable are due from donors of KPBS and are recorded at net present value.

***Capital Assets***

Capital assets in excess of \$5,000 are recorded at cost, if purchased, or at estimated fair value, if donated. Certain equipment acquired through grants is subject to restrictions on use and disposition after the conclusion of the related grants.

Leased assets and subscription-based IT arrangements in excess of \$10,000 which qualify under GASB 87 and GASB 96 have been capitalized as a Right of Use Asset.

Depreciation is computed using the straight-line method over the useful life of the asset or length of the associated lease. For buildings, the useful life is generally 40 years. For building improvements, furniture, fixtures and equipment, the useful life is generally 5, 10 or 15 years. Improvements to leased property and subscription-based IT arrangements are amortized over the term of the lease/agreement or the life of the improvement.

***Asset Impairment***

SDSU Research Foundation annually evaluates capital assets held for investment. The carrying values of such assets that are considered to be impaired are adjusted accordingly.

There were no such impairments for the years ended June 30, 2024 and June 30, 2023.

***Deferred Outflows and Inflows of Resources***

Contributions received that are applicable to a future reporting period are presented as Deferred contributions and classified as a deferred inflow of resources.

Losses and gains on bond refundings are deferred and reported as deferred outflows of resources or deferred inflows of resources, respectively. They are amortized on the straight-line method over the life of the refunded bonds.

OPEB related inflows of resources include OPEB plan experience, OPEB assumption changes, and OPEB trust investment experience. These are actuarial calculated amounts that represent differences between the most recent actuarial report and the previous actuarial report. Deferred inflows due to plan experience and assumption changes are recognized over the plan's expected average remaining service life, which is currently 5.33 years. OPEB related outflows of resources include the OPEB subsequent contribution, which will be recognized in the next fiscal year, and OPEB trust investment experience. The OPEB trust investment experience is an actuarial calculated amount representing the difference between projected and actual earnings on OPEB plan investments. Changes due to investment performance different from assumed earnings rate, whether a deferred inflow or deferred outflow, are amortized over five years.

**San Diego State University Research Foundation**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**June 30, 2024 and 2023**

Deferred inflows of resources have been recorded for leases where SDSU Research Foundation is the lessor on leases that qualify under GASB 87. They are amortized over the life of the lease as payments are received from the lessees. Deferred inflows or resources have been recorded for an asset transfer where SDSU Research Foundation is the receiver of an asset that qualifies under GASB 94. This will be amortized over the life of the agreement and the asset will be transferred at the end of the agreement term.

***Other Assets***

Other assets consist primarily of the net OPEB asset and deposits held by others.

***Compensated Absences***

SDSU Research Foundation accrues vacation benefits for eligible employees at various rates depending upon length of service and employee classification. Eligible employees accrue sick leave based upon their employment status as either full time, part time, student, temporary or seasonal; however, except in limited cases upon retirement, employees are not paid for unused sick leave at the end of employment. Liabilities for compensated absences of approximately \$7,561,000 and \$3,596,000 as of June 30, 2024 and 2023, respectively, are included in accrued expenses.

***Revenue Recognition***

Revenue from sponsored programs is recognized as Sponsored programs support in the fiscal year in which all eligibility requirements have been satisfied. Sponsored programs revenue received prior to satisfaction of eligibility requirements and incurrence of the related expenses have been deferred and are reflected as Sponsored programs receipts over expenditures in the accompanying Statements of Net Position.

SDSU Research Foundation received 52.51% and 52.3% of its total operating revenue from federal sources during the years ended June 30, 2024 and 2023, respectively. The Department of Health and Human Services provided 25.9% and 26.8% of the total operating revenue for the years ended June 30, 2024 and 2023, respectively.

Revenue from community and campus programs is recognized as earned, which includes the revenue related to KPBS and SDSU Global Campus as well as other Campus Programs.

Revenue from contributions is recognized in the fiscal year in which all eligibility requirements have been satisfied. Contributions received prior to satisfaction of eligibility requirements are deferred.

***Transfers***

Transfers are non-exchange cash transactions to or from related parties in support of the mission of the University.

***Net Position***

SDSU Research Foundation's net position is classified into the following categories:

***Net Investment in Capital Assets***

Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.



**San Diego State University Research Foundation**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2024 and 2023**

*Restricted - Nonexpendable*

Assets, net of related liabilities, are subject to externally imposed conditions that SDSU Research Foundation retains in perpetuity. Assets in this category consist of endowments and property held by SDSU Research Foundation.

*Restricted - Expendable*

Assets, net of related liabilities, which are subject to externally imposed conditions that can be fulfilled by the actions of SDSU Research Foundation's Board of Directors.

*Unrestricted*

All other categories of assets, net of related liabilities. In addition, unrestricted assets may be designated for specific purposes by SDSU Research Foundation's Board of Directors.

Restricted resources are used in accordance with SDSU Research Foundation policies. When both restricted and unrestricted resources are available for use, the determination to use restricted or unrestricted resources is made on a case-by-case basis.

***Classification of Revenues and Expenses***

SDSU Research Foundation considers operating revenues and expenses to be those revenues and expenses that result from exchange transactions or from activities that are connected directly to SDSU Research Foundation's primary functions. Certain other transactions are reported as nonoperating revenues and expenses, including Interest expense, Investment income, net of investment-related fees, changes in the fair value of investments, and net gain (loss) on dispositions of property and equipment.

***Functional Expense Allocations***

Expenses that can be identified with a specific program or supporting service are charged directly to the related program or support services. Expenses applicable to more than one activity, such as facilities-related depreciation, are allocated amongst sponsored programs, community and campus programs, and plant fund based on an evaluation from management.

***Interfund Eliminations***

According to SDSU Research Foundation policy, all interfund transactions have been eliminated in the accompanying financial statements.

***Income Taxes***

The SDSU Research Foundation and primarily all of its affiliates are recognized by the Internal Revenue Service (IRS) as exempt from federal income tax under Section 501(a) of the Internal Revenue Code as charitable organizations qualifying under Internal Revenue Code Section 501(c)(3), except for income taxes pertaining to unrelated business income. Under U.S. GAAP, the tax effects from uncertain tax positions are to be recognized in the financial statements only if the position is more likely than not to be sustained if the position were to be challenged by a tax authority.

The SDSU Research Foundation completed an analysis of its uncertain tax positions in accordance with applicable accounting guidance and determined there are no amounts to be recognized on the financial statements at June 30, 2024 or 2023.

**San Diego State University Research Foundation**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2024 and 2023**

***Use of Estimates***

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue, gains, expenses and losses during the reporting period. Actual results could differ from those estimates.

***Reclassifications***

No reclassifications have been made to the June 30, 2024 financial statements.

***Pronouncements Issued***

For the year ended June 30, 2024, SDSU Research Foundation implemented GASB Statement 100 (GASB 100), *Accounting Changes and Error Corrections*, which provides the accounting and financial reporting for 1) each type of accounting change and 2) error corrections. This Statement requires that a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and c) changes in accounting estimates to be reported prospectively by recognizing the change in the current period. SDSU Research Foundation implemented GASB 100 and found that it had no material impact on the SDSU Research Foundation's financial statements.

For the year ended June 30, 2023, SDSU Research Foundation implemented GASB Statement 94 (GASB 94), *Public-Private and Public-Public Partnerships* ("PPPs") and *Availability Payment Arrangements* ("APAs") effective with fiscal year 2023, which increases the usefulness of governments' financial statements by requiring recognition of the receivable of an asset and recognition of deferred inflows of the underlying asset.

For the year ended June 30, 2023, SDSU Research Foundation implemented GASB Statement 96 (GASB 96), *Subscription-Based Information Technology Arrangements* (SBITA), which increases the usefulness of governments' financial statements by requiring recognition of certain right-to-use assets and liabilities for SBITAs that previously were classified as operating expenses and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

For the year ended June 30, 2023, SDSU Research Foundation implemented GASB Statement 91 (GASB 91), *Conduit Debt Obligations*, which provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in.

The GASB has issued the following statements:

- GASB Statement No. 101, *Compensated Absences* (effective for the year ending June 30, 2025)
- GASB Statement No. 102, *Certain Risk Disclosures* (effective for the year ending June 30, 2025)
- GASB Statement No. 103, *Financial Reporting Model Improvements* (effective for the year ending June 30, 2025)

Management has not determined what, if any, impact implementation may have on the financial statements of SDSU Research Foundation.

**San Diego State University Research Foundation**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2024 and 2023**

**NOTE 3 - INVESTMENTS**

***Investment Policy***

The primary objective of the investment policy of SDSU Research Foundation is to protect the underlying assets so that the funds are available when needed by various projects and programs. A secondary objective is to maximize investment income on available investments. Various policies have been adopted to meet these objectives at the same time. Specific references are included below under various risk categories.

Investments as of June 30, 2024 and June 30, 2023, respectively, are as follows:

	<b>2024 Investments Held</b>	<b>Fiduciary Funds</b>	<b>2024 Investments Held by SDSURF</b>
Short-term	\$ 50,957,022	\$ (6,081,141)	\$ 44,875,881
Short-term restricted	6,866,720	-	6,866,720
Long-term	39,502,726	-	39,502,726
Long-term restricted	19,057,512	-	19,057,512
	<b>\$ 116,383,980</b>	<b>\$ (6,081,141)</b>	<b>\$ 110,302,839</b>
	<b>2023 Investments Held</b>	<b>Fiduciary Funds</b>	<b>2023 Investments Held by SDSURF</b>
Short-term	\$ 37,024,886	\$ (5,835,731)	\$ 31,189,155
Short-term restricted	4,782,101	-	4,782,101
Long-term	41,225,362	-	41,225,362
Long-term restricted	18,224,554	-	18,224,554
	<b>\$ 101,256,903</b>	<b>\$ (5,835,731)</b>	<b>\$ 95,421,172</b>

SDSU Research Foundation categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The following levels indicate the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis:

Level 1 - Investments whose values are based on quoted prices (unadjusted) for identical assets in active markets that a government can access at the measurement date.

Level 2 - Investments with inputs - other than quoted prices included within Level 1 - that are observable for an asset, either directly or indirectly.

Level 3 - Investments classified as Level 3 have unobservable inputs for an asset and may require a degree of professional judgment.

The following tables summarize SDSU Research Foundation's investments within the fair value hierarchy at June 30, 2024 and June 30, 2023, respectively:

**San Diego State University Research Foundation**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2024 and 2023**

<b>2024 Investments</b>	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Corporate bonds	\$ 28,513,174	\$ 28,513,174	\$ -	\$ -
Treasury bills	38,897,817	38,897,817	-	-
Deferred gift (various)	846,300	846,300	-	-
Money market funds	2,892,991	-	2,892,991	-
Real property	1,797,000	-	-	1,797,000
TCF endowment pool	43,298,601	-	-	43,298,601
Amount held by others	138,097	-	-	138,097
	<u>\$ 116,383,980</u>	<u>\$ 68,257,291</u>	<u>\$ 2,892,991</u>	<u>\$ 45,233,698</u>
<b>2023 Investments</b>	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Corporate bonds	\$ 42,081,120	\$ 42,081,120	\$ -	\$ -
Treasury bills	6,005,674	6,005,674	-	-
Deferred gift (various)	798,811	798,811	-	-
Commercial paper	1,458,856	-	1,458,856	-
Certificate of deposit	2,363,814	-	2,363,814	-
Money market funds	5,668,745	-	5,668,745	-
Real property	1,797,000	-	-	1,797,000
TCF endowment pool	40,931,899	-	-	40,931,899
Amount held by others	130,984	-	-	130,984
	<u>\$ 101,256,903</u>	<u>\$ 48,885,605</u>	<u>\$ 9,511,415</u>	<u>\$ 42,859,883</u>

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

**Level 1 Measurements**

- Treasury Issues, Corporate Bonds and Bond Mutual Funds - based on quoted prices available in an active market.
- Deferred Gift - based on quoted prices available in an active market. The deferred gift is invested in a portfolio of cash, equity securities, fixed income securities, and real estate funds designed to provide a moderate amount of current income with moderate growth of capital.

**Level 2 Measurements**

- Money Market Funds - based on published fair value per share for each fund.
- Certificates of Deposit - valued at cost, which approximates fair value.
- Commercial Paper - issued at a discount of face value, reflects prevailing market interest rates.

**Level 3 Measurements**

- TCF Endowment Pool - SDSU Research Foundation invests in the TCF Endowment Pool, a unitized pool managed by TCF, another university auxiliary organization. The fair value is calculated as SDSU Research Foundation's share of the pool as of the measurement date, which is based on the fair value of the underlying assets owned by the fund divided by the number of units outstanding.

**San Diego State University Research Foundation**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2024 and 2023**

- Real Property - fair value reflects most recent appraised value. Because there are no observable measures, the appraiser must rely solely on experience and knowledge of the market when using inputs for real estate assets. The property may be sold should the needs of the programs change.
- Amounts Held by Others - SDSU Research Foundation is the beneficiary of certain trusts held in an endowment portfolio managed by a community foundation. The fair value is calculated based on the fair value of the underlying assets owned by the fund.

***The Campanile Foundation Endowment Pool***

The TCF Endowment Pool has significant investments in various mutual funds and third-party investment pools. These investments are managed by an Outside Chief Investment Officer (OCIO) based upon the Investment Policy Statement (IPS) as approved by the TCF Board of Directors. The TCF Finance and Investment Committee meets regularly with the OCIO to review the investments, performance, and compliance with the IPS. The investment category allocations and IPS targets as of June 30 are as follows:

	<b>2024</b>	<b>2023</b>	<b>IPS Target</b>
Growth assets	60.4%	58.7%	60.0%
Credit	8.0	6.6	8.0
Inflation hedges	12.6	11.8	13.0
Risk mitigation	19.0	22.9	19.0
Total	100.0%	100.0%	100.0%

SDSU Research Foundation recognized net unrealized gain of \$3.0 million and a net unrealized gain of \$2.2 million for the years ended June 30, 2024 and 2023, respectively, from its investment in the TCF Endowment Pool.

The TCF Endowment Pool is subject to concentrations of credit risk and the investments of the TCF Endowment Pool are exposed to both interest rate and market risk. Economic conditions can impact these risks, and risks and resulting market values can be either positively or adversely affected. If the level of risk increases in the near term, it is possible that the investment balances, and thus SDSU Research Foundation's portion of those investments, could be materially affected. Although the market value of the investment in the TCF Endowment Pool is subject to fluctuations on a year-to-year basis, management believes the investment policies of TCF are prudent for the long-term welfare of SDSU Research Foundation.

In accordance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA), SDSU Research Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to SDSU Research Foundation's programs and operations supported by its endowment while also seeking to maintain the long-term purchasing power of the endowment assets.

Endowment distributions are provided in accordance with SDSU Research Foundation and The Campanile Foundation's investment policy statement. For the fiscal years ended June 30, 2024 and 2023, the distribution rate was 4% of the endowment principal market value using a three-year moving average.

***Interest Rate Risk***

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of a fixed income investment. In order to reduce interest rate risk exposure, SDSU Research Foundation's investment policy states that individually held working capital fixed income investments are limited to a five-year maturity and should be staggered over various maturity dates.

**San Diego State University Research Foundation**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2024 and 2023**

Maturities of fixed income investments as of June 30, 2024 are as follows:

	<u>Market Value Total</u>	<u>Less Than One Year</u>	<u>Two-Five Years</u>
Treasury issues	\$ 38,897,817	\$ 30,484,667	\$ 8,413,150
Corporate bonds	28,513,174	24,446,084	4,067,090
	<u>\$ 67,410,991</u>	<u>\$ 54,930,751</u>	<u>\$ 12,480,240</u>

Maturities of fixed income investments as of June 30, 2023 are as follows:

	<u>Market Value Total</u>	<u>Less Than One Year</u>	<u>Two-Five Years</u>
Treasury issues	\$ 6,005,674	\$ 6,005,674	\$ -
Commercial paper	1,458,856	1,458,856	-
Corporate bonds	42,081,120	26,239,275	15,841,845
Certificates of deposit	2,363,814	2,363,814	-
	<u>\$ 51,909,464</u>	<u>\$ 36,067,619</u>	<u>\$ 15,841,845</u>

***Credit Risk***

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to repay the debt security when due. SDSU Research Foundation's investment policy requires that fixed income investments must be rated as "Investment Grade," which is BBB or higher. Credit ratings by nationally recognized institutions are used to assess the creditworthiness of specific investments. The bond mutual fund and money market funds do not have a rating provided by a nationally recognized statistical rating organization. The range of rating of corporate bonds was BBB to AAA as of June 30, 2024 and BBB- to AAA as of June 30, 2023

***Concentration of Credit Risk***

Concentration of credit risk is the risk of loss attributed to the magnitude of the investment in a single issuer. SDSU Research Foundation's investment policy contains no limitations as to how much can be invested with any one issuer. As of June 30, 2024 and June 30, 2023, SDSU Research Foundation did not have any investments with a single non-federal issuer that exceeded 5% of total investments.

***Custodial Credit Risk***

Custodial credit risk for deposits is the risk that SDSU Research Foundation will not be able to recover its deposits in the event of a failure of a depository institution. SDSU Research Foundation deposits are maintained at financial institutions that are Federal Deposit Insurance Corporation (FDIC) secured up to \$250,000. In the ordinary course of SDSU Research Foundation's operations, deposit balances can exceed the FDIC insured limits.

Custodial credit risk for investments is the risk that if the counterparty to an investment transaction were to fail, SDSU Research Foundation would not be able to recover its investment. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to indirect investment in securities through the use of mutual funds and government investment pools. Federally Sponsored Enterprise Issues are held by Securities Investor Protection

**San Diego State University Research Foundation**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**June 30, 2024 and 2023**

Corporation (SIPC) insured brokers and are not registered with the issuer in SDSU Research Foundation's name.

**NOTE 4 - ACCOUNTS AND PLEDGES RECEIVABLE**

Accounts and pledges receivable as of June 30, 2024 and June 30, 2023 consisted of the following:

	<b>2024</b>		
	<b>Current</b>	<b>Noncurrent</b>	<b>Total</b>
Sponsored programs	\$ 32,838,092	\$ -	\$ 32,838,092
Pledges receivable	2,610,960	279,156	2,890,116
Leases, PPP receivable	4,062,345	50,251,340	54,313,685
Other receivables	6,468,539	-	6,468,539
Less: allowance for doubtful accounts	(376,854)	-	(376,854)
<b>Total accounts receivable</b>	<b>\$ 45,603,082</b>	<b>\$ 50,530,496</b>	<b>\$ 96,133,578</b>
	<b>2023</b>		
	<b>Current</b>	<b>Noncurrent</b>	<b>Total</b>
Sponsored programs	\$ 26,932,605	\$ -	\$ 26,932,605
Pledges receivable	2,916,835	2,584,214	5,501,049
Leases, PPP receivable	3,395,099	54,988,132	58,383,231
Other receivables	5,183,261	-	5,183,261
Less: allowance for doubtful accounts	(201,135)	-	(201,135)
<b>Total accounts receivable</b>	<b>\$ 38,226,665</b>	<b>\$ 57,572,346</b>	<b>\$ 95,799,011</b>

It is the policy of management to review outstanding receivables at year-end for collectability and establish an allowance for doubtful accounts.

Leases, PPP receivable consist of \$4,062,345 in current and \$50,251,340 in non-current. Which includes \$3,618,172 PPP installment payments of which \$207,114 is recognized as current as of June 30, 2024.

A receivable for an underlying PPP asset was also recorded at June 30, 2023 purchased or constructed and placed into service by the operator for \$37,600,000. \$36,000,000 is the balance of the receivable with a current portion of \$800,000 as of June 30, 2024. Ownership of the underlying asset of the PPP has not yet been transferred to the SDSU Research Foundation for these arrangements. The receivables for both the PPP assets and the installment payments are included above in leases and PPP receivable.

**San Diego State University Research Foundation**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2024 and 2023**

**NOTE 5 - NOTES RECEIVABLE - AZTEC SHOPS, LTD. I**

Notes receivable from Aztec Shops as of June 30, 2024 and 2023 consisted of the following:

	<b>2024</b>		
	<b>Current</b>	<b>Noncurrent</b>	<b>Total</b>
Sanctuary suites <sup>(a)</sup>	\$ 471,799	\$ 2,594,895	\$ 3,066,694
Piedra del Sol and Fraternity Row <sup>(b)</sup>	218,400	1,092,000	1,310,400
College square <sup>(c)</sup>	43,500	609,000	652,500
College strip <sup>(c)</sup>	30,000	420,000	450,000
	<u>\$ 763,699</u>	<u>\$ 4,715,895</u>	<u>\$ 5,479,594</u>
	<b>2023</b>		
	<b>Current</b>	<b>Noncurrent</b>	<b>Total</b>
Sanctuary suites <sup>(a)</sup>	\$ 471,799	\$ 3,066,694	\$ 3,538,493
Piedra del Sol and Fraternity Row <sup>(b)</sup>	218,400	1,310,400	1,528,800
College square <sup>(c)</sup>	87,000	652,500	739,500
College strip <sup>(c)</sup>	60,000	450,000	510,000
	<u>\$ 837,199</u>	<u>\$ 5,479,594</u>	<u>\$ 6,316,793</u>

(a) In January 2014, SDSU Research Foundation transferred a property adjacent to the University (Sanctuary Suites) to Aztec Shops, Ltd. in exchange for an unsecured note in the amount of \$4,717,991. Payments of interest only at 4% were payable semi-annually until April 15, 2019 at which time fixed principal payments of \$235,900 began plus accrued interest payable semi-annually through October 15, 2028.

(b) In June 2013, SDSU Research Foundation transferred two student housing projects adjacent to the University (Piedra del Sol and Fraternity Row apartments) to Aztec Shops, Ltd. As part of the consideration for the transfer, Aztec Shops, Ltd. provided an unsecured note to SDSU Research Foundation in the amount of \$2,184,000. Payments of interest only at 4% were payable semi-annually until October 15, 2018 at which time fixed principal payments of \$109,200 plus accrued interest are payable semi-annually through April 15, 2028.

(c) In May 2015, SDSU Research Foundation transferred properties adjacent to the University (College Square and College Strip) to Aztec Shops, Ltd. in exchange for cash of \$2,725,000, which was used to pay off a mortgage note and unsecured notes in the amount of \$1,470,000. Payments of interest only at 4% were payable semi-annually until October 15, 2020 from Aztec Shops, Ltd., at which time fixed principal payments of \$73,500 plus accrued interest are payable semi-annually through April 15, 2030.

In March 2021 and April 2020, SDSU Research Foundation and Aztec Shops, Ltd. executed amendments to the four promissory notes referenced above. These amendments deferred the principal payments due April 15, 2020, October 15, 2020, April 15, 2021 and October 15, 2021. The payment terms were extended two additional years and the deferred principal payments are due at the end of each term.



**San Diego State University Research Foundation**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**June 30, 2024 and 2023**

**NOTE 6 - CAPITAL ASSETS**

Capital assets activity for the years ended June 30, 2024 and 2023 consisted of the following:

	<b>Balance June 30, 2023</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance June 30, 2024</b>
Nondepreciable capital assets:				
Land, land improvements	\$ 13,914,536	\$ -	\$ -	\$ 13,914,536
Construction in progress	6,623,834	2,340,012	(6,920,026)	2,043,820
Total nondepreciable capital assets	<u>20,538,370</u>	<u>2,340,012</u>	<u>(6,920,026)</u>	<u>15,958,356</u>
Depreciable capital assets:				
Buildings and improvements	65,856,588	3,199,593	(19,084,401)	49,971,780
Furniture, fixtures and equipment	27,513,872	8,184,648	(231,626)	35,466,894
Right of use asset - leases	26,088,541	4,231,166	(2,840,587)	27,479,120
Right of use asset - SBITAs	2,125,799	60,051	-	2,185,850
Total depreciable capital assets	<u>121,584,800</u>	<u>15,675,458</u>	<u>(22,156,614)</u>	<u>115,103,644</u>
Less accumulated depreciation:				
Buildings and improvements	(49,057,392)	(3,901,586)	19,084,401	(33,874,577)
Furniture, fixtures and equipment	(22,917,707)	(1,865,626)	231,626	(24,551,707)
Right of use asset - leases	(5,745,396)	(3,321,506)	-	(9,066,902)
Right of use asset - SBITAs	(567,323)	(518,529)	-	(1,085,852)
Total accumulated depreciation	<u>(78,287,818)</u>	<u>(9,607,247)</u>	<u>19,316,027</u>	<u>(68,579,038)</u>
Total capital assets, net	<u>\$ 63,835,352</u>	<u>\$ 8,408,224</u>	<u>\$ (9,760,613)</u>	<u>\$ 62,482,962</u>

**San Diego State University Research Foundation**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2024 and 2023**

	<u>Balance June 30, 2022</u>	<u>Adoption of GASB 96</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2023</u>
Nondepreciable capital assets:					
Land, land improvements	\$ 13,914,536	\$ -	\$ -	\$ -	\$ 13,914,536
Construction in progress	5,730,210	-	895,739	(2,115)	6,623,834
Total nondepreciable capital assets	<u>19,644,746</u>	<u>-</u>	<u>895,739</u>	<u>(2,115)</u>	<u>20,538,370</u>
Depreciable capital assets:					
Buildings and improvements	65,225,859	-	630,729	-	65,856,588
Furniture, fixtures and equipment	26,029,080	-	2,855,008	(1,370,216)	27,513,872
Right of use asset - leases	24,640,427	-	1,448,114	-	26,088,541
Right of use asset - SBITAs	-	959,445	1,166,354	-	2,125,799
Total depreciable capital assets	<u>115,895,366</u>	<u>959,445</u>	<u>6,100,205</u>	<u>(1,370,216)</u>	<u>121,584,800</u>
Less accumulated depreciation:					
Buildings and improvements	(45,929,576)	-	(3,127,816)	-	(49,057,392)
Furniture, fixtures and equipment	(22,737,410)	-	(1,379,849)	1,199,552	(22,917,707)
Right of use asset - leases	(2,647,943)	-	(3,097,453)	-	(5,745,396)
Right of use asset - SBITAs	-	-	(567,323)	-	(567,323)
Total accumulated depreciation	<u>(71,314,929)</u>	<u>-</u>	<u>(8,172,441)</u>	<u>1,199,552</u>	<u>(78,287,818)</u>
Total capital assets, net	<u>\$ 64,225,183</u>	<u>\$ 959,445</u>	<u>\$ (1,176,497)</u>	<u>\$ (172,779)</u>	<u>\$ 63,835,352</u>

Depreciation expense totaled \$9,607,248 and \$8,172,441 for the years ended June 30, 2024 and 2023, respectively.

**NOTE 7 - AFFILIATED ORGANIZATIONS**

***The Campanile Foundation (TCF)***

TCF is the philanthropic auxiliary organization for the University. The cash and investments shown in the Statements of Fiduciary Net Position represent TCF's claim on cash and investments of SDSU Research Foundation.

Pursuant to an agreement with TCF effective through June 30, 2027, SDSU Research Foundation shall provide administrative services that include cash management processes, gift account administration, and accounting and financial reporting assistance. SDSU Research Foundation charges an administrative fee for all non-student aid funds at the time that TCF expends the funds. Amounts received under this agreement are a combination of fees charged on TCF non-student aid funds and additional amounts paid by TCF. For the years ended June 30, 2024 and 2023 the administrative fee received from TCF totaled \$1,095,00 and \$1,043,000, respectively, and is included in other operating revenues in the accompanying Statements of Revenues, Expenses and Changes in Net Position.

***Other***

Included in Other liabilities at June 30, 2024 was \$2,819,000 payable to the University presented in Note 9 as Amounts held for others. Included in Accounts payable and accrued expenses were payables to the affiliated organizations in the approximate amounts of \$1,502,000 and \$1,300,000 at June 30, 2024 and 2023, respectively. Included in Accounts and pledges receivable were receivables from the affiliated

**San Diego State University Research Foundation**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**June 30, 2024 and 2023**

organizations in the approximate amounts of \$136,000 and \$142,000 at June 30, 2024 and 2023, respectively. These amounts occurred in the normal course of business among the affiliated organizations.

**NOTE 8 - LONG-TERM OBLIGATIONS**

Long-term debt activity for the years ended June 30, 2024 and 2023 was as follows:

	Balance June 30, 2023	Additions	Reductions	Balance June 30, 2024	Current Portion
CSU SRB 2012B <sup>(a)</sup>	\$ 12,745,000	\$ -	\$ (685,000)	\$ 12,060,000	\$ 710,000
CSU SRB 2020D <sup>(a)</sup>	10,200,000	-	(665,000)	9,535,000	670,000
Unamortized bond premium CSU SRB 2020D <sup>(a)</sup>	34,194	-	-	34,194	-
Lessee leases	16,526,748	1,597,909	(2,585,361)	15,539,296	2,886,838
SBITAs	1,236,335	60,051	(525,267)	771,119	413,829
	<u>\$ 40,742,277</u>	<u>\$ 1,657,960</u>	<u>\$ (4,460,628)</u>	<u>\$ 37,939,609</u>	<u>\$ 4,683,231</u>
Long-term obligations					
CSU SRB 2020A loss on refunding <sup>(a)</sup>	\$ 231,506	\$ -	\$ (23,733)	\$ 207,733	\$ 16,845
CSU SRB 2020D loss on refunding <sup>(a)</sup>	135,503	-	(10,163)	125,340	10,163
	<u>\$ 367,009</u>	<u>\$ -</u>	<u>\$ (33,936)</u>	<u>\$ 333,073</u>	<u>\$ 27,008</u>
Total deferred losses on refunding					
Lease/P3 deferred inflow of resources	<u>\$ 56,758,447</u>	<u>\$ -</u>	<u>\$ (5,164,175)</u>	<u>\$ 51,594,272</u>	

	Balance June 30, 2022	Adoption of GASB 96 /94	Additions	Reductions	Balance June 30, 2023	Current Portion
CSU SRB 2012A <sup>(a)</sup>	\$ 150,000	\$ -	\$ -	\$ (150,000)	\$ -	\$ -
CSU SRB 2012B <sup>(a)</sup>	13,195,000	-	-	(450,000)	12,745,000	685,000
CSU SRB 2020A <sup>(b)</sup>	510,000	-	-	(510,000)	-	-
CSU SRB 2020D <sup>(a)</sup>	10,200,000	-	-	-	10,200,000	665,000
Unamortized bond premium						
CSU SRB 2020A <sup>(b)</sup>	11,664	-	-	(11,664)	-	-
CSU SRB 2020D <sup>(a)</sup>	36,756	-	-	(2,562)	34,194	-
Paycheck Protection Program Loan <sup>(c)</sup>	2,122,277	-	-	(2,122,277)	-	-
Lessee leases	17,559,766	-	2,337,579	(3,370,596)	16,526,748	2,553,114
SBITAs	-	556,587	679,748	-	1,236,335	505,163
	<u>\$ 43,785,463</u>	<u>\$ 556,587</u>	<u>\$ 3,017,327</u>	<u>\$ (6,617,100)</u>	<u>\$ 40,742,277</u>	<u>\$ 4,408,277</u>
Long-term obligations						
CSU SRB 2020A loss on refunding <sup>(a)</sup>	\$ 248,871	\$ -	\$ -	\$ (17,365)	\$ 231,506	
CSU SRB 2020D loss on refunding <sup>(a)</sup>	145,666	-	-	(10,163)	135,503	
	<u>\$ 394,537</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (27,528)</u>	<u>\$ 367,009</u>	
Total deferred losses on refunding						
CSU SRB 2020A deferred gain on refunding <sup>(b)</sup>	<u>\$ 15,773</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (15,773)</u>	<u>\$ -</u>	
Lease/P3 deferred inflow of resources	<u>\$ 22,042,639</u>	<u>\$ 36,800,000</u>	<u>\$ 2,342,094</u>	<u>\$ (4,426,286)</u>	<u>\$ 56,758,447</u>	

(a) In September 2020, the CSU System refunded a portion of the 2012 system wide revenue bonds. The amount refunded was \$9,145,000 and \$880,000 of the unamortized bond premium. A new issuance of \$10,200,000 was allocated to SDSU Research Foundation with CSU 2020D system wide revenue bonds. The SRB 2020D bonds mature in November 2036 and bear a variable interest rate ranging from 3.0% to 5.0% due in semi-annual principal and interest payments consistent with the terms of the original bonds. The bonds are secured by pledged revenues, including F&A cost recovery payments. The Research Foundation's share of premium on the refunding was \$41,352 and is attributed to the 2012A bonds. The premium is being amortized over 193.5 months (Sept 2020 - Oct 2036) using the straight-line method, which approximates the effective interest method.

**San Diego State University Research Foundation**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2024 and 2023**

The SRB 2020D bonds sold at amounts less than par. The resulting bond loss of \$163,875 is being amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. The losses are deferred and included on the Statement of Net Position as deferred outflow of resources.

- (b) In February 2020, the California State University (CSU) System issued system wide revenue bonds (SRB 2020A). Part of this reissuance (\$1,465,000) was allocated to SDSU Research Foundation to replace the SRB 2010A bonds, previously known as the 1998 certificates of participation and the 1999 insured revenue refunding bonds. The SRB 2020A bonds bear an interest rate of 5.0% and are due in semi-annual principal and interest payments consistent with the terms of the original bonds. The bonds mature in 2022 and payments are secured by pledged revenues, including F&A cost recovery payments.

The SRB 2020A bonds sold at amounts greater than par. The resulting bond premium of \$96,207 is being amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. The balance of the unamortized premium of the SRB 2010A bonds of \$130,123 was reclassified to deferred gain on bond refunding. The deferred gain is included on the Statement of Net Position as a deferred inflow of resources. The gain is being amortized as a reduction of interest expense over the life of the bonds using the straight-line method, which approximates the effective interest method. This bond matured November 1, 2022 and there are no amounts outstanding under the agreement as of June 30, 2024 and 2023.

- (c) As a response to the coronavirus disease (COVID-19) outbreak, the U.S. government has responded with relief legislation. Certain legislation called the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), authorized emergency loans to businesses by establishing, and providing funding for, forgivable bridge loans under the Paycheck Protection Program (PPP). In March 2021, SDSU Research Foundation on behalf of KPBS, received \$2,095,580 under the PPP. The entire balance plus accrued interest of \$26,697 is outstanding as of June 30, 2022. Under the PPP, the Small Business Administration (SBA) reviews the application for forgiveness if eligibility and other criteria are met related to use of the funds. SDSURF received the official notification from the SBA of loan forgiveness in July 2022. This debt was forgiven on July 05, 2022 for \$2,095,580 in principal and \$26,927 in interest by the Small Business Administration, Washington, DC 20416.

Total interest incurred on long-term bond debt was approximately \$685,491 and \$724,101 for the years ended June 30, 2024 and 2023, respectively.

On July 1, 2022, SDSU Research Foundation implemented GASB 96 (Statement), SBITAs. All SBITAs were tracked through an internal online software. SBITAs that were entered into the software had an agreement that conveyed the right to use the underlying software that qualified under the criteria of the Statement, were at least over a 12-month period, and were valued over our threshold of \$10,000. Obligations under SBITA arrangements were \$771,119 and \$1,236,335 as of June 30, 2024 and 2023, respectively.

In July 2016, SDSU Research Foundation entered into a revolving loan agreement with a bank which was then amended in August of 2021. The loan is secured by two parcels of real property. The loan agreement is available for short-term cash needs, with a maximum amount available of \$15.0 million including a \$3.0 million standby letter of credit, and a maturity date of September 26, 2026. The agreement calls for certain restrictive and financial covenants to be maintained. The current agreement requires monthly interest-only payments at a variable interest rate of the prime lending rate minus 1%, but in no event less than 2.5%. There were no amounts outstanding under the agreement as of June 30, 2024 and 2023.

**San Diego State University Research Foundation**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**June 30, 2024 and 2023**

Future principal and interest payments on long-term bond debt are as follows:

<u>Year(s) Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 1,380,000	\$ 652,566	\$ 2,032,566
2026	1,415,000	617,088	2,032,088
2027	1,465,000	578,550	2,043,550
2028	1,500,000	536,924	2,036,924
2029	1,550,000	492,591	2,042,591
2030-2034	6,670,000	1,964,761	8,634,761
2035-2039	7,615,000	533,802	8,148,802
	<u>\$ 21,595,000</u>	<u>\$ 5,376,282</u>	<u>\$ 26,971,282</u>

Future principal and interest payments on lease liabilities are as follows:

<u>Year(s) Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 2,886,838	\$ 281,665	\$ 3,168,503
2026	2,484,174	234,564	2,718,738
2027	2,278,128	187,046	2,465,174
2028	2,260,666	146,992	2,407,658
2029	1,647,796	111,249	1,759,045
2030-2034	2,149,287	371,977	2,521,264
2035-2039	905,810	249,190	1,155,000
2040-2044	751,784	118,291	870,075
2045-2046	174,813	7,276	182,089
Total requirements	<u>\$ 15,539,296</u>	<u>\$ 1,708,250</u>	<u>\$ 17,247,546</u>

Future principal and interest payments on SBITAs are as follows:

<u>Year(s) Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 413,829	\$ 33,826	\$ 447,655
2026	215,900	15,569	231,469
2027	141,390	5,852	147,242
2028	-	-	-
2029-2033	-	-	-
2034-2037	-	-	-
2038-2041	-	-	-
Total requirements	<u>\$ 771,119</u>	<u>\$ 55,247</u>	<u>\$ 826,366</u>

**San Diego State University Research Foundation**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2024 and 2023**

**NOTE 9 - OTHER LIABILITIES**

Activities in other liabilities for the years ended June 30, 2024 and 2023 consisted of the following:

	<u>Balance</u> <u>June 30, 2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2024</u>
Amount held for others	\$ 6,091,260	\$ 665,370	\$ (124,805)	\$ 6,631,825
Workers' compensation	2,888,983	1,298,719	(518,616)	3,669,086
Unemployment insurance	2,850,724	682,664	(555,167)	2,978,221
Other obligations	393,447	806	-	394,253
	<u>\$ 12,224,414</u>	<u>\$ 2,647,559</u>	<u>\$ (1,198,588)</u>	<u>\$ 13,673,385</u>
	<u>Balance</u> <u>June 30, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2023</u>
Amount held for others	\$ 5,695,733	\$ 606,117	\$ (210,590)	\$ 6,091,260
Workers' compensation	2,462,653	1,176,850	(750,000)	2,888,983
Unemployment insurance	2,475,672	618,507	(243,455)	2,850,724
Other obligations	408,814	-	(15,367)	393,447
	<u>\$ 11,042,872</u>	<u>\$ 2,401,474</u>	<u>\$ (1,219,932)</u>	<u>\$ 12,224,414</u>

***Risk Management***

SDSU Research Foundation is subject to risks of loss such as general liabilities torts, workers' compensation, and unemployment insurance. SDSU Research Foundation participates in the California State University risk management pool, California State University Risk Management Authority (CSURMA), for most of its insurance needs. CSURMA provides insurance and risk management services for California State University campuses and auxiliary organizations, including insurance and self-insurance. Auxiliary Organizations Risk Management Alliance (AORMA) operates within CSURMA to offer tailored coverage for California State University auxiliary organizations. CSURMA AORMA assumes charge of the control, negotiation, investigation, settlement, defense, or appeal of any claims made, or suits brought, or proceedings instituted against SDSU Research Foundation for areas covered by the pool. For their services, SDSU Research Foundation remits annual contribution payments computed in accordance with CSURMA AORMA's rules and rates.

For its unemployment and workers' compensation plans, SDSU Research Foundation is partially self-insured. Using insurance policies with commercial carriers to cover these risks of loss, SDSU Research Foundation maintains excess unemployment insurance coverage of \$1,500,000, in the aggregate, and excess workers' compensation coverage for claims in excess of \$250,000 per occurrence. The unemployment and workers' compensation liabilities are determined annually as part of management's risk analysis based on the claims history and insurance premiums. SDSU Research Foundation engages an actuary to analyze workers' compensation claims filed and estimate those incurred but not reported to determine the discounted ultimate cost for self-insured claims. Management's goal is to accrue the liability to an 80-90% confidence level based on the actuary's estimated liability with an additional accrual for deductibles.

**San Diego State University Research Foundation**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2024 and 2023**

***Amounts Held for Others***

SDSU Research Foundation executed a 30-year ground and facility lease with the Board of Trustees of the California State University for the SDSU BioScience Center in March 2004. Lease payments began in May 2006. In July 2020, SDSU Research Foundation prepaid the remaining balance of the ground lease by funding a \$5.4 million quasi-endowment held at SDSU Research Foundation for the benefit of SDSU, to be used at the direction of SDSU's President. The endowment balance and investment gain of \$541,000 and \$396,000 are included in other liabilities as of June 30, 2024 and 2023, respectively.

**NOTE 10 - LEASING/SOFTWARE AGREEMENT ACTIVITY**

***Lessor Leases***

As of 06/30/2024, San Diego State University Research Foundation had 46 active leases. As of 06/30/2024, the total combined value of the lease receivable is \$15,046,706, the total combined value of the short-term lease receivable is \$4,062,345, and the combined value of the deferred inflow of resources is \$15,594,273.

Land, buildings and improvements, with a current net book value of approximately \$29.7 million, are leased to university-related and commercial organizations. Included in rental income is sublease revenue of \$2,048,000 and \$1,984,000 for the years ended June 30, 2024 and 2023, respectively. During the year ended June 30, 2024, SDSU Research Foundation had 15 affiliated leases with SDSU. Affiliated revenue received totaled \$706,000 and \$782,000 for the years ending on June 30, 2024 and June 30, 2023, respectively.

In July 2019, a ground lease for a student housing project was executed between SDSU Research Foundation and Capstone-San Diego II, LLC, which was transferred to Aztec Shops during FY2022-23. This agreement qualifies under the adoption of GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, (PPPs). This is the only agreement recognized under GASB 94. The lease term is from August 16, 2021 through July 31, 2071. This lease has an annual payment owed of \$195,000 for the period August 1, 2022 through July 31, 2023 and \$201,000 for the year ended June 30, 2024 with 3% annual increases through the fourth year. Beginning in the fifth year of the lease term the annual lease payment will be calculated either by (1) a fixed rent amount of \$140,500 and variable rent in the amount equal to 4.54% of the net operating income or (2) fixed rent amount of \$214,000 and variable rent in the amount equal to 0.57% of the net operating income. Upon expiration or earlier termination of the lease, all improvements on the leased premises, excluding personal property, will transfer to the Lessor at no cost. See Note 4 - Accounts and Pledges Receivable for the discussion of the implementation of GASB 94.

In December 2020, an amended and restated ground lease agreement for a student housing project was executed. The lease term is from December 2020 through July 31, 2063. This lease has an annual payment owed of \$220,000 for the period August 1, 2022 to July 31, 2023, and \$223,000 for the year ended June 30, 2024, and payments increasing by 1.0% annually thereafter. Rent is paid from the surplus cash flow. If in any year, to the extent surplus cash flow is not sufficient to pay all or any portion of the rent owed, the unpaid rent shall accrue interest at 8.0% per annum.

***Lessee Leases***

As of 06/30/2024, San Diego State University Research Foundation had 36 active leases. As of 06/30/2024, the total combined value of the lease liability is \$15,539,296, the total combined value of the short-term lease liability is \$2,885,578. The combined value of the right to use asset, as of 06/30/2024 of \$27,479,120 with accumulated amortization of \$9,066,901. See note 8 for future principal and interest payments on lease liabilities.

**San Diego State University Research Foundation**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2024 and 2023**

Expenses related to affiliated organizations related to lease agreements totaled \$404,000 and \$399,000 for the years ending on June 30, 2024 and June 30, 2023, respectively.

SDSU Research Foundation executed a 30-year ground and facility lease with the Board of Trustees of the California State University for the SDSU BioScience Center in March 2004. Lease payments began in May 2006. On July 1, 2020, SDSURF prepaid the remaining balance of the ground lease by depositing a principal payment of \$5,400,000 in a quasi- endowment held at SDSURF for the benefit of Business and Financial Affairs (BFA) of SDSU. With the implementation of GASB 87, the prepaid expense was reclassified to a right to use asset. There is no remaining unpaid lease liability, and no interest will be recognized. For the year ending June 30, 2024, the annual depreciation is \$352,000.

SDSU Research Foundation has also executed commercial leases for projects located away from the campus. Terms of some leases have the option to renew and include periodic fixed escalations.

***Software Agreements***

As of 06/30/2024, San Diego State University Research Foundation had 11 active subscriptions. As of 06/30/2024, the total combined value of the subscription liability is \$771,119. The combined value of the right to use asset, as of 06/30/2024 of \$2,185,850 with accumulated amortization of \$1,085,852 is included within the Subscription Class activities table found below. The subscriptions had \$0 of Variable Payments and \$0 of Other Payments, not included in the Subscription Liability, within the Fiscal Year.

**NOTE 11 - POSTRETIREMENT BENEFIT PLAN**

***General Information about the OPEB Plan***

The SDSU Foundation Health VEBA Plan for Post-Retirement Health Care Benefits (formerly the Health, Vision, Life Insurance/AD&D and Employee Assistance Program of San Diego State University Foundation) (the Plan) was created by SDSU Research Foundation as a fully insured, single-employer benefit plan. The Plan was effective as of August 1, 1982 and is administered by SDSU Research Foundation. It also provides for post-retirement medical benefits to certain former regular employees and qualified dependents of the SDSU Research Foundation.

SDSU Research Foundation established a voluntary employees' beneficiary association trust (the VEBA) with a registered investment company on June 24, 1996. The VEBA holds the assets and funds the post-employment benefit obligation provided under the plan. The fair value of assets held by the VEBA trust for the years ended June 30, 2024 and 2023 was \$15,002,000 and \$13,709,000, respectively. The Plan issues stand-alone, publicly available financial reports that include financial statements and required supplementary information prepared on the accrual basis of accounting in accordance with the standards of the GASB and GAAP. The financial statements may be obtained by contacting the human resources department at SDSU Research Foundation.

SDSU Research Foundation provides medical, hospital, surgical, major medical, vision and dental insurance benefits for retirees who meet certain eligibility requirements as established by Board policy. There are three groups of eligible retirees, as follows:

- Group 1 Retirees - Individuals who were employed as eligible employees on June 30, 1991 and at the time of retirement, had 10 years of service as eligible employees, and retired either (a) under "SDSURF Defined Contribution Retirement Plan" offered through Teachers Insurance and Annuity Association (TIAA) after attaining age 55 (or after attaining age 50 if the individual was employed by SDSU Research Foundation and covered by California Public Employees' Retirement System (CalPERS) on June 30, 1982), or (b) due to permanent and total disability, as approved by TIAA, under the "Group Total Disability Benefits Plan for Regular Salaried Employees of SDSURF."



**San Diego State University Research Foundation**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2024 and 2023**

- Group 2 Retirees - Individuals who were employed as eligible employees on or after July 1, 1991 and, at the time of retirement, had 15 years of service as eligible employees, and retired either (a) under “SDSURF Defined Contribution Retirement Plan” offered through TIAA after attaining age 60, or (b) due to permanent total disability, as approved by TIAA, under the “Group Total Disability Benefits Plan for Regular Salaries Employees of SDSURF.”
- Group 3 Retirees - Individuals who retired prior to July 1, 1991 and, as of July 1, 1991, were receiving benefits under SDSU Research Foundation’s “Health Insurance at Retirement” policy, which was approved by SDSU Research Foundation’s Board of Directors on May 14, 1984.

For Group 3 retirees, SDSU Research Foundation pays the same percentage of the premium it pays for active employees. Retirees are required to make the same contribution for spousal or domestic partner coverage, if any, that is paid by active employees to cover one dependent. For Group 1 and 2 retirees, SDSU Research Foundation’s premium contribution is based upon the cost of the least expensive plan for which the retiree is eligible. The amount of contribution is determined by the years of service the employee has earned on the date of retirement in accordance with the vesting schedule within the policy. The minimum retiree contribution for individual coverage is the amount an active employee pays for individual coverage. The minimum retiree contribution for spousal or domestic partner coverage is the amount paid by active employees to cover one dependent.

Only certain regular employees of SDSU Research Foundation are eligible. Regular employees are members of either (a) central staff under the programmatic direction of SDSU Research Foundation’s Associate Vice President and CEO, (b) KPBS, (c) SDSU Global Campus, (d) University Relations and Development or (e) SDSU Athletics. A regular employee is appointed to an approved class code, works a regular schedule of 30 hours or more per week, and is not a temporary or leased employee. At December 31, 2023, there were 94 eligible retired participants or their surviving spouses receiving benefits from the Plan. At December 31, 2022, there were 91 eligible retired participants or their surviving spouses receiving benefits from the Plan.

Prior to 2021, retirees of the Foundation were provided benefits under the single-employer health and welfare plan. The Foundation determined that it is in the best interest of the participants and the VEBA trust to separate the retiree benefits. The VEBA Plan document was amended and restated effective January 1, 2021 as a separate retiree plan. Effective January 1, 2021, Health, Dental, Vision, Life Insurance / AD&D and Employee Assistance Program of San Diego State University Foundation (Plan Number 502) assets were transferred out to a new separate retiree plan (Plan Number 504).

SDSU Research Foundation has voluntarily opted for a funding policy under which it contributes 100% of the actuarially determined contribution (ADC). Per the December 31, 2022 actuarial valuation, SDSURF did not need to make a contribution to the VEBA Trust for the fiscal year ending June 30, 2023. Instead, SDSURF was eligible to and did request a \$54,449 refund. The actuarially determined contribution (ADC) for the year ended June 30, 2024 was \$0, comprised of a \$54,449 refund from the trust and an implicit subsidy contribution of \$54,449. The actuarially determined contribution (ADC) for the year ended June 30, 2023 was \$0. No contributions to fund the future liability of the plan are required from employees.

**San Diego State University Research Foundation**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**June 30, 2024 and 2023**

**Net OPEB Asset**

Included in Other assets on the Statements of Net Position as of June 30, 2024 and June 30, 2023, respectively, is the net OPEB asset of SDSU Research Foundation. The components of the asset balances are as follows:

	<b>June 30, 2024</b>	<b>June 30, 2023</b>
Plan fiduciary net position	\$ 14,301,922	\$ 12,757,944
Total OPEB liability	8,600,823	(8,673,861)
Net OPEB asset	\$ 5,701,099	\$ 4,084,083

**Actuarial Assumptions**

The total OPEB liability for the years ended June 30, 2024 and June 30, 2023 was determined by an actuarial valuation as of December 31, 2023. The following assumptions were used to determine the total OPEB liability as of December 31, 2023:

	<b>December 31, 2023</b>
General inflation rate	2.5%
Salary increase	3% per year, used only to allocate the cost of benefits between service years
Investment rate of return	5.25%
Mortality rates	Public Retirement Plans Headcount Weighted 2010 Mortality Table with separate rates for males and females. Mortality improvement rates were projected using MacLeod Watts Scale 2022 on a fully generational basis from 2010 forward.

**Discount Rate**

The discount rate used to measure the total OPEB liability as of December 31, 2023 and December 31, 2022 was 5.25%, which is equal to the expected long-term yield on investments net of plan investment expenses and inflation assumption. This long-term rate of investment returns is used because the earnings are expected to fund the benefit costs. As of December 31, 2023, the VEBA Trust's investment advisor projected a long-term expected return on assets of 7.90% per year, prior to offset for investment management and advisory fees. The fees were estimated to be 0.35% and 0.20%, respectively, each year. The long-term yield was reduced to a more conservative estimate of 5.25% to provide some margin against lower market rate returns.

**San Diego State University Research Foundation**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2024 and 2023**

***Sensitivity of the Net OPEB Asset to Changes in Discount Rate and Healthcare Cost***

The discount rate used to calculate the net OPEB asset as of December 31, 2023 was 5.25%. Healthcare Cost Trend Rate was assumed to start at 6.5% and grade down to 3.9% for years 2075 and later. The impact of a 1.0% increase or decrease in these assumptions is shown in the chart below as of December 31, 2023:

	<b>Sensitivity of Asset to Change in</b>					
	<b>Discount Rate</b>			<b>Healthcare Cost Trend Rate</b>		
	<b>1% Decrease (4.25%)</b>	<b>Current Discount Rate (5.25%)</b>	<b>1% Increase (6.25%)</b>	<b>1% Decrease</b>	<b>Current Healthcare Cost Trend</b>	<b>1% Increase</b>
Net OPEB asset	\$ 4,407,536	\$ 5,701,099	\$ 6,747,577	\$ 6,787,926	\$ 5,701,099	\$ 4,362,909
(Decrease) increase	(1,293,563)	-	1,046,478	1,086,827	-	(1,338,190)
% (Decrease) increase	(22.7%)	-	18.4%	19.1%	-	(23.5%)

The impact of a 1% increase or decrease in these assumptions is shown in the chart below as of December 31, 2022:

	<b>Sensitivity of Asset to Change in</b>					
	<b>Discount Rate</b>			<b>Healthcare Cost Trend Rate</b>		
	<b>1% Decrease (4.25%)</b>	<b>Current Discount Rate (5.25%)</b>	<b>1% Increase (6.25%)</b>	<b>1% Decrease</b>	<b>Current Healthcare Cost Trend</b>	<b>1% Increase</b>
Net OPEB asset	\$ 2,792,962	\$ 4,084,083	\$ 5,129,471	\$ 5,180,790	\$ 4,084,083	\$ 2,734,247
(Decrease) increase	(1,291,121)	-	1,045,388	1,096,707	-	(1,349,836)
% (Decrease) increase	(31.6%)	-	25.6%	26.9%	-	(33.1%)

***OPEB Expense and Deferred Outflows and Inflows of Resources***

For the years ended June 30, 2024 and June 30, 2023, SDSU Research Foundation recognized a reduction to OPEB expense of \$1,041,489 and \$912,027, respectively.

The chart below shows the OPEB related deferred outflows and inflows of resources reported in the Statements of Net Position as of June 30, 2024 and 2023.

	<b>June 30, 2024</b>	<b>June 30, 2023</b>
Deferred outflows of resources		
Changes of assumptions	\$ 441,175	\$ 303,626
OPEB investment experiences	1,626,991	2,169,322
Total OPEB related outflows of resources	<u>\$ 2,068,166</u>	<u>\$ 2,472,948</u>
Deferred inflows of resources		
OPEB plan experiences	\$ 1,814,845	\$ 2,061,035
OPEB investment experiences	1,470,842	1,013,850
Changes of assumptions	52,674	92,831
Total OPEB related inflows of resources	<u>\$ 3,338,461</u>	<u>\$ 3,167,716</u>

SDSU Research Foundation will recognize the contributions made subsequent to the measurement date in the next fiscal year. In addition, future recognition of OPEB related deferred inflows of resources is shown below:

**San Diego State University Research Foundation**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**June 30, 2024 and 2023**

<u>For the Fiscal Year Ending June 30,</u>	<u>Recognized Net Deferred Inflows of Resources</u>
2025	\$ (642,119)
2026	(458,086)
2027	201,159
2028	(341,169)
2029	(30,080)
	\$ (1,270,295)
Total	

***Actuarial Methods and Assumptions***

Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarially accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

***Other Retirement Benefits***

SDSU Research Foundation sponsors the San Diego State University Foundation Defined Contribution Retirement Plan. It is a 403(b) participant-directed defined contribution plan (the Retirement Plan) available to employees of SDSU Research Foundation if they meet certain eligibility requirements. All participants have the ability to direct the investments of their accounts under the Retirement Plan, in accordance with the investment choices as are made available and with those policies or procedures as are determined by the Retirement Plan administration. SDSU Research Foundation has no control over investment decisions made by the participants.

Participants are vested immediately in their contributions and SDSU Research Foundation contributions plus actual earnings thereon. As of January 1, 2020 the Plan was amended and the 10% contribution was replaced with a 200% fixed match of each participant's contributions up to 10% of the participant's eligible adjusted gross salary. Total contributions to the Retirement Plan for the years ended June 30, 2024 and 2023 were approximately \$7,263,000 and \$6,555,000, respectively, and included in Operating expenses in the Statements of Revenues, Expenses, and Changes in Net Position.

**San Diego State University Research Foundation**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**June 30, 2024 and 2023**

**NOTE 12 - DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES**

As of June 30, 2024 and 2023, SDSURF reported deferred outflows of resources and deferred inflows of resources in connection with the unamortized (loss)/gain on bond refunding, the OPEB plan, contributions to KPBS, and deferred inflows related to lessor leases, as presented in the table below:

	<b>2024</b>		<b>2023</b>	
	<b>Deferred Outflows</b>	<b>Deferred Inflows</b>	<b>Deferred Outflows</b>	<b>Deferred Inflows</b>
Unamortized loss (gain) on bond refunding	\$ 333,074	\$ -	\$ 367,010	\$ -
OPEB related	2,068,166	3,338,461	2,472,948	3,167,716
Contributions - KPBS	-	1,779,143	-	2,447,854
Lessor leases	-	15,594,274	-	19,958,448
PPP	-	36,000,000	-	36,800,000
	<u>\$ 2,401,240</u>	<u>\$ 56,711,878</u>	<u>\$ 2,839,958</u>	<u>\$ 62,374,018</u>

**NOTE 13 - CONTINGENCIES**

SDSU Research Foundation is involved in various legal proceedings arising in the normal course of business. Management believes that the final outcomes of these proceedings will not have a material adverse effect on SDSU Research Foundation's results of operations or financial position.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

San Diego State University Research Foundation

SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

SCHEDULE OF CHANGES IN SDSU RESEARCH FOUNDATION NET OPEB ASSET (LIABILITY) AND RELATED RATIOS

LAST SEVEN FISCAL YEARS

Fiscal Year End Measurement Date	06/30/24 12/31/23	06/30/23 12/31/22	06/30/22 12/31/21	06/30/21 12/31/20	06/30/20 12/31/19	06/30/19 12/31/18	06/30/18 12/31/17
Discount Rate on Measurement Date	5.25%	5.25%	5.25%	5.35%	6.00%	6.00%	6.00%
<b>Total OPEB liability</b>							
Service cost	\$ 276,016	\$ 267,977	\$ 335,568	\$ 281,845	\$ 318,983	\$ 308,942	\$ 299,217
Interest	461,350	440,666	583,601	569,072	719,045	680,729	640,618
Differences between expected and actual experience	(894,798)	-	(2,891,384)	-	(3,028,225)	-	-
Change of assumptions	408,898	-	(139,980)	887,525	(90,035)	-	-
Benefit payments	(324,504)	(320,903)	(349,077)	(387,466)	(376,908)	(345,313)	(216,762)
<b>Net change in total OPEB liability</b>	<b>(73,038)</b>	<b>387,740</b>	<b>(2,461,272)</b>	<b>1,350,976</b>	<b>(2,457,140)</b>	<b>644,358</b>	<b>723,073</b>
<b>Total OPEB liability, beginning of year</b>	<b>8,673,861</b>	<b>8,286,121</b>	<b>10,747,393</b>	<b>9,396,417</b>	<b>11,853,557</b>	<b>11,209,199</b>	<b>10,486,126</b>
<b>Total OPEB liability, end of year (a)</b>	<b>\$ 8,600,823</b>	<b>\$ 8,673,861</b>	<b>\$ 8,286,121</b>	<b>\$ 10,747,393</b>	<b>\$ 9,396,417</b>	<b>\$ 11,853,557</b>	<b>\$ 11,209,199</b>
<b>Plan fiduciary net position</b>							
Contributors - employers	\$ -	\$ -	\$ 64,021	\$ 106,792	\$ 295,634	\$ 285,305	\$ 249,062
Net investment income	1,910,207	(1,930,235)	1,480,967	1,617,349	1,765,032	(356,123)	1,609,240
Benefit payments	(324,504)	(320,903)	(349,077)	(387,466)	(376,908)	(345,313)	(205,392)
Expenses paid	(60,865)	(72,382)	(84,391)	(79,724)	(88,140)	(27,830)	(27,500)
Change in employer contribution receivable	-	-	-	-	-	(92,222)	(31,757)
Change in accrued expenses	(3,232)	16,452	(588)	6,951	17,177	(32,432)	-
Change in accrued benefit payments	22,372	(15,103)	11,837	2,957	(1,705)	(17,402)	(11,370)
<b>Net change in plan fiduciary net position</b>	<b>\$ 1,543,978</b>	<b>\$ (2,322,171)</b>	<b>\$ 1,122,769</b>	<b>\$ 1,266,859</b>	<b>\$ 1,611,090</b>	<b>\$ (586,017)</b>	<b>\$ 1,582,283</b>
<b>Plan fiduciary net position - beginning of year</b>	<b>12,757,944</b>	<b>15,080,115</b>	<b>13,957,346</b>	<b>12,690,487</b>	<b>11,079,397</b>	<b>11,665,414</b>	<b>10,083,131</b>
<b>Plan fiduciary net position - end of year (b)</b>	<b>\$ 14,301,922</b>	<b>\$ 12,757,944</b>	<b>\$ 15,080,115</b>	<b>\$ 13,957,346</b>	<b>\$ 12,690,487</b>	<b>\$ 11,079,397</b>	<b>\$ 11,665,414</b>
<b>Net OPEB asset (liability) (b)-(a)</b>	<b>\$ 5,701,099</b>	<b>\$ 4,084,083</b>	<b>\$ 6,793,994</b>	<b>\$ 3,209,953</b>	<b>\$ 3,294,070</b>	<b>\$ (774,160)</b>	<b>\$ 456,215</b>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	166.29%	147.08%	181.99%	129.87%	135.06%	93.47%	104.07%
<b>Covered payroll</b>	\$ 27,768,737	\$ 24,550,631	\$ 21,389,881	\$ 20,065,194	\$ 19,882,327	\$ 20,277,985	\$ 20,501,853
<b>Net OPEB asset (liability) as a percentage of covered payroll</b>	20.53%	16.64%	31.76%	16.00%	16.57%	-3.82%	2.23%

Note: This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

**San Diego State University Research Foundation**

**SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

**SCHEDULE OF SDSU RESEARCH FOUNDATION CONTRIBUTIONS**

**LAST SEVEN FISCAL YEARS**

<b>Plan Year End</b>	<b>Fiscal Year Ended</b>	<b>ADC</b>	<b>Contributions in Relation to the ADC</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
12/31/23	6/30/24	\$ -	\$ -	\$ -	\$ 28,220,981	0%
12/31/22	6/30/23	-	-	-	25,708,782	0%
12/31/21	6/30/22	-	-	-	21,074,435	0%
12/31/20	6/30/21	64,021	64,021	-	20,201,683	.32%
12/31/19	6/30/20	52,696	106,792	(54,096)	20,408,482	.52%
12/31/18	6/30/19	295,634	295,634	-	20,937,020	1.41%
12/31/17	6/30/18	285,305	285,305	-	20,501,853	1.39%

Note: This schedule is being built prospectively. Ultimately, 10 years of data will be present.

**Notes to Schedule of Contributions**

**Methods and assumptions used to determine contribution rates**

Valuation Date	12/31/2023	12/31/2021	12/31/2021	12/31/2019	12/31/2019	12/31/2017	12/31/2017
Fiscal Year End	06/30/2024	06/30/2023	06/30/2022	06/30/2021	06/30/2020	06/30/2019	06/30/2018
Methods and assumptions used to determine contribution rates:							
Actuarial cost method	Entry Age Normal	Entry Age Normal		Entry Age Normal		Entry Age Normal	
Amortization method	Level Dollar	Level Dollar		Level Dollar		Level Dollar	
Amortization period	30 year open	30 year open		30 year open		29 year closed	30 year closed
Asset valuation method	Market Value	Market Value		Market Value		Market Value	
Inflation	2.50%	2.50%		2.50%		2.75%	
Healthcare cost trend rates	6.5% in 2025 fluctuating to ultimate 3.9% in 2075	5.8% in 2023, fluctuates until ultimate rate of 3.9% in 2075		5.4% in 2021, fluctuates until ultimate rate of 4% in 2076		7.5% in 2019, step down 0.5% per year to 5% in 2024	
Salary increases	3%	3.00%		3.00%		3.25%	
Investment rate of return	5.25%	5.25%		6.0%		6.0%	
Retirement age	From 55 to 70	From 55 to 70		From 55 to 70		From 55 to 70	
Mortality	Public Retirement Plans Headcount Weighted 2010 Mortality (sex distinct rates). Mortality improvement with MacLeod Watts Scale 2022.	Public Retirement Plans Headcount Weighted 2010 Mortality (sex distinct rates). Mortality improvement with MacLeod Watts Scale 2022.		Public Retirement Plans Headcount Weighted 2010 Mortality (sex distinct rates). Mortality improvement with MacLeod Watts Scale 2020.		RP-2014 Healthy Mortality (sex distinct rates). Mortality improvement with Macleod Watts Scale 2018.	