



CALIFORNIA STATE UNIVERSITY
FULLERTON

Philanthropic Foundation

Financial Statements
June 30, 2025 and 2024

CONTENTS

Independent Auditors' Report	1-3
Consolidated Statements of Financial Position	4
Consolidated Statements of Activities	5-6
Consolidated Statements of Cash Flows	7-8
Notes to the Consolidated Financial Statements	9-33
Independent Auditors' Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Governmental Auditing Standards</i>	34-35

INDEPENDENT AUDITORS' REPORT

To the Board of Governors of
Cal State Fullerton Philanthropic Foundation:

Opinion

We have audited the accompanying consolidated financial statements of Cal State Fullerton Philanthropic Foundation, a nonprofit organization, which comprise the consolidated statements of financial position as of June 30, 2025 and 2024, and the related consolidated statements of activities, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Cal State Fullerton Philanthropic Foundation (the Foundation) as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the 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 opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 12, 2025 on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

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

Irvine, California
September 12, 2025

CAL STATE FULLERTON PHILANTHROPIC FOUNDATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

ASSETS

	June 30,	
	2025	2024
ASSETS		
Cash and cash equivalents, including restricted cash	\$ 55,636,721	\$ 45,036,834
Investments	170,773,358	161,215,153
Contributions receivable, net of allowance	13,337,436	12,639,215
Accounts receivable	549,939	616,559
Prepaid expenses	11,000	31,040
Other receivables	197,662	180,365
Other assets	201,424	253,305
TOTAL ASSETS	\$ 240,707,540	\$ 219,972,471

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and accrued liabilities	\$ 1,231,277	\$ 711,584
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NET ASSETS WITHOUT DONOR RESTRICTIONS

Undesignated	16,203,298	13,843,372
Board designated endowment	25,070,921	23,791,670
Total net assets without donor restrictions	41,274,219	37,635,042

NET ASSETS WITH DONOR RESTRICTIONS

With donor restrictions for purpose or time	113,048,998	104,270,355
With donor restrictions in perpetuity	85,153,046	77,355,490
Total net assets with donor restrictions	198,202,044	181,625,845

Total Net Assets	239,476,263	219,260,887
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TOTAL LIABILITIES AND NET ASSETS	\$ 240,707,540	\$ 219,972,471
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The accompanying notes are an integral part of these consolidated financial statements.

CAL STATE FULLERTON PHILANTHROPIC FOUNDATION

**CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES AND SUPPORT			
Contributions and gifts	\$ 5,200	\$ 18,737,701	\$ 18,742,901
Campus programs	-	781,270	781,270
Alumni Association membership fees and programs	-	233,867	233,867
Investment income, net	6,205,448	11,587,977	17,793,425
Other income (expense)	(520)	555	35
Change in value of split-interest agreements	-	13,507	13,507
Reserve for uncollectible restricted pledge	-	(1,500,000)	(1,500,000)
Net assets released from restrictions	<u>13,278,678</u>	<u>(13,278,678)</u>	<u>-</u>
Total Revenues and Support	<u>19,488,806</u>	<u>16,576,199</u>	<u>36,065,005</u>
EXPENSES			
Program Expenses:			
University support for campus programs	10,584,757	-	10,584,757
University support for scholarships	3,100,907	-	3,100,907
University support for Alumni Association	293,482	-	293,482
University support for fundraising activities	473,755	-	473,755
Total Program Expenses	<u>14,452,901</u>	<u>-</u>	<u>14,452,901</u>
Supporting Services:			
Professional services	135,674	-	135,674
General, administrative, and office expenses	796,947	-	796,947
Compensation and benefits	452,715	-	452,715
Conferences and travel	11,392	-	11,392
Total Supporting Services	<u>1,396,728</u>	<u>-</u>	<u>1,396,728</u>
Total Expenses	<u>15,849,629</u>	<u>-</u>	<u>15,849,629</u>
CHANGES IN NET ASSETS	3,639,177	16,576,199	20,215,376
NET ASSETS AT BEGINNING OF YEAR	<u>37,635,042</u>	<u>181,625,845</u>	<u>219,260,887</u>
NET ASSETS AT END OF YEAR	<u>\$ 41,274,219</u>	<u>\$ 198,202,044</u>	<u>\$ 239,476,263</u>

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

CAL STATE FULLERTON PHILANTHROPIC FOUNDATION

**CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Contributions and gifts	\$ 6,534	\$ 18,039,101	\$ 18,045,635
Campus programs	-	1,163,450	1,163,450
Alumni Association membership fees and programs	-	221,273	221,273
Investment income, net	5,628,855	12,823,741	18,452,596
Other income	125	39	164
Change in value of split-interest agreements	-	(24,737)	(24,737)
Net assets released from restrictions	15,600,616	(15,600,616)	-
Total Revenues and Support	21,236,130	16,622,251	37,858,381
EXPENSES			
Program Expenses:			
University support for campus programs	11,584,957	-	11,584,957
University support for scholarships	3,250,930	-	3,250,930
University support for Alumni Association	366,716	-	366,716
University support for fundraising activities	398,013	-	398,013
Total Program Expenses	15,600,616	-	15,600,616
Supporting Services:			
Professional services	121,488	-	121,488
General, administrative, and office expenses	743,195	-	743,195
Compensation and benefits	254,833	-	254,833
Conferences and travel	27,307	-	27,307
Total Supporting Services	1,146,823	-	1,146,823
Total Expenses	16,747,439	-	16,747,439
CHANGES IN NET ASSETS	4,488,691	16,622,251	21,110,942
NET ASSETS AT BEGINNING OF YEAR	33,146,351	165,003,594	198,149,945
NET ASSETS AT END OF YEAR	\$ 37,635,042	\$ 181,625,845	\$ 219,260,887

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

CAL STATE FULLERTON PHILANTHROPIC FOUNDATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Year Ended June 30,	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 20,215,376	\$ 21,110,942
Adjustments to reconcile changes in net assets to net cash from operating activities:		
Contributions of investments	(291,007)	(1,064,806)
Contributions restricted for long-term investments	(7,797,556)	(1,073,792)
Change in discount on contributions receivable	(319,506)	371,248
Change in allowance for doubtful pledges	1,248,487	(71,702)
Noncash change in split-interest agreements	(13,507)	24,737
Redemption of split-interest agreements	-	58,000
Realized loss (gain) on sale of contributed investments	403	(3,250)
Net realized and unrealized gains on investments	(11,590,984)	(12,999,866)
Changes in operating assets and liabilities:		
Contributions receivable	(1,613,695)	(1,383,328)
Accounts receivable	66,620	(176,019)
Prepaid expenses	40	20,564
Other assets and receivables	34,584	25,802
Accounts payable and accrued liabilities	539,689	(1,196,988)
Net Cash Provided By Operating Activities	478,944	3,641,542
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(18,323,751)	(8,042,245)
Proceeds from sale of investments	20,356,526	5,560,838
Proceeds from sale of contributed investments	290,612	1,068,188
Net Cash Provided By (Used In) Investing Activities	2,323,387	(1,413,219)

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

CAL STATE FULLERTON PHILANTHROPIC FOUNDATION

**CONSOLIDATED STATEMENTS OF CASH FLOWS
(Continued)**

	For the Year Ended June 30,	
	2025	2024
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for long-term investments	7,797,556	1,073,792
Net Cash Provided By Financing Activities	7,797,556	1,073,792
 NET CHANGE IN CASH AND CASH EQUIVALENTS, INCLUDING RESTRICTED CASH	10,599,887	3,302,115
 CASH AND CASH EQUIVALENTS, INCLUDING RESTRICTED CASH, AT BEGINNING OF YEAR	45,036,834	41,734,719
 CASH AND CASH EQUIVALENTS, INCLUDING RESTRICTED CASH, AT END OF YEAR	\$ 55,636,721	\$ 45,036,834

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

CAL STATE FULLERTON PHILANTHROPIC FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 1 – Nature of Activities and Significant Accounting Policies

Nature of Activities

The Cal State Fullerton Philanthropic Foundation (the Foundation) is a nonprofit organization serving as an auxiliary to California State University, Fullerton (the University). The mission of the Foundation is to actively promote, pursue, and steward private support, mainly in Southern California, for the advancement of the University.

Principles of Consolidation

The consolidated financial statements of the Foundation include the financial information of the Cal State Fullerton Alumni Association (the Alumni Association), which is a nonprofit organization within the University. The mission of the Alumni Association is to build lifelong alumni relationships by contributing to a positive image of the University, promoting accomplishments of the University and alumni, providing environments and opportunities for alumni engagement, encouraging educational, social, and economic benefits for its student and alumni communities, and advocating on behalf of the University to promote student success.

All intercompany accounts and transactions have been eliminated in the consolidation.

Financial Statement Presentation

The Foundation is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

CAL STATE FULLERTON PHILANTHROPIC FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

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

Financial Statement Presentation (Continued)

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

- **Without Donor Restrictions** – Net assets without donor restrictions represent net assets that are not subject to donor-imposed restrictions and that may be expendable for any purpose in performing the primary objectives of the Foundation.

Board-designated net assets are net assets without donor restrictions that are subject to self-imposed limits set by the governing board. As of June 30, 2025, board-designated net assets of \$25,070,921 were invested into an endowment from a single unrestricted gift to provide income for a long, but not necessarily specified, period. The board-designated endowment was designated to programs that will provide the greatest impact to the University’s student success, diversity, equity and inclusion, faculty research, support, and retention. The board-designated endowment and all investment returns are free of donor restrictions and are reported in net assets without donor restrictions.

- **With Donor Restrictions** – Net assets subject to donor-imposed stipulations that will be met either by actions of the Foundation or the passage of time. As the restrictions are satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying consolidated statements of activities as net assets released from restrictions. Other donor stipulations are perpetual in nature, where the donor stipulates that the corpus be maintained intact in perpetuity. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or law.

CAL STATE FULLERTON PHILANTHROPIC FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

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

Contributions

The Foundation receives contributions are unconditional contributions and conditional contributions. Unconditional contributions are recognized as revenues in the period in which the Foundation receives the contribution. Conditional contributions are recognized when the conditions on which they depend are substantially met. Contributions received are recorded as support without donor restrictions or with donor restrictions depending on the existence and nature of any donor restrictions. All contributions are considered to be available without donor restriction unless specifically restricted by the donor. Contributions received that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restrictions. When a donor's stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as support without donor restrictions. Net assets that have restrictions stipulated by the donor that the corpus be invested in perpetuity and only income be made available for operations are classified as net assets with donor restrictions in perpetuity.

For the years ended June 30, 2025 and 2024, the Foundation did not receive any conditional promises to give.

Use of Estimates and Assumptions

Management uses estimates and assumptions in preparing consolidated financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Those estimates and assumptions affect the reported amounts of assets, liabilities, and net assets, the disclosure of contingent assets, liabilities, and net assets, and the reported revenues, support, and expenses. Actual results can vary from the estimates that were assumed in preparing the consolidated financial statements. Significant items subject to such estimates and assumptions include the valuation of contributions receivable.

CAL STATE FULLERTON PHILANTHROPIC FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

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

Cash, Cash Equivalents, and Restricted Cash

For purposes of the consolidated statements of cash flows, the Foundation considers all highly liquid, short-term investments with a maturity of 12 months or less when purchased to be cash equivalents.

As of June 30, 2025 and 2024 and at times throughout the years, the Foundation has maintained cash balances at financial institutions in excess of federally insured limits.

Included in cash and cash equivalents, including restricted cash at June 30, 2025 and 2024 is \$3,637,222 and \$2,784,912, respectively, restricted for endowment purposes.

Investments

The Foundation manages a significant number of individual endowment fund accounts. The purpose of an endowment fund is to ensure that the original contribution is held in perpetuity, its value grows consistent with inflation, and that a portion of the investment income is used for scholarships or other University support. The Foundation pools all of the endowment funds for investment purposes and annually sets a percentage of endowment investment income that may be spent on scholarships and other University support. Substantially all investments are directed toward funds managed by Goldman Sachs Institutional Wealth Management.

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair value in the consolidated statements of financial position. Unrealized gains and losses are included in the consolidated statements of activities.

Investment income is allocated to net assets without donor restrictions and net assets with donor restrictions as stipulated by the individual agreements.

CAL STATE FULLERTON PHILANTHROPIC FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

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

Charitable Remainder Trusts

The Foundation is the beneficiary of certain charitable remainder trusts held and administered by others. The present value of the estimated future cash receipts from the trusts are recognized as assets and contribution revenues at the dates the trusts are established. (See Note 6.) Distributions from the trusts are recorded as adjustments to the carrying value of the assets. Charitable remainder trusts amount to \$165,200 and \$151,693 at June 30, 2025 and 2024, respectively, are included in contributions receivable, net of allowance in the consolidated statements of financial position.

Charitable Gift Annuities

The Foundation is the beneficiary of certain charitable gift annuities held and administered by others. The present value of the estimated future cash receipts from the annuities are recognized as assets and contribution revenues at the date the annuities are established. (See Note 6.) Distributions from the annuities are recorded as adjustments to the carrying value of the assets. Charitable gift annuities amount to \$197,662 and \$180,365 at June 30, 2025 and 2024, respectively, and are included in other receivables in the consolidated statements of financial position.

Contributions Receivable

Contributions receivable consist of unconditional promises to give and conditional promises to give. Unconditional promises to give are recognized as receivables and as revenues in the period in which the Foundation is notified by the donor of his or her commitment to make a contribution. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Allowances for uncollectible amounts are calculated based on historical collection rates and specific identification of uncollectible accounts. Uncollectible pledges are charged to the allowance. An expense is recorded at the time the allowance is adjusted.

CAL STATE FULLERTON PHILANTHROPIC FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

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

Accounts Receivable

Accounts receivable mainly consist of accrued interest that is due and payable to the Foundation at year-end. Management provides for probable uncollectible amounts through a charge to revenue and a credit to a valuation allowance based on its assessment of the current status of the receivables. There is no valuation allowance against accounts receivable as of June 30, 2025 or 2024.

Functional Allocation of Expenses

The costs of providing the Foundation's various programs and activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services based on the benefits received.

Fair Value Measurements

The Foundation recognizes or discloses financial assets, financial liabilities, and nonfinancial items at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The availability of inputs observable in the fair value market varies from instrument to instrument and depends on a variety of factors including the type of instrument, whether the instrument is actively traded, and other characteristics particular to the transaction. For many financial instruments, pricing inputs are readily observable in the market, the valuation methodology used is widely accepted by market participants, and the valuation does not require significant management discretion. For other financial instruments, pricing inputs are less observable in the market and may require management judgment.

CAL STATE FULLERTON PHILANTHROPIC FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

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

Tax Status

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

Subsequent Events

The Foundation's management has evaluated subsequent events from the consolidated statements of financial position date through September 12, 2025, the date the consolidated financial statements were available to be issued for the year ended June 30, 2025, and determined that there were no other items to disclose.

CAL STATE FULLERTON PHILANTHROPIC FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 2 – Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statements of financial position date, comprise the following:

	June 30,	
	2025	2024
Cash and cash equivalents, including restricted cash	\$ 55,636,721	\$ 45,036,834
Investments	170,773,358	161,215,153
Contributions receivable, net of allowance	13,337,436	12,639,215
Accounts receivable	549,939	616,559
Endowment earnings anticipated to be available via appropriation for general expenditure in the next 12 months	3,883,045	3,088,544
	244,180,499	222,596,305
Less amounts not available to be used within one year due to donor-imposed purpose or time restrictions, or assets held for related party	(198,202,044)	(181,625,845)
Less amounts not available as set aside for board-designated endowments	(25,070,921)	(23,791,670)
	\$ 20,907,534	\$ 17,178,790

The Foundation maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Foundation’s board of governors also has ultimate control over the board-designated endowments and could utilize those assets as needed.

CAL STATE FULLERTON PHILANTHROPIC FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 3 – Investments

Investments consist of the following:

	June 30,	
	2025	2024
Domestic equity index funds	\$ 82,258,754	\$ 74,107,919
Fixed income index funds	61,657,394	59,771,235
International equity index funds	16,539,673	17,796,849
Certificates of deposit	2,000	28,000
Capital partners fund	107,694	163,546
Private equity/alternative investments	10,207,843	9,347,604
	<u>\$ 170,773,358</u>	<u>\$ 161,215,153</u>

Investment income, net, is summarized as follows:

	For the Year Ended	
	June 30,	
	2025	2024
Reinvested interest and dividend income	\$ 5,890,996	\$ 4,118,364
Unrealized gains	11,131,998	13,028,638
Realized gains (losses)	458,986	(28,772)
Realized gains (losses) on sale of contributed investments	(403)	3,250
Short-term interest income	537,603	1,527,108
Less investment fees	(225,755)	(195,992)
	<u>\$ 17,793,425</u>	<u>\$ 18,452,596</u>

CAL STATE FULLERTON PHILANTHROPIC FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 4 – Contributions Receivable

Contributions receivable includes pledges and trusts that have been discounted at rates ranging from 1.25% to 4.76%. The following is a summary of the Foundation's contributions receivable classified by the expected date of collection:

	June 30,	
	2025	2024
Receivable in less than one year	\$ 2,552,500	\$ 3,170,992
Receivable in one to five years	7,261,180	8,446,470
Receivable in more than five years	5,616,151	2,198,674
	15,429,831	13,816,136
Less discount to reflect present value	(245,693)	(565,199)
Less allowance for doubtful contributions	(2,011,902)	(763,415)
Net contributions receivable	13,172,236	12,487,522
Net charitable remainder trusts receivable	165,200	151,693
	\$ 13,337,436	\$ 12,639,215

NOTE 5 – Related-Party Transactions

The University processes certain transactions on behalf of the Foundation, which consist mainly of payroll-related and contract-service transactions. The Foundation reimburses the University for these transactions on a monthly basis. For the years ended June 30, 2025 and 2024, these reimbursements totaled \$3,664,809 and \$6,160,377, respectively, which is included in university support for campus programs on the accompanying consolidated statements of activities. At June 30, 2025 and 2024, the Foundation had \$1,215,321 and \$711,584, respectively, payable to the University, which is included in accounts payable and accrued liabilities on the accompanying consolidated statements of financial position.

CAL STATE FULLERTON PHILANTHROPIC FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 5 – Related-Party Transactions (Continued)

The Foundation receives payments from the University for various advancement activities that totaled \$133,155 and \$52,110 for the years ended June 30, 2025 and 2024, respectively. The Foundation purchases equipment for various campus program accounts and then transfers the title and the equipment at cost to the University. For the years ended June 30, 2025 and 2024, these purchases totaled \$7,99,266 and \$931,759, respectively.

The Foundation receives contributed services from the University for various administrative duties. The value of such contributed services totaled approximately \$948,000 and \$912,000, for the years ended June 30, 2025 and 2024, respectively. These amounts are not included in the accompanying consolidated statements of activities; however, if recorded, the amounts would be recorded as contributions without donor restrictions and administrative expenses.

NOTE 6 – Fair Value Measurements

U.S. GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to measurements involving significant unobservable inputs (level 3). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. Also included in level 2 are investments measured using a net asset value (“NAV”) per share, or its equivalent, that may be redeemed at that NAV at the date of the consolidated statements of financial position or in the near term, which is generally considered to be within 95 days.

CAL STATE FULLERTON PHILANTHROPIC FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 6 – Fair Value Measurements (Continued)

- Level 3 inputs are unobservable inputs for the asset or liability. This valuation is accomplished using management’s best estimate of fair value, with inputs into the determination of fair value that require significant management judgment or estimation. Also included in level 3 are investments measured using a NAV per share, or its equivalent, that can never be redeemed at the NAV.

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

The following is a description of valuation methodologies used for assets and liabilities recorded at fair value:

Investments in equity and index funds: The fair value of the investments in equity and index funds is measured using quoted prices in active markets for identical assets.

Contributions receivable from charitable remainder trusts: The fair value of the contributions receivable from charitable remainder trusts is estimated at the present value of the projected proceeds that will be received from the charitable remainder trusts.

Investments in limited partnerships: Since the investments in limited partnerships are valued utilizing unobservable inputs, and do not permit redemption at the measurement date, such investments are classified within level 3. The limited partnership investments are presented at fair value, as determined by the General Partner. The General Partner’s determination of fair value is based upon the best available information provided by the limited partnerships and may incorporate management assumptions. These investments are included in the private equity/alternative investments line item in Note 3.

Investments in private equity/alternative investments: The Foundation follows the authoritative guidance under U.S. GAAP for estimating the fair value of investments in investment companies that have calculated NAV in accordance with the specialized accounting guidance for investment companies. According to this guidance, a reporting entity is permitted, as a practical expedient, to estimate the fair value of an investment in an investment company using the NAV of the investment without further adjustment, if the NAV of the investment is determined in accordance with the specialized accounting guidance for investment companies as of the reporting entity’s measurement date. The guidance also requires certain additional disclosures.

CAL STATE FULLERTON PHILANTHROPIC FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 6 – Fair Value Measurements (Continued)

Inputs broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. The Foundation generally uses the NAV reported by the investment fund as the primary input to its valuation. However, adjustments to the reported NAV may be made based on various factors including, but not limited to, the basis of accounting used in determining the NAV, the reporting date of the NAV, and probable sales of any individual investment funds as of the measurement date.

An individual investment fund's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes as "observable" requires significant judgment by the investment manager.

The investment manager considers observable data to be that market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by multiple, independent sources that are actively involved in the relevant market.

The investment funds are generally open-end hedge funds, as they typically offer subscription and redemption options to investors. The frequency of such subscriptions and redemptions is dictated by the investment fund's governing documents. The Foundation's total investment in a particular investment fund may be comprised of investments made at different points in time with differing liquidity terms that may result in differences in the effective minimum holding period, lockup, or participation in side pocket investments. Liquidity may also be impacted by gate provisions or redemption suspensions imposed by the Board of Directors or investment managers of the hedge funds. An investment is generally classified as level 2 if the Foundation has the ability to redeem its investment with the investment fund at NAV within 95 days after the measurement date upon no greater than 90 days prior written notice, with no other potential liquidity restrictions. All other investments are classified as level 3. The categorization of an investment fund within the fair value hierarchy is based upon the Foundation's ability to redeem that investment fund and does not necessarily correspond to the investment manager's perceived risk of that investment fund. Transfers between level 2 and level 3 are typically the result of changes in the liquidity terms of investment funds or investments made in investment funds where the Foundation's right to redeem the investment without penalty is based on a rolling anniversary date greater than one year apart such that at a given year-end, the investment may or may not meet the requirement to be classified as level 2.

CAL STATE FULLERTON PHILANTHROPIC FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 6 – Fair Value Measurements (Continued)

The following table presents assets that are measured at fair value on a recurring basis at June 30, 2025:

<u>June 30, 2025</u>	<u>Fair Value Measurements at Reporting Date Using</u>			
	<u>Assets at Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Investments (see Note 3)	\$ 170,773,358	\$ 160,457,821	\$ -	\$ 10,315,537
Contributions receivable from charitable remainder trusts	165,200	-	-	165,200
Other receivables from charitable gift annuities	<u>197,662</u>	<u>-</u>	<u>-</u>	<u>197,662</u>
	<u>\$ 171,136,220</u>	<u>\$ 160,457,821</u>	<u>\$ -</u>	<u>\$ 10,678,399</u>

CAL STATE FULLERTON PHILANTHROPIC FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 6 – Fair Value Measurements (Continued)

The following table presents assets that are measured at fair value on a recurring basis at June 30, 2024:

<u>June 30, 2024</u>	<u>Fair Value Measurements at Reporting Date Using</u>			
<u>Assets at Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>	
Investments (see Note 3)	\$ 161,215,153	\$ 151,704,001	\$ -	\$ 9,511,152
Contributions receivable from charitable remainder trusts	151,693	-	-	151,693
Other receivables from charitable gift annuities	180,365	-	-	180,365
	<u>\$ 161,547,211</u>	<u>\$ 151,704,001</u>	<u>\$ -</u>	<u>\$ 9,843,210</u>

As of June 30, 2025 and 2024, the Foundation has no liabilities measured at fair value.

CAL STATE FULLERTON PHILANTHROPIC FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 6 – Fair Value Measurements (Continued)

U.S. GAAP requires a reconciliation of the beginning and ending balances for assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (level 3) during the period. For the level 3 assets, the reconciliation is as follows:

	Contributions Receivable from Charitable Remainder Trusts	Contributions Receivable from Charitable Gift Annuities	Investments
Balance at June 30, 2023	\$ 234,430	\$ 186,477	\$ 8,824,903
Additions	-	-	988,322
Redemption	(58,000)	-	(962,439)
Change in value	<u>(24,737)</u>	<u>(6,112)</u>	<u>660,366</u>
Balance at June 30, 2024	151,693	180,365	9,511,152
Additions	-	-	1,923,516
Redemption	-	-	(1,358,004)
Change in value	<u>13,507</u>	<u>17,297</u>	<u>238,873</u>
Balance at June 30, 2025	<u>\$ 165,200</u>	<u>\$ 197,662</u>	<u>\$ 10,315,537</u>

CAL STATE FULLERTON PHILANTHROPIC FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 6 – Fair Value Measurements (Continued)

Alternative Investments Reported at NAV

The following table summarizes the Foundation’s alternative investments in funds valued using the fair value practical expedient of NAV as of June 30, 2025:

	<u>Fair Value</u> <u>June 30, 2025</u>	<u>Redemption</u> <u>Frequency</u>	<u>Redemption</u> <u>Notice Period</u> <u>(Days)</u>	<u>Unfunded</u> <u>Commitment</u>
Level 3:				
Private equity LP fund (a)	\$ 107,694	N/A	N/A	\$ 46,750

(a) Commonfund Capital Partners IV is a partnership that manages a broadly diversified multi-strategy program that provides access to U.S. private equity and global private equity with the objective of obtaining long-term capital growth. This is an illiquid investment and redemptions are not permitted. Quarterly distributions will be made by the partnership as individual investments reach maturity. The partnership was scheduled to terminate in July 2019; however, the General Partner extended the terms of the partnership until August 2022 in accordance with the terms of the partnership agreement. The partnership has since gone into liquidation and will continue until the last investment is disposed of.

The following table summarizes the Foundation’s alternative investments in funds valued using the fair value practical expedient of NAV as of June 30, 2024:

	<u>Fair Value</u> <u>June 30, 2024</u>	<u>Redemption</u> <u>Frequency</u>	<u>Redemption</u> <u>Notice Period</u> <u>(Days)</u>	<u>Unfunded</u> <u>Commitment</u>
Level 3:				
Private equity LP fund (a)	\$ 163,546	N/A	N/A	\$ 46,750

(a) Commonfund Capital Partners IV is a partnership that manages a broadly diversified multi-strategy program that provides access to U.S. private equity and global private equity with the objective of obtaining long-term capital growth. This is an illiquid investment and redemptions are not permitted. Quarterly distributions will be made by the partnership as individual investments reach maturity. The partnership was scheduled to terminate in July 2019; however, the General Partner extended the terms of the partnership until August 2022 in accordance with the terms of the partnership agreement. The partnership has since gone into liquidation and will continue until the last investment is disposed of.

CAL STATE FULLERTON PHILANTHROPIC FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 7 – Net Assets

The following is a summary of the Foundation’s net assets with donor restrictions:

	June 30,	
	2025	2024
<i>Net assets with donor restrictions that expire upon passage of time or expenditure for specified purpose:</i>		
Subject to passage of time and for expenditure for specified purpose:		
Contributions receivable - with donor restriction	\$ 10,668,974	\$ 13,132,854
Subject to expenditure for specified purpose:		
With donor restriction	54,397,819	50,059,153
Endowment net assets subject to appropriation and expenditure for specified purpose:		
Scholarships	13,996,611	11,366,273
Campus programs	22,594,340	18,902,063
	36,590,951	30,268,336
Quasi endowment	11,391,254	10,810,012
Total	113,048,998	104,270,355
<i>Net assets with donor restrictions in perpetuity:</i>		
Endowment net assets:		
Scholarships	40,987,502	35,499,099
Campus programs	44,165,544	41,856,391
	85,153,046	77,355,490
<i>Total net assets with donor restrictions</i>	<i>\$ 198,202,044</i>	<i>\$ 181,625,845</i>

CAL STATE FULLERTON PHILANTHROPIC FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 7 – Net Assets (Continued)

Quasi Endowment

The Quasi endowment was established by the Foundation in 2020 and, per the donors' request, supports the operations of mission critical research for science and educating the next generation of scientists. The Foundation authorized the sale of a car collection that was distributed to the Foundation through a trust and funds were used toward the endowment.

NOTE 8 – Endowments

The Foundation's endowments consist of individual donor-designated funds established for the purpose of supporting education. Net assets associated with the endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation's management and investment of donor-restricted endowment funds is subject to the provisions of the California *Uniform Prudent Management of Institutional Funds Act* (UPMIFA).

The Foundation has interpreted the California UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions in perpetuity: (a) the original value of the gifts donated to the perpetually restricted endowment, (b) the original value of subsequent gifts to the perpetually restricted endowment, and (c) accumulations to the perpetually restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions in perpetuity is classified as net assets with donor restrictions for purpose and time until those amounts are appropriated for expenditure by the Foundation. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the endowment fund
- (2) The purposes of the institution and the endowment fund
- (3) General economic conditions
- (4) The expected total return from income and the appreciation of investments
- (5) Other resources of the institution
- (6) The investment policy of the institution

CAL STATE FULLERTON PHILANTHROPIC FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 8 – Endowments (Continued)

The Finance and Investment Committee of the Board of Governors is charged with the responsibility of managing the investment of endowment assets for the Foundation. The objective of management for these funds is to achieve an average annual rate of return, over a period of five years, of the S&P 500 Index plus 1% for the aggregate equity investments, and the Barclay’s U.S. Aggregate Bond Index plus 0.5% for the aggregate fixed income investments.

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

The Foundation’s investment policy stipulates that the Board of Governors will distribute earnings on an annual basis to further the purposes of the individual donor-designated funds. The intent of this policy is to provide a stable spending distribution policy to allow the University’s departments to effectively manage programs funded by endowment funds while maintaining the purchasing power of the endowment funds’ assets.

For the fiscal years ended June 30, 2025 and 2024, the Foundation’s Board of Governors approved earnings distribution equal to 3.5% and 3.0%, respectively, of the endowment funds’ market value over a rolling five-year average. Distributions of \$4,612,428 and \$3,766,491 were made during the years ended June 30, 2025 and 2024, respectively.

CAL STATE FULLERTON PHILANTHROPIC FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 8 – Endowments (Continued)

Endowment net asset composition by type of fund and net changes in endowment funds for the year ended June 30, 2025 were as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Original donor-restricted gift amount	\$ -	\$ 85,153,046	\$ 85,153,046
Quasi endowment gift amount	-	11,391,254	11,391,254
Board-designated endowment gift amount	23,237,500	-	23,237,500
Accumulated investment gains	<u>1,833,421</u>	<u>36,590,951</u>	<u>38,424,372</u>
Endowment net assets, June 30, 2025	<u>\$ 25,070,921</u>	<u>\$ 133,135,251</u>	<u>\$ 158,206,172</u>

CAL STATE FULLERTON PHILANTHROPIC FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 8 – Endowments (Continued)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets June 30, 2024:			
Original donor-restricted amount	\$ -	\$ 77,355,490	\$ 77,355,490
Quasi endowment per donor agreement	-	10,810,012	10,810,012
Board-designated endowment gift amount	23,237,500	-	23,237,500
Accumulated investment gains	<u>554,170</u>	<u>30,268,336</u>	<u>30,822,506</u>
Total endowment net assets, June 30, 2024	23,791,670	118,433,838	142,225,508
Investment return	1,279,251	11,482,735	12,761,986
Contributions to perpetual endowment	-	7,797,556	7,797,556
Contributions to Quasi endowment	-	20,000	20,000
Change in value of charitable remainder trusts receivable	-	13,507	13,507
Other income	-	43	43
Appropriated for expenditure	<u>-</u>	<u>(4,612,428)</u>	<u>(4,612,428)</u>
Endowment net assets, June 30, 2025	<u>\$ 25,070,921</u>	<u>\$ 133,135,251</u>	<u>\$ 158,206,172</u>

CAL STATE FULLERTON PHILANTHROPIC FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 8 – Endowments (Continued)

Endowment net asset composition by type of fund and net changes in endowment funds for the year ended June 30, 2024 were as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Original donor-restricted gift amount	\$ -	\$ 77,355,490	\$ 77,355,490
Quasi endowment gift amount	-	10,810,012	10,810,012
Board-designated endowment gift amount	23,237,500	-	23,237,500
Accumulated investment gains	<u>554,170</u>	<u>30,268,336</u>	<u>30,822,506</u>
Endowment net assets, June 30, 2024	<u>\$ 23,791,670</u>	<u>\$ 118,433,838</u>	<u>\$ 142,225,508</u>

CAL STATE FULLERTON PHILANTHROPIC FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 8 – Endowments (Continued)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets June 30, 2023:			
Original donor-restricted amount	\$ -	\$ 76,522,008	\$ 76,522,008
Quasi endowment per donor agreement	-	10,024,524	10,024,524
Board-designated endowment gift amount	23,237,500	-	23,237,500
Accumulated investment gains (losses)	<u>(1,181,217)</u>	<u>22,276,987</u>	<u>21,095,770</u>
Total endowment net assets, June 30, 2023	22,056,283	108,823,519	130,879,802
Investment return	1,735,387	12,785,026	14,520,413
Contributions to perpetual endowment	-	1,073,792	1,073,792
Contributions to Quasi endowment	-	20,000	20,000
Net assets released from endowment in accordance with donor agreement	-	(240,310)	(240,310)
Change in value of charitable remainder trusts receivable	-	(24,737)	(24,737)
Other expense	-	(236,961)	(236,961)
Appropriated for expenditure	<u>-</u>	<u>(3,766,491)</u>	<u>(3,766,491)</u>
Endowment net assets, June 30, 2024	<u>\$ 23,791,670</u>	<u>\$ 118,433,838</u>	<u>\$ 142,225,508</u>

CAL STATE FULLERTON PHILANTHROPIC FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 8 – Endowments (Continued)

Included in the endowment net assets are contributions receivable, net of allowance, restricted to the endowment of \$4,878,026 and \$1,886,822 as of June 30, 2025 and 2024, respectively.

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Foundation has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At June 30, 2025, there were 5 deficient funds, with an aggregate deficit of \$12,253. At June 30, 2024, there were 16 deficient funds, with an aggregate deficit of \$17,522.

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

To the Board of Governors of
Cal State Fullerton Philanthropic Foundation:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America, the consolidated financial statements of Cal State Fullerton Philanthropic Foundation, a nonprofit organization, which comprise the consolidated statements of financial position as of June 30, 2025 and 2024, and the related consolidated statements of activities, and cash flows for the years then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated September 12, 2025.

Internal Control Over Financial Reporting

In planning and performing our audits of the consolidated financial statements, we considered Cal State Fullerton Philanthropic Foundation's (the Foundation's) internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's consolidated 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 consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 the Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Irvine, California
September 12, 2025