

SAN JOSÉ STATE UNIVERSITY RESEARCH FOUNDATION

FINANCIAL REPORT

June 30, 2025

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Independent Auditors' Report

To the Board of Directors of
San José State University Research Foundation

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and fiduciary activities of San José State University Research Foundation (the Foundation), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements as listed in the table of contents.

In our opinion, based on our audit, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and fiduciary activities of the Foundation as of June 30, 2025, and the respective changes in net position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of Research Organizations Retiree Medical Trust were not audited in accordance with *Government Auditing Standards*.

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 the Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in the net OPEB liability, and schedule of employer contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Government 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 GAAS, which consist 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Foundation's basic financial statements. The supplementary information (for inclusion in the California State University financial statements) identified in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information (for inclusion in the California State University financial statements) is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 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 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 the 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 the Foundation's internal control over financial reporting and compliance.

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

Irvine, California
September 16, 2025

San José State University Research Foundation

Management's Discussion and Analysis (Unaudited) Year Ended June 30, 2025

Management's Discussion and Analysis

This section of the San José State University Research Foundation (the Foundation) annual financial report includes Management's Discussion and Analysis (MD&A) of the financial performance of the Foundation for the fiscal year ended June 30, 2025. This discussion should be read in conjunction with the financial statements and notes.

Introduction to San José State University Research Foundation

The Foundation is a Not-for-Profit Public Benefit Corporation founded in 1931 to provide support services to the San José State University (the University) campus community. The Foundation's primary services are providing research, instruction, institutional support, and student grants and scholarships.

The Foundation has three major groups of research and training activities; they are located on the University's campus, at NASA facilities in Mountain View, California, and at Moss Landing Marine Laboratories (MLML). The Foundation has additional off-site projects throughout the United States.

Introduction to the Financial Statements

The Foundation's business-type activities statements include the following:

Statement of net position: The statement of net position includes all assets and liabilities and deferred outflows and inflows of resources. Assets and liabilities are reported on an accrual basis as of the financial statement date.

Statement of revenues, expenses, and changes in net position: The statement of revenues, expenses, and changes in net position presents the revenues earned and expenses incurred during the year on an accrual basis.

Statement of cash flows: The statement of cash flows presents the inflows and outflows of cash and cash equivalents for the year and are summarized by operating, financing, and investing activities. This statement is prepared using the direct method of cash flows and, therefore, presents gross rather than net amounts for the year's activities.

These statements are supported by notes to the financial statements and MD&A. All sections must be considered together to obtain a complete understanding of the financial picture of the Foundation.

Financial overview: The following discussion highlights management's understanding of the key financial aspects of the Foundation's financial activities as of and for the year ended June 30, 2025. Included are analyses of the current year's activities and balances in the Foundation's net position.

San José State University Research Foundation

Management's Discussion and Analysis (Unaudited) Year Ended June 30, 2025

Financial Highlights

Condensed Statement of Net Position

The Foundation's condensed statement of net position as of June 30 is as follows:

	2025	2024	Change	
			Amount	%
Assets:				
Current assets	\$ 48,687,789	\$ 39,801,124	\$ 8,886,665	22.3%
Capital assets, net	17,254,901	15,594,807	1,660,094	10.6%
Other noncurrent assets	3,165,326	3,133,409	31,917	1.0%
Total assets	<u>\$ 69,108,016</u>	<u>\$ 58,529,340</u>	<u>\$ 10,578,676</u>	<u>18.1%</u>
Deferred outflows of resources	<u>\$ 7,585,404</u>	<u>\$ 8,259,310</u>	<u>\$ (673,906)</u>	<u>-8.2%</u>
Liabilities:				
Current liabilities	\$ 26,098,424	\$ 17,874,089	\$ 8,224,335	46.0%
Noncurrent liabilities	9,596,139	11,352,862	(1,756,723)	-15.5%
Total liabilities	<u>\$ 35,694,563</u>	<u>\$ 29,226,951</u>	<u>\$ 6,467,612</u>	<u>22.1%</u>
Deferred inflows of resources	<u>\$ 12,353,508</u>	<u>\$ 13,673,064</u>	<u>\$ (1,319,556)</u>	<u>-9.7%</u>
Net position:				
Net investment in capital assets	\$ 15,384,452	\$ 15,287,109	\$ 97,343	0.6%
Restricted for:				
Expendable:				
Research	34,070	19,176	14,894	77.7%
Scholarships	55,750	-	55,750	0.0%
Unrestricted	13,171,077	8,582,350	4,588,727	53.5%
Total net position	<u>\$ 28,645,349</u>	<u>\$ 23,888,635</u>	<u>\$ 4,756,714</u>	<u>19.9%</u>

Assets: Total assets increased by \$10.59 million, or 18.1%, from fiscal year (FY) 2024 to FY 2025.

Current assets increased by \$8.89 million primarily due to 1) a \$10.6 million increase accounts receivable related to research grants; 2) the increase is offset by a \$2.6 million decrease in short-term investments; and 3) a \$1.8 million increase in prepaid expenses and other current assets.

Noncurrent assets increased by \$1.69 million, or 9.03%, primarily due to a \$1.62 million increase in capital assets related to subscription-based information technology arrangement (SBITA).

Liabilities: Total liabilities increased by \$6.47 million, or 22.1%, from FY 2024 to FY 2025.

Current liabilities increased by \$8.22 million, or 46.0%, primarily due to 1) an increase of \$5.32 million in accounts payable; primarily due to a major state grant spending during the last quarter of FY 2025; 2) an increase of \$4.0 million in accrued salaries and benefits payable; 3) the decrease is offset by an increase of \$4 million in in line of credit from USB secured against investments; and 4) a decrease of \$0.44 million in unearned revenue primarily related to grant funds received in advance.

San José State University Research Foundation

Management's Discussion and Analysis (Unaudited) Year Ended June 30, 2025

Noncurrent liabilities decreased by \$1.76 million, or 15.5%, primarily due to a decrease of \$1.5 million in the noncurrent portion of net OPEB obligation and a decrease of \$0.31 million in the noncurrent portion of lease liabilities, which was partially offset by a \$0.09 million increase in accrued compensated absences due to the application of GASB 101.

As a result of the 2025 actuarial valuation, the deferred outflows of resources decreased by approximately \$674,000, or 8%, and deferred inflows of resources decreased by \$1.3 million or 9.7%.

Net position: Net investment in capital assets increased by \$1.95 million, or 12.8%, due to some capital asset acquisitions in FY 2025. Additionally, total net position increased by \$4.76 million from \$23.9 million to \$28.6 million as of June 30, 2025. The changes in revenues, expenses, and net position are explained below.

The Foundation operates its activities in three segments: sponsored programs, campus programs and central operations. The Foundation's central administration operations are supported mainly by indirect cost recovery from sponsored programs, investment income, and administrative fees from campus self-supporting programs.

San José State University Research Foundation

Management's Discussion and Analysis (Unaudited) Year Ended June 30, 2025

Condensed Statement of Revenues, Expenses, and Changes in Net Position

The Foundation's condensed statement of revenues, expenses, and changes in net position for the years ended June 30 is as follows:

	2025	2024	Change Amount	%
Operating revenues:				
Program fees	\$ 639,284	\$ 2,212,437	\$ (1,573,153)	-71.1%
Grants and contracts	74,888,676	60,216,723	14,671,953	24.4%
Administrative fees	337,401	417,365	(79,964)	-19.2%
Lease revenue	37,366	80,959	(43,593)	-53.8%
Lease interest income	415	3,643	(3,228)	-88.6%
Other operating revenues	5,095,136	4,261,719	833,417	19.6%
Total operating revenues	80,998,278	67,192,846	13,805,432	20.5%
Operating expenses	87,592,379	67,576,589	20,015,790	29.6%
Operating loss	(6,594,101)	(383,743)	(6,210,358)	1618.4%
Nonoperating revenues	12,273,965	7,454,560	4,819,405	64.7%
Nonoperating expenses	665,674	500,000	165,674	33.1%
Total nonoperating revenues, net	11,608,291	6,954,560	4,653,731	66.9%
Total revenues	93,272,243	74,647,406	18,624,837	25.0%
Total expenses	88,258,053	68,076,589	20,181,464	29.6%
Increase in net position	5,014,190	6,570,817	(1,556,627)	-23.7%
Net position at beginning of year, as restated	23,631,159	17,317,818	6,313,341	36.5%
Net position at end of year	\$ 28,645,349	\$ 23,888,635	\$ 4,756,714	19.9%

Revenues: Total operating revenues increased by \$13.81 million, or 20.5%, from FY 2024 to FY 2025. This was primarily due to 1) an increase in grants and contracts revenue of \$14.79 million related to state-funded grants; and 2) an increase of \$0.39 million in other operating revenues, which was partially offset by a decrease of \$1.57 million in program fees.

Total nonoperating revenues, net increased by \$4.65 million, or 62.4%, from FY 2024 to FY 2025. This was primarily due to 1) an increase of \$2.35 million in Gifts in Kind in FY 2025; 2) an increase of \$0.84 million in federal and federal pass-through financial aid grants; 3) an increase of \$1.33 million in state financial grants; and 4) an increase of \$0.26 million net investment income as a result of the increase in fair value of investments.

San José State University Research Foundation

Management's Discussion and Analysis (Unaudited) Year Ended June 30, 2025

Expenses: Total operating expenses increased by \$20.02 million, or 29.6%, from FY 2024 to FY 2025. This increase was primarily due to 1) an increase of \$2.35 million in research expenses; 2) an increase of \$8.76 million in instruction expenses related to research; 3) an increase of \$0.42 million in institutional support; 4) an increase of \$2.24 million in student grants and scholarships; and 5) an increase of \$0.69 million in depreciation and amortization as a result of current year asset additions, offset by a decrease of \$0.7 million in student services.

Changes in net position: The increase in net position for FY 2025 \$5.01 million compared to \$6.57 million for FY 2024. Many events drove the current year's surplus. Management has identified three key factors contributing to the increase in net position as follows: (1) a decrease in OPEB liabilities of \$2.62 million, (2) an increase in grants and contracts revenue of \$13.91 million, and (3) the aggregate result of sponsored program and campus program operations.

Factors Impacting Future Periods

In FY 2025, the Foundation experienced a huge increase in state and federal funding, while some federal funding cuts were experienced because of the executive orders issued by the current federal government. The Foundation has taken steps to increase funding in the areas that are not impacted by the executive orders. The foundation is also looking into the FAIR (Financial Accountability in Research) model. The Financial Accountability in Research (FAIR) model is a proposed research funding and reimbursement framework, developed by the Joint Associations Group (JAG), that aims to increase transparency and ensure financial accountability for federally funded research. It seeks to replace the traditional Facilities and Administrative (F&A) cost model with a system that recategorizes costs into three components: Research Performance Costs (RPC), Essential Research Performance Support (ERPS), and General Research Operations (GRO). The model provides options for institutions to calculate ERPS costs, including an "expanded option" to itemize costs, and aims to allow for more accurate reimbursement of indirect costs linked to specific research projects and activities.

San José State University Research Foundation

Statement of Net Position June 30, 2025

Assets

Current assets:

Cash and cash equivalents	\$ 3,218,081
Short-term investments	23,524,942
Grants and other receivables	21,463,549
Lease receivable	5,760
Prepaid expenses and other assets	475,457
Total current assets	48,687,789

Noncurrent assets:

Restricted cash and cash equivalents	25,392
Other long-term investments	3,139,934
Capital assets, net	17,254,901
Total noncurrent assets	20,420,227

Total assets

69,108,016

Deferred outflows of resources:

Deferred outflows—Other Post-Employment Benefits (OPEB)	7,585,404
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Total assets and deferred outflows of resources

\$ 76,693,420

Liabilities

Current liabilities:

Accounts payable	\$ 10,245,408
Accrued salaries and benefits payable	2,152,975
Accrued compensated absences, current portion	1,763,688
Lease liabilities, current portion	6,816
SBITA liabilities, current portion	559,282
Unearned revenue	7,320,865
Line of credit	4,000,000
Other liabilities	49,390
Total current liabilities	26,098,424

Noncurrent liabilities:

Accrued compensated absences, net of current portion	196,059
Payable to external agencies	98,072
Lease liabilities, net of current portion	8,868
SBITA liabilities, net of current portion	1,295,483
Net OPEB obligation	7,944,940
Other liabilities	52,717
Total noncurrent liabilities	9,596,139

Total liabilities

35,694,563

Deferred inflows of resources:

Deferred inflows—OPEB	12,346,101
Deferred inflows—leases	7,407
Total deferred inflows of resources	12,353,508

Net position:

Net investment in capital assets	15,384,452
Restricted for:	
Expendable:	
Research	34,070
Scholarships	55,750
Unrestricted	13,171,077
Total net position	28,645,349

Total liabilities, deferred inflows of resources, and net position

\$ 76,693,420

See notes to financial statements.

San José State University Research Foundation

Statement of Revenues, Expenses, and Changes in Net Position For the Year Ended June 30, 2025

Revenues:	
Operating revenues:	
Program fees	\$ 639,284
Grants and contracts:	
Federal	52,510,230
State	18,348,450
Local	2,045,237
Nongovernmental	1,984,759
Administrative fees	337,401
Lease revenue	37,366
Lease interest income	415
Other operating revenues	5,095,136
Total operating revenues	80,998,278
Expenses:	
Operating expenses:	
Instruction	18,154,543
Research	51,493,862
Public services	907
Academic support	550,910
Student services	219,871
Institutional support	7,782,344
Operation and maintenance of plant	859,276
Student grants and scholarships	5,408,911
Lease interest expense	61,871
Subscription interest expense	-
Depreciation and amortization	3,059,884
Total operating expenses	87,592,379
Operating loss	(6,594,101)
Non-operating revenues (expenses):	
Federal and federal pass-through financial aid grants	3,177,299
State financial aid grants	2,078,021
Local financial aid grants	76,700
Nongovernmental and other financial aid grants	29,648
Gifts in-kind	4,046,979
Contributions to the University, non-capital	(165,674)
Contributions to the University, capital	(500,000)
Investment income, net	2,865,318
Net nonoperating revenues (expenses)	11,608,291
Increase in net position	5,014,190
Net position at beginning of year before restatement	23,888,635
Restatement - GASB 101	(257,476)
Net position at beginning of year after restatement	23,631,159
Net position at end of year	\$ 28,645,349

See notes to financial statements.

San José State University Research Foundation

Statement of Cash Flows For the Year Ended June 30, 2025

Cash flows from operating activities:

Program fees	\$ 639,284
Federal grants and contracts	52,510,230
State grants and contracts	18,348,450
Local grants and contracts	2,045,237
Non-governmental grants and contracts	1,984,759
Payments to suppliers	(29,770,125)
Payments to employees	(49,428,584)
Payments to students	(5,408,911)
Administrative fees	337,401
Other receipts	5,095,136
Net cash used in operating activities	(3,647,123)

Cash flows from noncapital financing activities:

Federal financial aid grants	3,177,299
State financial aid grants	2,078,021
Local financial aid grants	76,700
Non-governmental and other financial aid grants	29,648
Gifts and grants received for other than capital purposes	4,046,979
Contributions made for other than capital purposes	(165,674)
Contributions made for capital purposes	(500,000)
Deferred rent and other liabilities	(7,754)
Other noncapital financing activities	(15,764)
Net cash provided by noncapital financing activities	8,719,455

Cash flows from capital and related financing activities:

Purchase of capital assets	(4,034,723)
Proceeds from disposition of capital assets	
Proceeds from line of credit	4,000,000
Principal paid on capital debt and leases	(314,329)
Principal paid on subscription liability	(1,350,876)
Interest paid on capital debt and leases	(1,490)
Interest paid on subscription liability	(117,568)
Principal collections on capital leases receivable	40,882
Interest collections on capital leases receivable	415
Net cash used in capital and related financing activities	(1,777,689)

Cash flows from investing activities:

Proceeds from sales and maturities of investments	19,093,723
Purchase of investments	(24,076,379)
Investment income	2,810,447
Net cash used in investing activities	(2,172,209)

(Continued)

San José State University Research Foundation

Statement of Cash Flows (Continued)
For the Year Ended June 30, 2025

Net increase in cash and cash equivalents	1,122,434
Cash and cash equivalents, and restricted cash and cash equivalents—beginning of year	<u>2,121,039</u>
Cash and cash equivalents, and restricted cash and cash equivalents—end of year	<u>\$ 3,243,473</u>
Summary of cash and cash equivalents at end of year:	
Cash and cash equivalents	\$ 3,218,081
Restricted cash and cash equivalents	<u>25,392</u>
Total cash and cash equivalents at end of year	<u>\$ 3,243,473</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (6,594,101)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	3,059,884
Loss on sale of assets	387,528
In-kind salary contributions	4,046,979
Change in operating assets and liabilities:	
Grants and other receivables	(10,368,591)
Short-term investments	2,632,466
Prepaid expenses and other assets	(68,988)
Deferred outflows of resources	673,906
Accounts payable	5,315,086
Accrued salaries and benefits payable	163,342
Accrued compensated absences	414,319
Unearned revenue	(445,015)
OPEB obligation	(1,504,326)
Other liabilities	(40,056)
Deferred inflows of resources	<u>(1,319,556)</u>
Net cash used in operating activities	<u>\$ (3,647,123)</u>

San José State University Research Foundation

**Statement of Fiduciary Net Position—Research Organizations Retiree Medical Trust
December 31, 2024**

Assets

Cash and cash equivalents	\$ 229,699
Retiree premiums receivable	5,334
Prepaid expenses and other current assets	-
Investments, at fair value	
Exchange-traded funds	2,889,056
Mutual funds	10,022,858
Total assets	<u>13,146,947</u>

Liabilities

Retiree prepaid premiums	14,038
Premiums payable	132,055
Accrued expenses	58,559
Total liabilities	<u>204,652</u>

Net position restricted for OPEB purposes	<u><u>\$ 12,942,295</u></u>
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See notes to financial statements.

San José State University Research Foundation

**Statement of Changes in Fiduciary Net Position—Research Organizations Retiree Medical Trust
For the Year Ended December 31, 2024**

Net additions:	
Employer contributions	\$ 2,330,328
Realized and unrealized gain on investments	921,628
Interest and dividends	598,166
Investment fees	<u>(14,284)</u>
Total net additions	<u>3,835,838</u>
Deductions:	
Retiree health program premiums	823,673
Claims paid	706,655
Administrative expenses	<u>105,356</u>
Total deductions	<u>1,635,684</u>
Net additions	2,200,154
Net position restricted for OPEB:	
Beginning of year	<u>10,742,141</u>
End of year	<u><u>\$ 12,942,295</u></u>

San José State University Research Foundation

Notes to Financial Statements

Note 1. Nature of Organization

Nature of organization: The San José State University Research Foundation (the Foundation), a nonprofit organization incorporated under Internal Revenue Code (the Code) 501(c)(3) in 1931, serves as an auxiliary organization and is a component unit of San José State University (the University) and the California State University System (CSU). The Foundation is governed by a board of directors (the Board), of which a majority is appointed by the University. The Foundation's mission is to advance the welfare of the University and assist in fulfilling its objectives: supplement programs and activities of the University and promote and assist the educational services of the University. The Foundation receives funding from various sources, such as the federal, state, and local governments, corporations, and interest groups.

The Foundation has three major groups of research and training activities; located on the University's campus, at NASA facilities in Mountain View, California, and at Moss Landing Marine Laboratories (MLML). The Foundation has additional off-site projects throughout the United States and in some foreign countries.

The Foundation has established a Retiree Health Benefit Plan of the Research Organizations Retiree Medical Trust (the Plan). The Plan is a defined benefit postemployment benefit other than pension benefits (OPEB) plan and was created for the purpose of funding, in whole or in part, retiree health benefits of the Foundation under a subscription agreement. The Plan assets are held in an irrevocable trust that was established in accordance with a trust agreement effective June 9, 2010, and amended on May 16, 2016 and again on January 1, 2023. The trust agreement dictates a board of up to six trustees, including four members from the Foundation and two members from the community. The trustees have the authority and discretion to determine eligibility for benefits, to interpret and apply the provisions of the Plan and trust, to modify benefit levels, to amend or rescind any provision of the Plan, and to terminate the Plan. The Plan's year-end is December 31.

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 87, *Fiduciary Activities*, the Plan is considered a separate legal entity that meets the definition of a component unit as defined in GASB Statement No. 14, *The Financial Reporting Entity*, as amended. In addition, the assets held within the Plan are administered through a trust and meet the conditions noted in GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, resulting in the Plan being reported as a fiduciary activity within these financial statements.

Reporting entity: In defining the Foundation for financial reporting purposes, management has applied the requirements of GASB Statement No. 14, *The Financial Reporting Entity*, as amended. This statement establishes the standards for defining and reporting on the financial reporting entity and whether it is considered a component unit of another entity. The Foundation would be a component unit of another entity if it is financially accountable to that unit. Financial accountability occurs when an entity appoints a voting majority of the board of the potential component unit and: (1) is able to impose its will on the potential component unit, and/or (2) is in a relationship of financial benefit or burden with the potential component unit. An entity would also be considered financially accountable if the potential component unit is fiscally dependent and there is a financial benefit or burden, regardless of whether the entity appoints the voting majority of the potential component unit's board. The Foundation directly supports the University and has met all of the financial accountability criteria necessary to be considered a component unit of the University, and in turn, CSU.

San José State University Research Foundation

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies

A summary of the Foundation's significant accounting policies follows:

Basis of accounting: The accompanying financial statements have been prepared using accounting principles generally accepted in the United States of America (U.S. GAAP), as promulgated by the GASB.

The financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of timing of the related cash flows. The Foundation considers assets that can be converted to cash and cash equivalents and available for liquidation of current liabilities within 12 months of the statement of net position date to be current assets. However, the Foundation designates a portion of current assets as noncurrent assets to fulfill donor restrictions or funds held on behalf of external agencies. Liabilities that can be reasonably expected, in the course of normal operations, to be liquidated within 12 months of the statement of net position are considered to be current. All other assets and liabilities are considered to be noncurrent.

Use of estimates: The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and deferred outflows of resources, liabilities and deferred inflows of resources, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant items subject to such estimates and assumptions include the allowance for doubtful accounts and the post-retirement benefit obligation and related amounts.

Cash and cash equivalents: The Foundation considers all highly liquid debt instruments purchased with an original maturity from the date of purchase of three months or less to be cash and cash equivalents.

Restricted cash and cash equivalents: Restricted cash and cash equivalents consist of amounts restricted to pay flexible spending claims.

Investments: Investments are carried at fair value, as determined by quoted market prices, with the net appreciation (depreciation) in fair value included on the statement of revenues, expenses, and changes in net position. Dividend and interest income are accrued when earned. The Foundation classifies its investments that are for current operational use as short-term investments. Investments that are designated to support long-term commitments and investments that are not readily available for liquidation are classified as other long-term investments.

Grants and other receivables: Receivables pertain mostly to grants and awards and are stated at net realizable value. The Foundation uses the specific write-off method of accounting for bad debts, which recognizes bad debt expenses at the time the account is deemed worthless by analyzing the collectability of the receivables. Historically, this method approximates the allowance method. Management has determined that no allowance is necessary as of June 30, 2025.

Lease receivable: Lease receivable is measured at the present value of lease payments expected to be received during the lease term.

A deferred inflow of resources is recorded for the lease at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

Note 2. Summary of Significant Accounting Policies (Continued)

Other post-employment benefits (OPEB): For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, information about the fiduciary net position of the Plan and additions to /deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Leases (lessee) and similar subscription-based information technology arrangements (SBITA): The Foundation is a lessee for various noncancelable leases of buildings and equipment. The Foundation also has noncancelable subscription IT arrangements (similar to a lease) for the right-to-use information technology hardware and software (subscription IT arrangement).

Short-term leases and SBITA: For leases and subscription IT arrangements with a maximum possible term of 12 months or less at commencement, the Foundation recognizes expense based on the provisions of the lease contract or subscription IT arrangement.

Leases and SBITA other than short-term: For all other leases and subscription IT arrangements (i.e., those that are not short-term), the Foundation recognizes a lease or subscription IT arrangement liability, and a right-to-use subscription asset in the financial statements.

Measurement of lease amounts: At lease commencement, the Foundation initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, less lease payments made at or before the lease commencement date, plus any initial direct costs ancillary to placing the underlying asset into service, less any lease incentives received at or before the lease commencement date. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. If the Foundation is reasonably certain of exercising a purchase option contained in a lease, the lease asset will be amortized over the useful life of the underlying asset.

Measurement of SBITA: At subscription commencement, the Foundation initially measures the subscription IT arrangement liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription IT arrangement liability is reduced by the principal portion of subscription payments made. The subscription IT arrangement asset is initially measured as the initial amount of the subscription IT arrangement liability, less subscription payments made at or before the subscription commencement date, less any vendor incentives received at or before the subscription commencement date, plus the capitalizable implementation costs. Subsequently, the subscription IT arrangement asset is amortized on a straight-line basis over the shorter of the subscription term or the useful life of the software.

San José State University Research Foundation

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Key estimates and judgments: Key estimates and judgments include how the Foundation determines the following:

- The Foundation uses the incremental borrowing rate (IBR) as the discount rate used to calculate the present value of the expected lease and subscription payments.
- The lease or subscription term includes the noncancellable period of the lease or subscription IT arrangement, plus any additional periods covered by either the Foundation or lessor option to (1) extend the term for which it is reasonably certain to be exercised, or (2) terminate the lease or subscription for which it is reasonably certain not to be exercised. Periods in which both the Foundation and the lessor/vendor have a unilateral option to terminate (or if both parties have to agree to extend) are excluded from the lease or subscription term.
- Payments are evaluated by the Foundation to determine if they should be included in the measurement of the lease or subscription IT liabilities, including those payments that require a determination of whether they are reasonably certain of being made, such as residual value guarantees, purchase options, payments for termination penalties, and other payments and subscription IT arrangements, such as payments for termination penalties.

Remeasurement of lease and subscription amounts: The Foundation monitors changes in circumstances that may require remeasurement of a lease or subscription IT arrangement. When certain changes occur that are expected to significantly affect the amount of the lease or subscription IT arrangement liability, the liability is remeasured, and a corresponding adjustment is made to the lease or subscription IT arrangement asset, respectively.

Revenue recognition and unearned revenue: Revenue from grants and contracts, which is primarily from the United States (US) federal, state, and local governments, nonprofit organizations, and other sponsors, is recognized when eligibility requirements are met (i.e., as expenditures are incurred). Unearned revenue represents funding received in advance of work performed or before revenue is earned for sponsored projects, which consists of grants and contracts and fee-based programs.

Revenue from other operating revenue (campus self-support programs) program fees and administrative fees are exchange transactions and are recognized when the underlying transaction takes place. Investment income, and change in fair value of investments, are recorded as revenues when earned. Gifts are recorded as non-operating revenue when they are verifiable, measurable, and all applicable requirements have been met.

Classification of revenues and expenses: The Foundation considers operating revenues and expenses to be those revenues and expenses that result from exchange transactions or from other activities that are connected directly to the Foundation's primary functions, which are sponsored programs, other operating revenue (campus self-support programs), and program fees associated with each of the programs.

Expenses from the Board's programs and management and general operations are also included in operating expenses. Certain other transactions are reported as non-operating revenues and expenses, including financial assistance to students, investment income, changes in the fair value of investments, gifts in-kind, and capital and non-capital contributions made to related entities and transfer of assets.

San José State University Research Foundation

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Indirect cost recovery and administrative fees: The Foundation charges indirect cost recovery fees (facilities and administrative costs) to recover the cost for use of facilities and for providing services to projects under its sponsored programs. The rates used to charge projects are approved by the U.S. Department of Health and Human Services and range from 27.5% to 55.2% for on-campus programs, and 26.0% for off-campus programs. Some programs have special negotiated rates which are below this range. This revenue is recorded with the related federal, state, local, and nongovernmental grants, and contracts revenue on the statement of revenues, expenses, and changes in net position.

The Foundation charges an administrative fee of 7% to various colleges and departments within the University on all disbursements from expendable funds. The Foundation also charges administrative fees ranging from 5% to 10% to other organizations for providing services based on their individual agreements.

Capital assets and depreciation: The Foundation's policy is to capitalize all asset additions that are greater than \$5,000, including assets acquired through grants when titles vest with the Foundation during the grant period. Assets acquired through grants in which titles vest with the sponsor are not capitalized. Capital assets are recorded at cost when purchased and at acquisition value at the acquisition date when donated. Real estate costs have been allocated to individual building units based on a specific-identification method. When capital assets are retired or otherwise disposed of, the cost and related accumulated depreciation or amortization are removed from the accounts and the resulting gain or loss is included on the statement of revenues, expenses, and changes in net position.

Purchased assets are recorded at cost. Assets acquired through grants in which titles vest with the Foundation during the grant period are capitalized. Donated assets are recorded at acquisition value at the date of donation. The carrying value of all long-lived assets is evaluated periodically to determine if an adjustment to the useful life or the carrying value is warranted. Asset impairment is recorded whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. No asset impairments were recognized during the year ended June 30, 2025.

Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which range from 3 years to 30 years. Amortization of leasehold improvements is computed using the straight-line method over the lesser of the lease term or useful life of the related asset, which ranges from 3 years to 10 years.

Depreciation and amortization expense was \$3,083,008 for the year ended June 30, 2025, of which \$8,540 was for leasehold improvements.

Compensated absences: The Foundation accrues vacation benefits for eligible employees at various rates depending on the length of service. Employees are paid for unused vacation time but are not paid for unused sick leave at the end of employment. During fiscal year 2025, \$2,002,314 in accrued compensated absences was earned and \$1,273,552 was used. At June 30, 2025, the Foundation had a total of \$1,959,747 in accrued compensated absences liabilities of which \$1,763,688 was current.

Deferred inflows of resources and outflows of resources: Deferred inflows and outflows of resources relate to OPEB benefits activity and leases. Deferred inflows of resources are acquisitions of net position that apply to a future reporting period. Deferred outflows of resources are the consumption of assets applicable to a future reporting period.

San José State University Research Foundation

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Tax-exempt status and income taxes: The Foundation is exempt from federal income tax under Section 501(c)(3) of the Code, though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Foundation has also been recognized by the California Franchise Tax Board as an organization that is exempt from California franchise and income taxes under Section 23701(d) of the California Revenue and Taxation Code. The Foundation's management has evaluated its tax positions and the certainty as to whether those tax positions will be sustained in the event of an audit by taxing authorities at the federal and state levels. The primary tax positions evaluated are related to the Foundation's continued qualification as a tax-exempt organization and whether it conducts unrelated business income activities that would be taxable. Management has determined that all income tax positions will more likely than not be sustained upon potential audit or examination; therefore, no disclosures of uncertain income tax positions are required. The Foundation's Form 990, Return of Organization Exempt from Income Tax, for each of the tax years ended June 30, 2024, 2023 and 2022, are subject to examination by the Internal Revenue Service, generally for three years after they were filed. The Foundation also filed Form 990-T for the year ended June 30, 2024.

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

Net investment in capital assets: capital assets, net of accumulated depreciation and amortization and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

Restricted—expendable: assets, net of related liabilities, that are subject to externally imposed conditions that can be fulfilled by the actions of the Foundation or by the passage of time.

Unrestricted: the residual balance of net position that is not included in net investment in capital assets, or restricted net position. In addition, unrestricted net position may be designated for specific purposes by the Board.

The Foundation considers restricted resources to have been spent first when an expense is incurred for which both restricted and unrestricted resources are available.

Recent accounting pronouncement adopted: Effective July 1, 2024, the Foundation implemented GASB Statement No. 101, *Compensated Absences*, which has provisions relating to the accounting for certain types of employee leave.

Accounting pronouncement in future years: Management is still evaluating the effect the following standards will have on its financial statements:

GASB Statement No. 103, *Financial Reporting Model Improvements*, is effective for the fiscal year beginning June 15, 2025. This statement refines key areas of financial reporting, including MD&A, unusual or infrequent items, and budget comparisons. It standardizes definitions for operating and non-operating revenues, enhances the presentation of major component units, and improves the clarity and comparability of financial statements.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, is effective for the fiscal year beginning after June 15, 2025. This statement requires governments to provide additional detailed information about certain capital assets in notes to financial statements.

San José State University Research Foundation

Notes to Financial Statements

Note 3. Deposits and Investments

Investment policy statement: The Foundation's Investment Policy Statement sets forth objectives for its investment portfolio, procedures for selecting and monitoring money managers, and specifies control procedures and responsibilities for the Board, finance and investment committee, and management. The primary function of the investment portfolio is to secure, with appropriate limitations on risk to the principal, protection against inflation and to provide both a dimension of growth of long-term assets and income to fund operations. Each major category of investments may represent a percentage of the portfolio. The current target is a general guideline: 43% fixed income, 40% equities, and 17% alternative investments.

Pursuant to GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, the Local Agency Investment Fund (LAIF) is a qualifying external investment pool that measures for financial reporting purposes at amortized cost.

The fair market values of the Foundation's investments as of June 30, 2025, are as follows:

Investment Type	Fair Value
Money market funds	\$ 1,241,766
U.S. Treasury securities	2,591,097
Corporate bonds	4,127,005
Mutual funds	2,678,291
Exchange traded funds (ETFs)	1,265,957
Equity securities	10,802,154
Real estate investments (including REITs)	715,807
Private equity (including limited partnerships)	2,424,127
Portfolio total	<u>25,846,204</u>
LAIF, at amortized cost	<u>818,672</u>
Total investments	<u>\$ 26,664,876</u>

The Foundation classifies its investments that are for current operational use as short-term investments. Investments that are designated to support long-term commitments and investments that are not readily available for liquidation are classified as long-term investments as follows:

Short-term investments	\$ 23,524,942
Other long-term investments	3,139,934
Total investments	<u>\$ 26,664,876</u>

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, the Foundation's investment policy states that the average duration for the fixed-income portion of the investment portfolio should be less than 10 years.

San José State University Research Foundation

Notes to Financial Statements

Note 3. Deposits and Investments (Continued)

The following table represents maturities for fixed-income investments held by the Foundation as of June 30, 2025:

Investment Type	Total Fair Value	Less Than 1 Year	1-5 Years	More Than 5 Years
Money market	\$ 1,241,766	\$ 1,241,766	\$ -	\$ -
U.S. Treasury securities	2,577,218	232,124	806,249	1,538,845
Corporate bonds	4,219,835	286,067	2,555,666	1,378,102
Fixed income mutual funds	1,657,444	-	1,657,444	-
Total	<u>\$ 9,696,263</u>	<u>\$ 1,759,957</u>	<u>\$ 5,019,359</u>	<u>\$ 2,916,947</u>

Custodial credit risk: Custodial credit risk is the risk that funds deposited in a financial institution may become unrecoverable due to insolvency of the financial institution or of a counterparty to an investment transaction in a way that the Foundation would not be able to recover its investment. The Foundation's investment policy does not specifically address custodial credit risk. Financial instruments that potentially subject the Foundation to custodial credit risk generally apply only to funds on deposit and 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. U.S. Treasury issues, federally sponsored enterprise issues, and corporate bonds held by Securities Investor Protection Corporation (SIPC) insured brokers are not registered with the issuer in the Foundation's name. The Foundation's investments have been placed with RBC Wealth Management and UBS Financial Services, both major financial institutions holding over \$200 million in SIPC insurance. The Foundation is exposed to custodial credit risk for holdings above these insurance limits. The Foundation's investment balances were not exposed to custodial credit risk.

Custodial credit risk for banking deposits is the risk that the Foundation will not be able to recover its deposits in the event of a failure of a depository institution. In the ordinary course of the Foundation's operations, deposit balances in checking accounts can exceed the Federal Deposit Insurance Corporation (FDIC) insured limits. In accordance with the Foundation's investment policy, all certificates of deposit are FDIC insured and limited to \$250,000 at any one institution. As of June 30, 2025, \$2,968,081 of the Foundation's bank balances were exposed to custodial credit risk as it was uninsured and uncollateralized.

Custodial credit risk for the Plan is the risk that the Plan will not be able to recover the value of its investments that are in the possession of an outside party. The Plan's investment policy does not specifically address custodial credit risk, but all of the Plan's investments are registered or held by the Plan or its agent in the Plan's name. The Plan does not have any bank balances that are not covered by depository insurance.

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. The Foundation's investment policy states a limit on the amount of money that can be invested in fixed-income investments, in general, and limits the amount that can be invested in the different risk profiles of fixed-income securities based on independent ratings. Credit ratings by nationally recognized institutions are used to assess the credit worthiness of specific investments.

San José State University Research Foundation

Notes to Financial Statements

Note 3. Deposits and Investments (Continued)

Concentration of investment credit risk: Concentration of investment credit risk is the risk of loss attributed to the magnitude of the investment in a single issuer. The Foundation's investment policy contains limitations as to how much can be invested with any one issuer. The Foundation's investment policy permits an unlimited portion of the portfolio to be invested in U.S. Government Treasury bonds and Government National Mortgage Association obligations. The maximum commitment of funds to any other entity is limited to a maximum of 5% of the portfolio for investment grade corporate names and only 2% for noninvestment grade companies. The Foundation had no investments as of June 30, 2025 in individual issuers that exceeded 5% of the investment portfolio.

The table below summarizes the ratings of fixed-income investments of the Foundation as of June 30, 2025:

Investment Type	Total	Credit Risk (Moody's/S&P)					Not	
		Aaa/ AAA	Aa/AA	A/A	Baa/ BBB	Investment Grade	Not Rated	
Corporate bonds	\$ 4,127,005	\$ -	\$ -	\$ 61,124	\$ 3,358,472	\$ 707,409	\$ -	-
U.S. Treasury securities	2,591,097	-	2,591,097	-	-	-	-	-
Portfolio total	<u>\$ 6,718,102</u>	<u>\$ -</u>	<u>\$ 2,591,097</u>	<u>\$ 61,124</u>	<u>\$ 3,358,472</u>	<u>\$ 707,409</u>	<u>\$ -</u>	<u>-</u>

Investment-related commitments: The Foundation is obligated under several alternative investment agreements to advance additional funding up to specified levels over several years. The following table represents significant terms of such agreements for all related alternative investments at June 30, 2025, which are included in the Private equity (including limited partnerships) line item of the fair value table:

Assets	Fair Value	Total Commitments	Unfunded Commitments	Remaining Life (Years)	Redemption Terms and Conditions
Rialto Real Estate Fund III					
Debt, LP (RREF III)	\$ 192,435	\$ 250,000	\$ -	0 to 5	Not eligible for redemption
Portfolio Advisor Fund					
2017 (PA 2017)	\$ 548,746	\$ 635,000	\$ -	0 to 12	Not eligible for redemption

Fair value measurements: GASB Statement No. 72, *Fair Value Measurements and Application* (GASB 72), sets forth the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

San José State University Research Foundation

Notes to Financial Statements

Note 3. Deposits and Investments (Continued)

The three levels of the fair value hierarchy under GASB 72 are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation and the Plan have the ability to access.

Level 2: Inputs to the valuation methodology include:

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

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the Foundation's and the Plan's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the Foundation's and the Plan's own data.

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

The determination of what constitutes as observable requires judgment by the Foundation's management. Management considers observable data to be 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 categorization of an investment within the fair value hierarchy is based upon the relative observability of the inputs to its fair value measurement and does not necessarily correspond to management's perceived risk of that investment.

The following is a description of the valuation methods and assumptions used by the Foundation to estimate the fair value of its investments. There have been no changes in the methods and assumptions used as of June 30, 2025. The methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Foundation management believes its valuation methods are appropriate and consistent with other market participants. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the financial statement report date.

When available, quoted prices are used to determine fair value. When quoted prices in active markets are available, investments are classified within Level 1 of the fair value hierarchy. The Foundation's Level 1 investments primarily consist of investments in money market funds, exchange-traded funds, mutual funds, and fixed income. When quoted prices in active markets are not available, fair values are based on evaluated prices received from the Foundation's custodian in conjunction with the third-party service provider's results.

San José State University Research Foundation

Notes to Financial Statements

Note 3. Deposits and Investments (Continued)

For a large portion of the investment portfolio, the Foundation's custodians generally use a multi-dimensional relational model. Inputs to their pricing models are based on observable market inputs in active markets. The inputs to the pricing models are typically benchmark yields, reported trades, broker-dealer quotes, issuer spreads, and benchmark securities, among others.

The Foundation's Level 2 investments primarily consist of investments in agency pass through, U.S. Treasury securities corporate debt securities, and asset backed securities that did not trade on the Foundation's fiscal year-end date. Inputs are prices or yields of similar securities or the same security as of a date other than June 30, 2025.

For alternative investments that are limited partnership investments or investments that do not trade on national security exchanges, the value is primarily based on the net asset value (NAV) of the underlying investments. The NAV is reported by the external investment manager (general partner) in accordance with their policies as described in their respective financial statements and offering memoranda. These investments are generally less liquid than other investments, and the value reported may differ from the values that would have been reported had a ready market for these investments existed.

The Foundation's NAV investments are described below:

The commercial real estate financing investment is a limited partnership whose general partner (GP) assists large banks in clearing their portfolios of low- or under-performing commercial property mortgages. The GP values, purchases, and restructures available commercial real estate mortgages. The GP can then sell, restructure and hold, or collateralize and sell the collateralized commercial mortgage-backed securities all while collecting interest payments. Funds are distributed to investors as interest is collected and as underlying holdings are liquidated through loan repayments and sales.

The private real estate trust is a private equity limited partnership that will continue to invest and own U.S. commercial real estate across property types and geographies. The main investment attraction is rental income with value change factors having a low correlation to marketable securities. There is no end date for this fund. The fund will repurchase shares on a monthly basis after a one-year investment period as shares are tendered. This investment is expected to improve cash flow income returns (rental income generally outpaces fixed income interest) while the underlying assets do not face the same volatility in values as traditional investments.

The multi-strategy private equity fund (PA2017) is a diversified private equity vehicle that allows diversification among many private equity sectors. This is a limited partnership fund. PA2017 brings exposure to the global private equity sectors of buyouts, special situations, venture capital, secondaries, and co-investments. Distributions to investors result from the liquidation of underlying holdings of each fund invested.

San José State University Research Foundation

Notes to Financial Statements

Note 3. Deposits and Investments (Continued)

The Foundation's investments at June 30, 2025, are categorized as follows:

	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Net Asset Value	Total
Money market funds	\$ 1,241,766	\$ -	\$ -	\$ -	\$ 1,241,766
U.S. Treasury securities	-	2,591,097	-	-	2,591,097
Corporate bonds	103,823	4,023,182	-	-	4,127,005
Mutual funds	2,678,291	-	-	-	2,678,291
Exchange traded funds	1,265,957	-	-	-	1,265,957
Equity securities	10,802,154	-	-	-	10,802,154
REIT fund	-	-	-	715,807	715,807
Private equity	-	-	-	2,424,127	2,424,127
	<u>\$ 16,091,991</u>	<u>\$ 6,614,279</u>	<u>\$ -</u>	<u>\$ 3,139,934</u>	<u>\$ 25,846,204</u>
LAIF, at amortized cost					818,672
Total investments					<u>\$ 26,664,876</u>

The fair value of investments for the Plan as of December 31, 2024, is as follows:

Investment Type	Fair Value
Fixed income ETFs	\$ 436,857
U.S. equities ETFs	2,452,198
Fixed income mutual funds	4,149,859
U.S. equities mutual funds	5,873,000
Total investments	<u>\$ 12,911,914</u>

All of the above investments for the Plan are considered level 1 investments as of December 31, 2024.

The following table represents maturities for fixed income investments held by the Plan as of December 31, 2024:

Investment Type	Total Fair Value	Less Than 3 Years	3 to 7 Years	7 to 10 Years	More Than 10 Years	Not classified
Fixed Income—ETF and Mutual funds	<u>\$ 4,586,716</u>	<u>\$ 275,203</u>	<u>\$ 1,054,945</u>	<u>\$ 642,140</u>	<u>\$ 2,614,428</u>	<u>\$ -</u>

San José State University Research Foundation

Notes to Financial Statements

Note 4. Grants and Other Receivables

As of June 30, 2025, the Foundation has the following receivables:

Grants receivable—sponsored programs	\$ 21,036,993
Other receivables	<u>426,556</u>
Total grants and other receivables	<u>\$ 21,463,549</u>

Note 5. Related Parties

The Foundation has routine business transactions with the University and other related auxiliary organizations on campus, such as the use of meeting rooms and food services.

Amounts receivable and payable to and from the University and related organizations are recorded on the statement of net position as a component of grants and other receivables and accounts payable. As of June 30, 2025, receivables due from and payables due to related parties are as follows:

Receivables and Payables	Amount
Receivable from San José State University	\$ 286,751
Receivable from Tower Foundation San José State University	\$ 1,471
Payable to San José State University	\$ (1,490,019)
Payable to other campus auxiliaries	\$ (93,563)
Other payables to San José State University	\$ (90,286)

San José State University Research Foundation

Notes to Financial Statements

Note 5. Related Parties (Continued)

Transactions with the University and related organizations are recorded on the statement of revenues, expenses, and changes in net position as institutional support, research, and instruction. During the year ended June 30, 2025, amounts paid to the University and related organizations for services were as follows:

Entity	Total Paid
San José State University	\$ 10,494,620
Associated Students - San Jose State University	\$ 369,758
Student Union, Inc. - San Jose State University	\$ 1,351
Tower Foundation - San Jose State University	\$ 26,318

Additionally, the Foundation received gifts in-kind from the University of \$4,046,979 which was primarily salary payments for individuals working on the Foundation's activities and capital assets.

In the fall of 2018, the University formally launched its strategic support of research, scholarly, and creative activities by the University's faculty. As a part of that initiative, the University agreed to provide \$1,000,000 in pre-award funding support to the Foundation during the year ended June 30, 2025, which is recorded on the statement of revenues, expenses, and changes in net position as a component of other operating revenues. Each year, the University will evaluate its ability to provide additional funding, which could be as much as \$1,000,000 per year.

Additionally, the Foundation has agreed to contribute \$15.0 million toward the new Interdisciplinary Science Building that the University is constructing. These contributions are considered a voluntary non-exchange transaction that is contingent on the University's ability to provide the additional funding as described above. If that funding is not received, the Foundation will not be obligated to execute this contribution. Accumulated contributions made by the Foundation through June 30, 2025, total \$3,000,000. If the contingency requirement is met each year, the remaining \$12 million is to be paid annually in an amount of \$500,000 over the remaining 25 years, from July 2022 through June 2048. \$500,000 was recorded as contributions to the University for the year ended June 30, 2025.

San José State University Research Foundation

Notes to Financial Statements

Note 6. Capital Assets

The Foundation's capital assets consist of the following:

	Beginning of Year	Additions	Transfers	Retirements and Other	End of Year
Capital assets not being depreciated:					
Land and land improvements	\$ 5,176,529	\$ -	\$ -	\$ -	\$ 5,176,529
Construction work in progress	1,448,768	2,474,966	(1,580,993)	-	2,342,741
Total capital assets not being depreciated	6,625,297	2,474,966	(1,580,993)	-	7,519,270
Capital assets being depreciated/amortized:					
Buildings and building improvements	8,686,414	287,377	-	(2,246,997)	6,726,794
Leasehold improvements	812,626	-	-	-	812,626
Equipment	12,089,782	1,484,752	1,580,993	(420,676)	14,734,851
Subscription IT asset	3,580,518	473,366	-	-	4,053,884
Total capital assets being depreciated/amortized	25,169,340	2,245,495	1,580,993	(2,667,673)	26,328,155
Total capital assets	31,794,637	4,720,461	-	(2,667,673)	33,847,425
Less accumulated depreciation/amortization:					
Buildings and building improvements	(6,269,167)	(934,892)	-	2,246,514	(4,957,545)
Leasehold improvements	(792,744)	(8,542)	-	-	(801,286)
Equipment	(8,829,518)	(1,323,404)	-	420,676	(9,732,246)
Subscription IT asset	(308,401)	(793,046)	-	-	(1,101,447)
Total accumulated depreciation and amortization	(16,199,830)	(3,059,884)	-	2,667,190	(16,592,524)
Net capital assets	\$ 15,594,807	\$ 1,660,577	\$ -	\$ (483)	\$ 17,254,901

Note 7. Leases and SBITAs

The Foundation as a lessee:

1. The Foundation has entered into agreements to lease certain equipment. The lease agreements qualify as other than short-term leases under GASB Statement No. 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

The first agreement was executed in October 2024, to lease a postage meter and requires 9 quarterly payments of \$1,119. There are no variable payment components of the lease. As a result of the lease, the Foundation recorded equipment with a net book value of \$13,424 at October 22, 2024. As of June 30, 2025, the accumulated depreciation was \$3,356 and the net book value was \$10,068.

The second agreement was executed in March 2024, to lease a folding machine and requires 20 quarterly payments of \$445. There are no variable payment components of the lease. As a result of the lease, the Foundation recorded equipment with a net book value of \$8,891 at March 10, 2024. As of June 30, 2025, the accumulated depreciation was \$2,667 and the net book value was \$6,224.

2. The Foundation has entered into certain subscription based information technology agreements. The agreements qualify as other than short-term under GASB Statement No. 96 and, therefore, have been recorded at the present value of the future minimum payments as of the date of their inception.

The Foundation has a subscription agreement as a lessee for software for five years. The agreement was executed in August 2024 and requires 1 upfront and 5 annual payments of amounts ranging from approximately \$52,000 and \$59,000. There are no variable payment components of the subscription. As a result of the agreement, the Foundation recorded a right-to-use subscription asset of \$248,427 in August 2024.

San José State University Research Foundation

Notes to Financial Statements

Note 7. Leases and SBITAs (Continued)

The Foundation has a subscription agreement as a lessee for software for five years. The agreement was executed in January 2024 and 8 payments ranging from approximately \$277,000 and \$589,000. There are no variable payment components of the subscription. As a result of the agreement, the Foundation recorded a right-to-use subscription asset of \$3,565,325 in January 2024.

Lease and SBITA liabilities activity for the year ended June 30, 2025, are as follows:

	Beginning of Year	Additions	Payments	End of Year
Leased office space	\$ 299,824	\$ -	\$ (299,824)	\$ -
Leased equipment	7,874	22,315	(14,505)	15,684
Subscription IT agreement liability	2,957,214	248,427	(1,350,876)	1,854,765
Total	<u>\$ 3,264,912</u>	<u>\$ 270,742</u>	<u>\$ (1,665,205)</u>	<u>\$ 1,870,449</u>

The future minimum lease obligations as of June 30, 2025, are as follows:

	Leases			SBITA		
	Principal Payments	Interest Payments	Total	Principal Payments	Interest Payments	Total
Years ending June 30:						
2026	\$ 6,816	\$ 730	\$ 7,546	\$ 559,282	\$ 71,970	\$ 631,252
2027	4,655	409	5,064	599,240	44,815	644,055
2028	3,210	119	3,329	629,971	16,281	646,252
2029	1,003	17	1,020	66,272	372	66,644
Total future minimum lease payments	<u>\$ 15,684</u>	<u>\$ 1,275</u>	<u>\$ 16,959</u>	<u>\$ 1,854,765</u>	<u>\$ 133,438</u>	<u>\$ 1,988,203</u>

Note 8. Risk Management and Commitments

Risk management: The Foundation may be exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, job-related illness or injuries to employees and natural disasters. The Foundation carries commercial insurance to protect against these risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage during the past three years. There was no reduction in insurance coverage during FY 2025.

Line of credit: In April 2010, the Foundation entered into a \$5,000,000 variable rate line of credit (LOC) with UBS Bank USA, pledging the Foundation's investments held at UBS Financial Services as collateral. In June 2025 the agreement was amended to allow for up to \$14,000,000 in borrowings. The interest rate for the year ended June 30, 2025 was 6.179%. As of June 30, 2025, the amount outstanding on the LOC facility was \$4,000,000. This LOC currently has no expiration date. Investments in the amount of \$18,358,312 have been pledged as collateral on this LOC at June 30, 2025.

Business credit card program: In November 2014, the Foundation entered into a commercial card consortium program with US Bank. The program has a maximum credit limit of \$970,000. The Foundation pays off the balance each month. At June 30, 2025, the amount outstanding of \$64,132 is recorded on the statement of net position within accounts payable.

San José State University Research Foundation

Notes to Financial Statements

Note 9. Employee Benefits and Compensation Plans

Defined contribution pension plan:

Plan description: The Foundation contributes to the Plan for its eligible fully benefited employees. The Plan is administered by the Board, and the Teachers Insurance and Annuity Association and College Retirement Equities Fund serve as custodian and recordkeeper of the Plan, respectively. The Foundation, in conjunction with legal counsel, has determined that the Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended.

Plan benefits: Benefit terms, including contribution requirements, for the Plan are established and may be amended by the Board. For each active employee in the Plan, the Foundation contributes 7% of the employee's base pay to the Plan. Regular wages, vacation, holidays, and sick leave are generally considered base pay. Employees are allowed to direct their contributions to any of the Plan's investment fund options. The Plan does not allow for employee contributions. Employees are also allowed to make rollover contributions of amounts received from other tax-qualified employer-sponsored retirement plans. Such contributions are deposited in the appropriate investment funds in accordance with the participant's direction and the Plan's provision. Employees are immediately vested in the employer contributions and actual earnings thereon.

For the year ended June 30, 2025, the Foundation recognized contribution expense of \$1,349,735.

Post-retirement health care plan:

Plan description and benefits: The Foundation sponsors a single employer-defined benefit post-retirement medical plan, which covers substantially all full-time employees and their qualified dependents. Eligible employees include employees hired before July 1, 2008, who retire at the age of 55 or older, with five years of benefitted service, and their dependents. The Foundation adopted a revision to the Plan during the year ended June 30, 2009, stating that employees will receive this benefit if they retire at the age of 60 or older with 10 years of benefited service during the preceding 20 years of employment. This change is effective for employees hired on or after July 1, 2008. The Foundation has chosen to participate in the health benefit program offered by the California Public Employees' Retirement System for both its active and eligible retired employees.

Membership as of valuation date:

Active employees	182
Eligible retired employees (with 53 covered dependents)	91
Total	<u>273</u>

Plan assets: The Foundation established the Plan, to accept and hold employer contributions, to pay administrative expenses related to post-retirement health benefits, and to fund the post-retirement health benefits for current and retired participants. There is an annual independent audit of the financial statements of the Plan; the report is available from the Foundation's office. At present, the Foundation pays approximately 85% to 89% of the retiree's monthly medical insurance premiums. The Foundation made contributions of \$1,420,804 to the Plan for the year ended June 30, 2025.

San José State University Research Foundation

Notes to Financial Statements

Note 9. Employee Benefits and Compensation Plans (Continued)

Annual OPEB cost and net OPEB obligation (OPEB Plan): The Plan's annual OPEB contribution is calculated based on the actuarially determined contribution (ADC) of the Foundation. The ADC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a given period of time. The Actuarial Report is performed with a measurement date of December 31, 2025, to fulfill GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, for the financial report of the Plan. As required by GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension*, transactions recorded in the benefit of the OPEB Plan subsequent to the actuarial measurement date are OPEB Plan changes that are reflected in deferred outflows and deferred inflows where the effect to the total OPEB liability is deferred to the next reporting period. As of June 30, 2025, transactions recorded in the benefit of the OPEB Plan consist of payments from the Foundation to the Plan on behalf of retiree medical health insurance coverage that occurred between January 1, 2024 and June 30, 2025. Those employer contribution payments, made subsequent to the measurement date, amounted to \$904,050 and were recorded as deferred outflows on the Foundation's statement of net position.

The components of the net OPEB liability of the Plan as of June 30, 2025, are as follows:

Total OPEB liability	\$ 20,887,235
Plan fiduciary net position	12,942,295
Net OPEB liability	<u>\$ 7,944,940</u>
Deferred outflow of resources	\$ 7,585,404
Deferred inflow of resources	\$ 12,346,101
Plan fiduciary net position as a percentage of the total OPEB liability	61.96%

The following is the Foundation's change in total OPEB liability, plan fiduciary net position, and the net OPEB liability for the year ended June 30, 2025:

Total OPEB Liability at June 30, 2024	\$ 20,191,407
Service cost	846,868
Benefit payments	(1,530,328)
Interest cost	1,115,021
Differences between expected and actual experience	1,488,563
Assumption changes	(1,224,296)
Total OPEB Liability at June 30, 2025	<u>\$ 20,887,235</u>

San José State University Research Foundation

Notes to Financial Statements

Note 9. Employee Benefits and Compensation Plans (Continued)

The following are the components of OPEB expense for the year ended June 30, 2025:

Service cost	\$ 846,868
Interest cost	1,115,021
Expected earnings on assets	(665,368)
Administrative expenses	105,356
Recognition of deferred outflows:	
Assumption changes	1,694,627
Plan experience	182,646
Investment experience	407,082
Recognized deferred resource items:	
Assumption changes	(1,228,676)
Plan experience	(1,754,473)
Investment experience	(554,230)
OPEB expense	<u>\$ 148,853</u>

The total OPEB liability was determined by an actuarial valuation as of December 31, 2024, using the following actuarial assumptions:

Assumptions and other inputs used to measure OPEB liability:

Valuation and measurement dates	Actuarial valuation as of December 31, 2024
Actuarial cost method	Entry age normal, level % of pay
Asset valuation method	Market value of asset as of measurement date
Actuarial assumptions:	
Inflation	2.50%
Projected prior year increase	3.00%
Assumed wage inflation	3.25%
Long-term return on assets	6.00%
Discount rate	6.00%, blended rate between long term rate of return of 6.00% and bond index of 3.26%
Administrative expense	\$105,356
Health care cost trend	Actual and slowly decreasing to 3.90% by 2076 and thereafter
Mortality	MacLeod Watts Scale 2022 applied generationally
Medicare eligibility	Absent contrary data, all individuals are assumed to be eligible for Medicare Parts A and B at age 65
Funding policy	The Foundation has elected to contribute annually to the Plan (a) current cost, (b) annual additional amount determined annually

San José State University Research Foundation

Notes to Financial Statements

Note 9. Employee Benefits and Compensation Plans (Continued)

The following assumptions did not change since the last actuarial valuation: The long term return on assets is still at 6.00%, the discount rate is at 5.50% and the health care cost trend rate in the previous year was 3.90% and slowly decreasing to 3.90% by 2076 and thereafter.

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience in the measurement of total OPEB liability	\$ 1,305,917	\$ (6,542,946)
Change in assumptions	5,375,437	(5,333,487)
Net difference between projected and actual earnings of OPEB plan investments	-	(469,668)
Contribution to OPEB plan after measurement date	904,050	-
Total	<u>\$ 7,585,404</u>	<u>\$ (12,346,101)</u>

Future amortization of deferred outflows and inflows, net is as follows:

For the Fiscal Years Ending June 30,	Recognized Net Deferred Outflows (Inflows) of Resources
2026	\$ (1,171,500)
2027	(1,020,343)
2028	(1,338,479)
2029	(1,078,227)
2030	(816,697)
Thereafter	(239,501)
Total	<u>\$ (5,664,747)</u>

The discount rate is based on the long-term expected rate of return on assets for benefits covered by plan assets. The long-term expected rate of return on OPEB plan investments is determined using a building-block method in which the expected future real rates of return (net of investment fees and inflation) are developed for each major asset class in accordance with the Plan's investment policy.

At December 31, 2024, the long-term expected rates of return for each major investment class in the Plan's portfolio are as follows:

Asset Class	Target Allocation	Long-Term Rate of Return
Equity	60%	4.50%
Fixed Income	40%	2.00%

San José State University Research Foundation

Notes to Financial Statements

Note 9. Employee Benefits and Compensation Plans (Continued)

The discount rate used to measure the total OPEB liability is 6% as of December 31, 2024. The projection of cash flows used to determine the discount rate is based on the Foundation's funding policy that the Foundation has elected to contribute annually to the Plan (a) current benefit costs for retirees, and (b) an additional dollar amount determined annually. These amounts in the aggregate are intended to be sufficient to fully fund all future benefit payments under the OPEB Plan.

The following presents the net OPEB liability, calculated using the discount rate of 6%, as well as what the Plan's net OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

1% Decrease 5%	Current Discount 6%	1% Increase 7%
<u>\$ 10,688,058</u>	<u>\$ 7,944,940</u>	<u>\$ 5,678,898</u>

With regard to the healthcare cost trend rate, the net OPEB liability would change if the following trend rates were assumed:

1% Decrease	Base	1% Increase
<u>\$ 5,442,182</u>	<u>\$ 7,944,940</u>	<u>\$ 11,055,568</u>

Note 10. Contingencies

The Foundation is party to various claims and legal actions in the normal course of business. In the opinion of management, based upon current facts and circumstances, the resolution of these matters is not expected to have a material adverse effect on the financial statements of the Foundation.

The Foundation administers federal government-funded programs which are subject to audit by cognizant governmental agencies. The Foundation's management believes that the outcome of such matters will not have a significant impact on the financial position or results of activities of the Foundation. Thus, no reserve for potential disallowances has been recorded in the financial statements as of June 30, 2025.

San José State University Research Foundation

Notes to Financial Statements

Note 11. Restatement

During the fiscal year ended June 30, 2025, the Foundation adopted GASB 101, which requires a restatement for the cumulative effect of the change to accrued compensated absences as of June 30, 2024. Related to this adoption, the Foundation has restated its net position without donor restrictions as of the beginning of the fiscal year ended June 30, 2025, to properly reflect the above item.

Net position, beginning of year, as previously stated	\$ 23,888,635
Adjustment: Addition to compensated absences	<u>(257,476)</u>
Net position, beginning of year, as restated	<u>\$ 23,631,159</u>
Accrued compensated absences, current portion as of June 30, 2024, as previously stated	\$ 1,446,357
Adjustment: Addition to compensated absences	<u>257,476</u>
Accrued compensated absences, current portion as of June 30, 2024, as restated	<u>\$ 1,703,833</u>

Note 12. Subsequent Events

Management has evaluated subsequent events from the statement of net position date through September 16, 2025, the date the financial statements were available to be issued for the year ended June 30, 2025 and determined no additional items need to be disclosed

San José State University Research Foundation
Required Supplementary Information (Unaudited)

Schedule of Changes in the Net OPEB Liability

The schedule of changes in the net OPEB liability as of and for the years ended June 30 is as follows:

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability:								
Service cost	\$ 846,868	\$ 822,202	\$ 1,138,422	\$ 860,609	\$ 1,748,038	\$ 1,123,991	\$ 812,945	\$ 812,945
Cost of plan changes	-	-	-	-	(142,864)	-	-	-
Interest	1,115,021	1,083,704	1,279,045	1,268,715	968,839	1,097,418	1,499,946	1,393,018
Change of assumptions	(1,224,296)	-	(2,345,628)	3,272,486	(6,740,851)	6,405,304	5,709,233	-
Differences between expected and actual experience	1,488,563	-	(6,208,876)	-	(1,380,667)	(977,897)	(6,819,270)	(14,523)
Benefit payments	(1,530,328)	(1,191,996)	(921,526)	(920,541)	(920,212)	(797,221)	(664,106)	(626,864)
Net change in total OPEB liability	695,828	713,910	(7,058,563)	4,461,269	(6,467,717)	6,851,595	538,748	1,564,576
Total OPEB liability - beginning	20,191,407	19,477,497	26,536,060	22,054,791	28,522,508	21,670,913	21,132,165	19,567,589
Total OPEB liability - ending (a)	\$ 20,887,235	\$ 20,191,407	\$ 19,477,497	\$ 26,536,060	\$ 22,054,791	\$ 28,522,508	\$ 21,670,913	\$ 21,132,165
Plan fiduciary net position:								
Employer contributions	\$ 2,330,328	\$ 1,991,996	\$ 1,721,526	\$ 1,919,600	\$ 1,340,212	\$ 1,779,721	\$ 712,123	\$ 1,081,965
Net investment income	1,505,510	1,312,710	(1,459,951)	1,213,456	798,868	965,101	(234,184)	482,106
Retiree health program premiums	(1,530,328)	(1,191,996)	(921,123)	(920,541)	(920,212)	(797,221)	(664,106)	(626,864)
Administrative expenses	(105,356)	(111,359)	(106,417)	(85,860)	(85,401)	(72,470)	(60,625)	(63,674)
Net change in plan net position	2,200,154	2,001,351	(765,965)	2,126,655	1,133,467	1,875,131	(246,792)	873,533
Plan fiduciary net position - beginning	10,742,141	8,740,790	9,506,755	7,380,100	6,246,633	4,371,502	4,618,294	3,744,761
Plan fiduciary net position - ending (b)	12,942,295	10,742,141	8,740,790	9,506,755	7,380,100	6,246,633	4,371,502	4,618,294
Net OPEB liability (a) - (b)	\$ 7,944,940	\$ 9,449,266	\$ 10,736,707	\$ 17,029,305	\$ 14,674,691	\$ 22,275,875	\$ 17,299,411	\$ 16,513,871
Plan fiduciary net position as a percentage of total OPEB liability	61.96%	53.20%	44.88%	35.83%	33.46%	21.90%	20.17%	21.85%
Net OPEB liability as a percentage of covered payroll	39.53%	50.29%	56.17%	90.32%	78.17%	119.12%	94.75%	88.31%
Covered payroll	\$ 20,097,906	\$ 18,791,331	\$ 19,113,714	\$ 18,853,765	\$ 18,772,064	\$ 18,699,654	\$ 18,257,949	\$ 18,699,084

The above schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Plan will present information for those years with available information.

The following assumptions did not change since the last actuarial valuation: The long term return on assets is still at 6.00%, the discount rate is at 5.50%, and the health care cost trend rate in the previous year was 3.90% and slowly decreasing to 3.90% by 2076 and thereafter.

San José State University Research Foundation
Required Supplementary Information (Unaudited)

Schedule of Employer Contributions

Years Ended June 30,	Actuarial Determined Contributions	Contributions in Relation to Actuarial Determined Contributions	Contributions Deficiency	Covered Payroll	Contribution as a Percentage of Covered Payroll
2025	\$ 1,536,586	\$ 2,298,102	\$ (761,516)	\$ 20,700,843	11%
2024	1,526,753	2,351,097	(824,344)	19,454,309	12%
2023	2,053,987	1,852,765	201,222	19,547,571	9%
2022	2,027,800	1,916,131	111,669	18,682,806	10%
2021	1,961,380	1,366,172	595,208	18,433,843	7%
2020	1,949,222	1,382,980	566,242	18,925,008	7%
2019	1,936,755	1,234,023	702,732	18,474,300	7%
2018	1,859,099	1,085,528	773,571	18,408,773	6%

The above schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Plan will present information for those years with available information.

San José State University Research Foundation

Notes to Required Supplementary Information

The total OPEB liability and contributions in relation to actuarially determined contributions take into consideration the implicit rate subsidy, which is actuarially determined and represents a subsidy toward pre-Medicare retiree medical costs paid via active employee premiums since the claims from both active and retired employees are combined to calculate a blended premium. The implicit rate subsidy toward the Foundation's eligible retirees was \$223,737 in 2023, which was recognized both as employer contribution and benefit payments in the statement of changes in fiduciary net position – Research Organizations Retiree Medical Trust for the year ended December 31, 2024.

Employer lump-sum contribution	\$ 1,502,796
Implicit rate subsidy	<u>120,877</u>
Total employer contributions	<u>\$ 1,623,673</u>

San José State University Research Foundation

**Schedule of Net Position
(for inclusion in the California State University Financial Statements)**

June 30, 2025

Assets:

Current assets:

Cash and cash equivalents	\$ 3,218,081
Short-term investments	23,524,942
Accounts receivable, net	21,463,549
Lease receivable, current portion	5,760
P3 receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	-
Prepaid expenses and other current assets	475,457
Total current assets	48,687,789

Noncurrent assets:

Restricted cash and cash equivalents	25,392
Accounts receivable, net	-
Lease receivable, net of current portion	-
P3 receivable, net of current portion	-
Notes receivable, net of current portion	-
Student loans receivable, net	-
Pledges receivable, net	-
Endowment investments	-
Other long-term investments	3,139,934
Capital assets, net	17,254,901
Other assets	-
Total noncurrent assets	20,420,227
Total assets	69,108,016

Deferred outflows of resources:

Unamortized loss on debt refunding	-
Net pension liability	-
Net OPEB liability	7,585,404
Leases	-
P3	-
Others	-
Total deferred outflows of resources	7,585,404

San José State University Research Foundation

**Schedule of Net Position
(for inclusion in the California State University Financial Statements)**

June 30, 2025

Liabilities:

Current liabilities:

Accounts payable	10,245,408
Accrued salaries and benefits	2,152,975
Accrued compensated absences, current portion	1,763,688
Unearned revenues	7,320,865
Lease liabilities, current portion	6,816
SBITA liabilities - current portion	559,282
P3 liabilities - current portion	-
Long-term debt obligations, current portion	-
Claims liability for losses and loss adjustment expenses, current portion	-
Depository accounts	-
Other liabilities	4,049,390
Total current liabilities	26,098,424

Noncurrent liabilities:

Accrued compensated absences, net of current portion	196,059
Unearned revenues	-
Grants refundable	-
Lease liabilities, net of current portion	8,868
SBITA liabilities, net of current portion	1,295,483
P3 liabilities, net of current portion	-
Long-term debt obligations, net of current portion	-
Claims liability for losses and loss adjustment expenses, net of current portion	-
Depository accounts	-
Net other postemployment benefits liability	7,944,940
Net pension liability	-
Other liabilities	150,789
Total noncurrent liabilities	9,596,139
Total liabilities	35,694,563

Deferred inflows of resources:

P3 service concession arrangements	-
Net pension liability	-
Net OPEB liability	12,346,101
Unamortized gain on debt refunding	-
Nonexchange transactions	-
Lease	7,407
P3	-
Others	-
Total deferred inflows of resources	12,353,508

San José State University Research Foundation

Schedule of Net Position

(for inclusion in the California State University Financial Statements)

June 30, 2025

Net position:

Net investment in capital assets	15,384,452
Restricted for:	
Nonexpendable – endowments	-
Expendable:	
Scholarships and fellowships	55,750
Research	34,070
Loans	-
Capital projects	-
Debt service	-
Others	-
Unrestricted	<u>13,171,077</u>
Total net position	<u>\$ 28,645,349</u>

San José State University Research Foundation

**Schedule of Revenue, Expenses, and Changes in Net Position
(for inclusion in the California State University Financial Statements)**

June 30, 2025

Revenues:

Operating revenues:

Student tuition and fees, gross	\$	-
Scholarship allowances (enter as negative)		-

Grants and contracts, noncapital:

Federal	52,510,230
State	18,348,450
Local	2,045,237
Nongovernmental	1,984,759
Sales and services of educational activities	-
Sales and services of auxiliary enterprises, gross	-
Scholarship allowances (enter as negative)	-
Other operating revenues	6,109,602
Total operating revenues	80,998,278

Expenses:

Operating expenses:

Instruction	18,154,543
Research	51,493,862
Public service	907
Academic support	550,910
Student services	219,871
Institutional support	7,782,344
Operation and maintenance of plant	859,276
Student grants and scholarships	5,408,911
Auxiliary enterprise expenses	-
Depreciation and amortization	3,059,884
Total operating expenses	87,530,508
Operating income (loss)	(6,532,230)

San José State University Research Foundation

**Schedule of Revenue, Expenses, and Changes in Net Position
(for inclusion in the California State University Financial Statements)**

June 30, 2025

Nonoperating revenues (expenses):

State appropriations, noncapital	-
Federal financial aid grants, noncapital	3,177,299
State financial aid grants, noncapital	2,078,021
Local financial aid grants, noncapital	76,700
Nongovernmental and other financial aid grants, noncapital	29,648
Other federal nonoperating grants, noncapital	-
Gifts, noncapital	4,046,979
Investment income (loss), net	2,865,318
Endowment income (loss), net	-
Interest expense	(61,871)
Other nonoperating revenues (expenses)	(665,674)
Net nonoperating revenues (expenses)	<u>11,546,420</u>
Income (loss) before other revenues (expenses)	<u>5,014,190</u>

State appropriations, capital	-
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	-
Increase (decrease) in net position	<u>5,014,190</u>

Net position:

Net position at beginning of year, as previously reported	23,888,635
Restatements	(257,476)
Net position at beginning of year, as restated	<u>23,631,159</u>
Net position at end of year	<u><u>\$ 28,645,349</u></u>

San José State University Research Foundation

Other Information

June 30, 2025

1 Cash and cash equivalents:

Portion of restricted cash and cash equivalents related to endowments	\$	-
All other restricted cash and cash equivalents		25,392
Noncurrent restricted cash and cash equivalents		25,392
Current cash and cash equivalents		3,218,081
Total	\$	3,243,473

2.1 Composition of investments:

Investment Type	Current	Noncurrent	Total
Money market funds	\$ 1,241,766	\$ -	\$ 1,241,766
Repurchase agreements	-	-	-
Certificates of deposit	-	-	-
U.S. agency securities	-	-	-
U.S. treasury securities	2,591,097	-	2,591,097
Municipal bonds	-	-	-
Corporate bonds	4,127,005	-	4,127,005
Asset backed securities	-	-	-
Mortgage backed securities	-	-	-
Commercial paper	-	-	-
Supranational	-	-	-
Mutual funds	2,678,291	-	2,678,291
Exchange traded funds	1,265,957	-	1,265,957
Equity securities	10,802,154	-	10,802,154
Alternative investments:	-	-	-
Private equity (including limited partnerships)	-	2,424,127	2,424,127
Hedge funds	-	-	-
Managed futures	-	-	-

San José State University Research Foundation

Other Information

June 30, 2025

Real estate investments (including REITs)	-	715,807	715,807
Commodities	-	-	-
Derivatives	-	-	-
Other alternative investment types	-	-	-
Other external investment pools	-	-	-
CSU Consolidated Investment Pool (formerly SWIFT)	-	-	-
State of California Local Agency Investment Fund (LAIF)	818,672	-	818,672
State of California Surplus Money Investment Fund (SMIF)	-	-	-
Other investments:	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
Total other investments:	-	-	-
Total investments	23,524,942	3,139,934	26,664,876
Less endowment investments (enter as negative number)	-	-	-
Total investments, net of endowments	\$ 23,524,942	\$ 3,139,934	\$ 26,664,876

San José State University Research Foundation

Other Information

June 30, 2025

2.2 Fair value hierarchy in investments:

Investment Type	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value (NAV)
Money market funds	\$ 1,241,766	\$ 1,241,766	\$ -	\$ -	\$ -
Repurchase agreements	-	-	-	-	-
Certificates of deposit	-	-	-	-	-
U.S. agency securities	-	-	-	-	-
U.S. treasury securities	2,591,097	-	2,591,097	-	-
Municipal bonds	-	-	-	-	-
Corporate bonds	4,127,005	103,823	4,023,182	-	-
Asset backed securities	-	-	-	-	-
Mortgage backed securities	-	-	-	-	-
Commercial paper	-	-	-	-	-
Supranational	-	-	-	-	-
Mutual funds	2,678,291	2,678,291	-	-	-
Exchange traded funds	1,265,957	1,265,957	-	-	-
Equity securities	10,802,154	10,802,154	-	-	-
Alternative investments:		-	-	-	-
Private equity (including limited partnerships)	2,424,127	-	-	-	2,424,127
Hedge funds	-	-	-	-	-
Managed futures	-	-	-	-	-
Real estate investments (including REITs)	715,807	-	-	-	715,807
Commodities	-	-	-	-	-
Derivatives	-	-	-	-	-
Other alternative investment types	-	-	-	-	-
Other external investment pools	-	-	-	-	-
CSU Consolidated Investment Pool (formerly SWIFT)	-	-	-	-	-
State of California Local Agency Investment Fund (LAIF)	818,672	-	-	-	818,672

San José State University Research Foundation

Other Information

June 30, 2025

State of California Surplus Money Investment Fund (SMIF)	-	-	-	-	-
Other investments:	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
Total other investments:	-	-	-	-	-
Total investments	\$ 26,664,876	\$ 16,091,991	\$ 6,614,279	\$ -	\$ 3,958,606

2.3 Investments held by the University under contractual agreements:

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

San José State University Research Foundation

Other Information

June 30, 2025

3.1 Capital Assets, excluding ROU assets:

Composition of capital assets, excluding ROU assets:

	Balance June 30, 2024	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2024 (Restated)	Additions	Retirements	Transfer of completed CWIP/PWIP	Balance June 30, 2025
Non-depreciable/Non-amortizable capital assets:									
Land and land improvements	\$ 5,176,529	\$ -	\$ -	\$ -	\$ 5,176,529	\$ -	\$ -	\$ -	\$ 5,176,529
Works of art and historical treasures	-	-	-	-	-	-	-	-	-
Construction work in progress (CWIP)	1,448,768	-	-	-	1,448,768	2,474,966	-	(1,580,993)	2,342,741
Intangible assets:									
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Intangible assets in progress (PWIP)	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:	-	-	-	-	-	-	-	-	-
Total Other intangible assets	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total non-depreciable/non-amortizable capital assets	\$ 6,625,297	\$ -	\$ -	\$ -	\$ 6,625,297	\$ 2,474,966	\$ -	\$ (1,580,993)	\$ 7,519,270
Depreciable/Amortizable capital assets:									
Buildings and building improvements	\$ 6,705,476	\$ -	\$ -	\$ -	\$ 6,705,476	\$ 265,062	\$ (266,059)	\$ -	\$ 6,704,479
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	812,626	-	-	-	812,626	-	-	-	812,626
Personal property:									
Equipment	12,089,782	-	-	-	12,089,782	1,484,752	(420,676)	1,580,993	14,734,851
Library books and materials	-	-	-	-	-	-	-	-	-
Intangible assets:									
Software and websites	-	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:	-	-	-	-	-	-	-	-	-
Total Other intangible assets	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total depreciable/amortizable capital assets	19,607,884	-	-	-	19,607,884	1,749,814	(686,735)	1,580,993	22,251,956
Total capital assets	26,233,181	-	-	-	26,233,181	4,224,780	(686,735)	-	29,771,226

San José State University Research Foundation

Other Information

June 30, 2025

Less accumulated depreciation/amortization: (enter as negative number, except for reductions enter as positive number)

Buildings and building improvements	(4,571,327)	-	-	-	(4,571,327)	(928,869)	548,674	-	(4,951,522)
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	(792,744)	-	-	-	(792,744)	(8,542)	-	-	(801,286)
Personal property:									
Equipment	(8,829,518)	-	-	-	(8,829,518)	(1,323,404)	420,676	-	(9,732,246)
Library books and materials	-	-	-	-	-	-	-	-	-
Intangible assets:									
Software and websites	-	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:									
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Total Other intangible assets	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	(14,193,589)	-	-	-	(14,193,589)	(2,260,815)	969,350	-	(15,485,054)
Total capital assets, net excluding ROU assets	\$ 12,039,592	\$ -	\$ -	\$ -	\$ 12,039,592	\$ 1,963,965	\$ 282,615	\$ -	\$ 14,286,172

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Other Information

June 30, 2025

Capital Assets, Right of Use

Composition of capital assets - Lease ROU, net:	Balance June 30, 2024	Prior Period Reclassifications	Prior Period Additions	Prior Period Reductions	Balance June 30, 2024 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2025
Non-depreciable/Non-amortizable lease assets:									
Land and land improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total non-depreciable/non-amortizable lease assets	-	-	-	-	-	-	-	-	-
Depreciable/Amortizable lease assets:									
Land and land improvements	-	-	-	-	-	-	-	-	-
Buildings and building improvements	1,980,938	-	-	-	1,980,938	22,315	-	(1,980,938)	22,315
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	-	-	-	-	-	-	-	-	-
Total depreciable/amortizable lease assets	1,980,938	-	-	-	1,980,938	22,315	-	(1,980,938)	22,315
Less accumulated depreciation/amortization: (enter as negative number, except for reductions enter as positive number)									
Land and land improvements	-	-	-	-	-	-	-	-	-
Buildings and building improvements	(1,697,840)	-	-	-	(1,697,840)	(6,023)	-	1,697,840	(6,023)
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	-	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	(1,697,840)	-	-	-	(1,697,840)	(6,023)	-	1,697,840	(6,023)
Total capital assets - lease ROU, net	\$ 283,098	\$ -	\$ -	\$ -	\$ 283,098	\$ 16,292	\$ -	\$ (283,098)	\$ 16,292

San José State University Research Foundation

Other Information

June 30, 2025

	Balance June 30, 2024	Reclassifications	Prior Period Additions	Prior Period Reductions	Balance June 30, 2024 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2025
Composition of capital assets - SBITA ROU, net									
Depreciable/Amortizable SBITA assets:									
Software	\$ 3,580,518	\$ -	\$ -	\$ -	\$ 3,580,518	\$ 473,366	\$ -	\$ -	\$ 4,053,884
Total depreciable/amortizable SBITA assets	3,580,518	-	-	-	3,580,518	473,366	-	-	4,053,884
Less accumulated depreciation/amortization:									
Software	(308,401)	-	-	-	(308,401)	(793,046)	-	-	(1,101,447)
Total accumulated depreciation/amortization	(308,401)	-	-	-	(308,401)	(793,046)	-	-	(1,101,447)
Total capital assets - SBITA ROU, net	\$ 3,272,117	\$ -	\$ -	\$ -	\$ 3,272,117	\$ (319,680)	\$ -	\$ -	\$ 2,952,437

	Balance June 30, 2024	Reclassifications	Prior Period Additions	Prior Period Reductions	Balance June 30, 2024 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2025
Composition of capital assets - P3 ROU, net:									
Non-depreciable/Non-amortizable P3 assets:									
Land and land improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total non-depreciable/non-amortizable P3 assets	-	-	-	-	-	-	-	-	-
Depreciable/Amortizable P3 assets:									
Land and land improvements	-	-	-	-	-	-	-	-	-
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	-	-	-	-	-	-	-	-	-
Total depreciable/amortizable P3 assets	-	-	-	-	-	-	-	-	-
Less accumulated depreciation/amortization:									
Land and land improvements	-	-	-	-	-	-	-	-	-
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	-	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	-	-	-	-	-	-	-	-	-
Total capital assets - P3 ROU, net	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total capital assets, net including ROU assets	\$ 17,254,901								

San José State University Research Foundation

Other Information

June 30, 2025

3.2 Detail of depreciation and amortization expense:

Depreciation and amortization expense related to capital assets	\$	2,260,815
Amortization expense - Leases ROU		6,023
Amortization expense - SBITA ROU		793,046
Amortization expense - P3 ROU		-

Depreciation and Amortization expense - Others

Total depreciation and amortization

\$ 3,059,884

4 Long-term liabilities:

	Balance June 30, 2024	Prior Period Adjustments/ Reclassifications	Balance June 30, 2024 (Restated)	Additions	Reductions	Balance June 30, 2025	Current Portion	Noncurrent Portion
1. Accrued compensated absences	\$ 1,446,357	\$ 257,475	\$ 1,703,832	\$ 255,915	\$ -	\$ 1,959,747	\$ 1,763,688	\$ 196,059
2. Claims liability for losses and loss adjustment expenses	-	-	-	-	-	-	-	-
3. Capital lease obligations (pre-ASC 842):								
Gross balance	-	-	-	-	-	-	-	-
Unamortized net premium/(discount)	-	-	-	-	-	-	-	-
Total capital lease obligations (pre ASC 842)	-	-	-	-	-	-	-	-
4. Long-term debt obligations:								
4.1 Auxiliary revenue bonds (non-SRB related)	-	-	-	-	-	-	-	-
4.2 Commercial paper	-	-	-	-	-	-	-	-
4.3 Notes payable (SRB related)	-	-	-	-	-	-	-	-
4.4 Finance purchase of capital assets	-	-	-	-	-	-	-	-
4.5 Others:								
Total others	-	-	-	-	-	-	-	-
Sub-total long-term debt	-	-	-	-	-	-	-	-
4.6 Unamortized net bond premium/(discount)	-	-	-	-	-	-	-	-
Total long-term debt obligations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

San José State University Research Foundation

Other Information

June 30, 2025

	Balance June 30, 2024	Prior Period Adjustments/ Reclassifications	Additions	Remeasurements	Reductions	Balance June 30, 2025	Current Portion	Noncurrent Portion
5. Lease, SBITA, P3 liabilities:								
Lease liabilities	\$ 307,698	\$ -	\$ 22,315	\$ -	\$ (314,329)	\$ 15,684	\$ 6,816	\$ 8,868
SBITA liabilities	2,957,214	-	248,427	-	(1,350,876)	1,854,765	559,282	1,295,483
P3 liabilities - SCA	-	-	-	-	-	-	-	-
P3 liabilities - non-SCA	-	-	-	-	-	-	-	-
Sub-total P3 liabilities	-	-	-	-	-	-	-	-
Total Lease, SBITA, P3 liabilities	\$ 3,264,912	\$ -	\$ 270,742	\$ -	\$ (1,665,205)	\$ 1,870,449	\$ 566,098	\$ 1,304,351
Total long-term liabilities						\$ 3,830,196	\$ 2,329,786	\$ 1,500,410

5 Future minimum payments schedule - leases, SBITA, P3:

Year ending June 30:	Lease Liabilities			SBITA liabilities			Public-Private or Public-Public Partnerships (P3)			Total Leases, SBITA, P3 liabilities		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
2026	\$ 6,816	\$ 730	\$ 7,546	\$ 559,282	\$ 71,970	\$ 631,252	\$ -	\$ -	\$ -	\$ 566,098	\$ 72,700	\$ 638,798
2027	4,655	409	5,064	599,240	44,815	644,055	-	-	-	603,895	45,224	649,119
2028	3,210	119	3,329	629,971	16,281	646,252	-	-	-	633,181	16,400	649,581
2029	1,003	17	1,020	66,272	372	66,644	-	-	-	67,275	389	67,664
2030	-	-	-	-	-	-	-	-	-	-	-	-
2031 - 2035	-	-	-	-	-	-	-	-	-	-	-	-
2036 - 2040	-	-	-	-	-	-	-	-	-	-	-	-
2041 - 2045	-	-	-	-	-	-	-	-	-	-	-	-
2046 - 2050	-	-	-	-	-	-	-	-	-	-	-	-
2051 - 2055	-	-	-	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-	-	-	-
Total minimum lease payments	\$ 15,684	\$ 1,275	\$ 16,959	\$ 1,854,765	\$ 133,438	\$ 1,988,203	\$ -	\$ -	\$ -	\$ 1,870,449	\$ 134,713	\$ 2,005,162
Less: amounts representing interest												(134,713)
Present value of future minimum lease payments												1,870,449
Total Leases, SBITA, P3 liabilities												1,870,449
Less: current portion												(566,098)
Leases, SBITA, P3 liabilities, net of current portion												\$ 1,304,351

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Other Information

June 30, 2025

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

	Auxiliary revenue bonds (non-SRB related)			All other long-term debt obligations			Total long-term debt obligations		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
Year ending June 30:									
2026	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2027	-	-	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-	-	-
2029	-	-	-	-	-	-	-	-	-
2030	-	-	-	-	-	-	-	-	-
2031 - 2035	-	-	-	-	-	-	-	-	-
2036 - 2040	-	-	-	-	-	-	-	-	-
2041 - 2045	-	-	-	-	-	-	-	-	-
2046 - 2050	-	-	-	-	-	-	-	-	-
2051 - 2055	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-
Total minimum payments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less: amounts representing interest									-
Present value of future minimum payments									-
Unamortized net premium/(discount)									-
Total long-term debt obligations									-
Less: current portion									-
Long-term debt obligations, net of current portion									\$ -

7 Transactions with related entities:

Payments to University for salaries of University personnel working on contracts, grants, and other programs	-
Payments to University for other than salaries of University personnel	10,494,620
Payments received from University for services, space, and programs	
Gifts-in-kind to the University from discretely presented component units	-
Gifts (cash or assets) to the University from discretely presented component units	-
Accounts (payable to) University	(1,490,019)
Other amounts (payable to) University	(90,286)
Accounts receivable from University	-
Other amounts receivable from University	-

San José State University Research Foundation

Other Information

June 30, 2025

8 Restatements

Provide a detailed breakdown of the journal entries (at the financial statement line items level) booked to record each restatement:

Note: Additional account details can be found in the Table of Object Codes and CSU Fund Definitions

Restatement #1	Enter transaction description	Debit/(Credit)
Accounting Change — Accounting Principle	Unrestricted net position	\$ 257,476
	Compensated absences	(257,476)
		-
		\$ -

9 Natural classifications of operating expenses:

	Salaries	Benefits - Other	Benefits - Pension	Benefits - OPEB	Scholarships and fellowships	Supplies and other services	Depreciation and amortization	Total operating expenses
Instruction	\$ 5,989,387	\$ 1,932,406	\$ -	\$ -	\$ -	\$ 10,232,750	\$ -	\$ 18,154,543
Research	26,131,995	6,481,713	-	148,853	-	18,731,301	-	51,493,862
Public service	781	67	-	-	-	59	-	907
Academic support	262,971	58,953	-	-	-	228,986	-	550,910
Student services	41,061	8,088	-	-	-	170,722	-	219,871
Institutional support	5,299,880	1,132,729	1,349,735	-	-	-	-	7,782,344
Operation and maintenance of plant	-	-	-	-	-	859,276	-	859,276
Student grants and scholarships	-	-	-	-	5,408,911	-	-	5,408,911
Auxiliary enterprise expenses	-	-	-	-	-	-	-	-
Depreciation and amortization	-	-	-	-	-	-	3,059,884	3,059,884
Total operating expenses	\$ 37,726,075	\$ 9,613,956	\$ 1,349,735	\$ 148,853	\$ 5,408,911	\$ 30,223,094	\$ 3,059,884	\$ 87,530,508

Select type of pension plan >>

Defined Contribution Plan

San José State University Research Foundation

Other Information

June 30, 2025

10 Deferred outflows/inflows of resources:

1. Deferred Outflows of Resources

Deferred outflows - unamortized loss on refunding(s)	\$	-
Deferred outflows - net pension liability		-
Deferred outflows - net OPEB liability		7,585,404
Deferred outflows - leases		-
Deferred outflows - P3		-
Deferred outflows - others:		-
Total deferred outflows of resources	\$	7,585,404

2. Deferred Inflows of Resources

Deferred inflows - service concession arrangements	\$	-
Deferred inflows - net pension liability		-
Deferred inflows - net OPEB liability		12,346,101
Deferred inflows - unamortized gain on debt refunding(s)		-
Deferred inflows - nonexchange transactions		-
Deferred inflows - leases		7,407
Deferred inflows - P3		-
Deferred inflows - others:		-
Sales/intra-entity transfers of future revenues		-
Gain/loss on sale leaseback		-
Loan origination fees and costs		-
Change in fair value of hedging derivative instrument		-
Irrevocable split-interest agreements		-
Total deferred inflows - others		-
Total deferred inflows of resources	\$	12,353,508

San José State University Research Foundation

Other Information

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11 Other nonoperating revenues (expenses)

Other nonoperating revenues

Other nonoperating (expenses)

Total other nonoperating revenues (expenses)

\$	(665,674)
\$	(665,674)