SDSU | Research Foundation

(a Component Unit of San Diego State University)

Financial Statements and Supplementary Information

June 30, 2026 and 2025

(With Independent Auditors' Report Thereon)

SDSU | Research Foundation

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
San Diego 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 the aggregate remaining fund information of San Diego State University Research Foundation (a California State University Auxiliary Organization and Component Unit of San Diego State University) ("SDSU Research Foundation"), as of June 30, 2026 and 2025, and the related notes to the financial statements, which collectively comprise SDSU Research Foundation's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the business-type activities and the aggregate remaining fund information of SDSU Research Foundation as of June 30, 2026 and 2025, and the respective changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinions

We conducted our audits of the financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SDSU Research Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of management for the financial statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about SDSU Research Foundation's ability to continue as a going concern for

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twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the SDSU Research Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SDSU Research Foundation's ability to continue as a going concern for a reasonable period of time.

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

Required supplementary information
Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis, the Schedule of Changes in SDSU Research Foundation's Net OPEB Asset (Liability) and Related Ratios Last Nine Fiscal Years, and the Schedule of SDSU Research Foundation Contributions Last Nine Fiscal Years, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited

procedures to the required supplementary information in accordance with US GAAS. These limited procedures consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other reporting required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2026 on our consideration of SDSU Research Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of SDSU Research Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SDSU Research Foundation's internal control over financial reporting and compliance.

Grant Thornton LLP

San Diego, California
September 25, 2026

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

Board of Directors
San Diego State University Research Foundation

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the business type activities and the aggregate remaining fund information of San Diego State University Research Foundation (a California State University Auxiliary Organization and Component Unit of San Diego State University) ("SDSU Research Foundation"), as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise SDSU Research Foundation's basic financial statements and have issued our report thereon dated September 25, 2026.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of SDSU Research Foundation's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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Report on compliance and other matters
As part of obtaining reasonable assurance about whether the SDSU Research Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

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

Grant Thornton LLP

San Diego, California
September 25, 2026

SDSU Research Foundation

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

This section of the San Diego State University Foundation (dba San Diego State University (SDSU) Research Foundation) annual financial report includes management's discussion and analysis of the financial performance of SDSU Research Foundation for fiscal years (FY) ended June 30, 2026 and 2025. This discussion should be read in conjunction with the financial statements and notes.

SDSU Research Foundation is a nonprofit auxiliary organization and component unit of San Diego State University. SDSU Research Foundation supports the University by providing administrative, financial, and operational services for sponsored research, campus programs, property management, and self-supporting activities. It administers grants and contracts, manages facilities and leased properties, and provides key business functions including payroll, accounting, procurement, budgeting, and financial reporting.

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

Overview of the Financial Statements

The Statements of Net Position present assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of June 30, 2026 and 2025. Net position is reported as net investment in capital assets, restricted nonexpendable, restricted expendable, and unrestricted.

The Statements of Revenues, Expenses, and Changes in Net Position present operating revenues and expenses, noncapital subsidies, capital subsidies, other nonoperating revenues and expenses, unusual or infrequent items, if any, and the resulting change in net position. The FY 2026 presentation reflects implementation of GASB Statement No. 103, *Financial Reporting Model Improvements*, including separate presentation of noncapital subsidies and revised presentation requirements for other nonoperating and unusual or infrequent items. Implementation changes the presentation and classification of certain transactions but does not change net income, net position, or cash and cash equivalents.

The Statements of Cash Flows present inflows and outflows of cash by operating activities, capital and related financing activities, and investing activities. The statements are prepared using the direct method and therefore present gross cash receipts and payments.

The Statements of Fiduciary Net Position and Statements of Changes in Fiduciary Net Position present fiduciary activities, including the other postemployment benefit (OPEB) trust funds and custodial funds. These resources are reported separately because they are held in a fiduciary capacity and are not available to support SDSU Research Foundation's business-type activities.

Financial Summary

FY 2026 produced a significantly stronger financial result than FY 2025. Total net position increased $17.4 million, or 14.4%, from $120.3 million at June 30, 2025 to $137.6 million at June 30, 2026. By comparison, total net position increased $2.6 million, or 2.2%, in FY 2025 and $4.2 million in FY 2024.

The FY 2026 improvement was driven primarily by stronger KPBS Public Media (KPBS) support and lower operating expenses. Under GASB Statement No. 103, qualifying KPBS support previously included within contributions is presented separately as a noncapital subsidy, providing greater visibility into the extent to which this support contributes to financial results. On a conformed basis, KPBS support increased $12.8 million, from $20.4 million in FY 2025 to $33.2 million in FY 2026, reflecting a strong community response to expanded fundraising - membership efforts following the elimination of recurring federal support from the Corporation for Public Broadcasting.

Operating revenues decreased $7.1 million in FY 2026, primarily because sponsored program support and other operating revenues declined, partially offset by higher community and campus program revenue and rental income. Operating expenses decreased $5.8 million, reflecting lower sponsored program and general administration expenses, partially offset by increases in community and campus program, fundraising - broadcasting, and property management expenses. Because operating revenues declined more than operating expenses, the operating loss increased $1.3 million. After including noncapital subsidies, SDSU Research Foundation reported income of $11.4 million in FY 2026, compared with a loss of $0.1 million in FY 2025.

FY 2026 results also benefited from stronger investment performance, lower interest expense, and the absence of the $1.6 million capital subsidy outflow reported in FY 2025. Unrestricted net position increased by $21.0 million, while restricted expendable net position declined primarily as KPBS capital campaign resources were used for their intended purposes.

FY 2025 results reflected continued growth in sponsored program activity, with sponsored program support increasing $19.6 million from FY 2024. The benefit of that growth was largely offset by higher sponsored program and other operating expenses, together with increased KPBS capital campaign transfers. Consequently, net position increased $2.6 million in FY 2025, compared with an increase of $4.2 million in FY 2024.

Detailed Analysis

Analysis of Financial Position

Condensed Summary of Net Position (SNP) as of June 30, 2026, 2025, 2024 follows:

	June 30				
	2026		2025		2024
	Amount	Change	Amount	Change	Amount
Assets					
Current assets	$ 102,716,293	$ (8,749,466)	$ 111,465,759	$ (158,212)	$ 111,623,971
Capital assets, net	52,107,877	(4,135,182)	56,243,059	(6,239,903)	62,482,962
Other noncurrent assets	148,170,438	20,096,595	128,073,843	5,867,850	122,205,993
Total assets	302,994,608	7,211,947	295,782,661	(530,265)	296,312,926
Deferred Outflows of Resources	1,769,923	123,731	1,646,192	(755,048)	2,401,240
Liabilities					
Current Liabilities	51,443,547	(6,213,378)	57,656,926	(12,383,749)	70,040,675
Noncurrent liabilities	52,265,238	(1,943,348)	54,208,586	(102,873)	54,311,459
Total liabilities	103,708,785	(8,156,726)	111,865,512	(12,486,622)	124,352,134
Deferred Inflows of Resources	63,434,634	(1,877,333)	65,311,967	8,600,089	56,711,878
Net Position					
Net investment in capital assets	25,398,450	355,561	25,042,889	(3,939,069)	28,981,958
Restricted					
Nonexpendable	7,412,222	85,578	7,326,644	63,946	7,262,698
Expendable	16,068,486	(4,097,522)	20,166,008	(2,776,355)	22,942,363
Unrestricted	88,741,954	21,026,121	67,715,833	9,252,698	58,463,135
Total net position	$ 137,621,112	$ 17,369,738	$ 120,251,374	$ 2,601,220	$ 117,650,154

Total assets increased $7.2 million, or 2.4%, from $295.8 million at June 30, 2025 to $303.0 million at June 30, 2026. The increase was driven by a $20.1 million increase in other noncurrent assets, partially offset by an $8.8 million decrease in current assets and a $4.1 million decrease in capital assets, net. Total assets decreased $0.5 million, or 0.2%, in FY 2025, as the $6.2 million decrease in capital assets, net, more than offset the $5.9 million increase in other noncurrent assets.

	June 30		
	2026	2025	2024
Current assets			
Cash and cash equivalents	$ 7,264,682	$ 15,030,593	$ 12,655,046
Short-term investments	59,180,196	50,251,601	44,875,881
Restricted assets - short-term investments	243,879	5,541,385	6,866,720
Accounts and pledges receivable, net	31,810,407	34,157,612	41,540,737
Leases and PPP receivable	2,771,999	4,630,463	4,062,345
Notes receivable - current portion	837,199	763,699	763,699
Prepaid expenses	607,931	1,090,406	859,543
Total current assets	$ 102,716,293	$ 111,465,759	$ 111,623,971

Current assets decreased $8.8 million, or 7.8%, from $111.5 million at June 30, 2025 to $102.7 million at June 30, 2026. Cash and cash equivalents decreased $7.8 million, restricted short-term investments decreased $5.3 million, accounts and pledges receivable decreased $2.3 million, and current lease and

public-private partnership (PPP) receivables decreased $1.9 million. These decreases were partially offset by an $8.9 million increase in short-term investments. The decrease in cash and restricted short-term investments, together with increases in short-term and long-term investments, reflects management's deployment of available liquidity into investment holdings based on anticipated operating and liquidity needs. The reduction in accounts and pledges receivable primarily reflects lower sponsored program receivables and the timing of collections at year-end. In FY 2025, current assets remained relatively stable, as increases in cash, short-term investments, and current lease receivables were largely offset by decreases in accounts and pledges receivable and restricted short-term investments.

	June 30		
	2026	2025	2024
Other Noncurrent assets			
Pledges receivable, net	$ 459,663	$ 482,864	$ 279,156
Long-term investments	52,835,709	35,158,170	39,502,726
Restricted assets - investments	22,130,751	20,198,503	19,057,512
Restricted assets - land	2,308,532	2,308,532	2,308,532
Leases and PPP receivable	59,698,182	59,536,675	50,251,340
Notes receivable - net of current portion	2,967,997	3,878,696	4,715,895
Other assets	7,769,604	6,510,403	6,090,832
Total noncurrent assets	$ 148,170,438	$ 128,073,843	$ 122,205,993

Other noncurrent assets, excluding capital assets, increased $20.1 million, or 15.7%, from $128.1 million at June 30, 2025 to $148.2 million at June 30, 2026. The increase was primarily attributable to a $17.7 million increase in long-term investments, a $1.9 million increase in restricted investments, and a $1.3 million increase in other assets, partially offset by a $0.9 million decrease in noncurrent notes receivable. The increase in other assets primarily reflects growth in the net OPEB asset. The increase in long-term investments is consistent with management's repositioning of liquidity among cash, short-term investments, and long-term investments and with the positive investment performance reported during the year. In FY 2025, other noncurrent assets increased $5.9 million, primarily because of higher lease and PPP receivables and restricted investments, partially offset by lower long-term investments and notes receivable.

Capital assets, net, decreased $4.1 million, or 7.4%, from $56.2 million at June 30, 2025 to $52.1 million at June 30, 2026. Capital asset additions during FY 2026 were more than offset by depreciation and amortization and the net effect of asset retirements and other reductions. In FY 2025, capital assets, net, decreased $6.2 million, or 10.0%, also because depreciation and amortization and other reductions exceeded additions. FY 2026 capital asset activity is discussed in more detail in the Significant Capital Asset and Long-Term Financing Activity section.

	June 30		
	2026	2025	2024
Deferred Outflows of Resources			
Total deferred outflows of resources	$ 1,769,923	$ 1,646,192	$ 2,401,240

Deferred outflows of resources increased $0.1 million to $1.8 million at June 30, 2026, primarily because of changes in OPEB-related actuarial amounts, partially offset by continued amortization of deferred losses on bond refunding. Deferred outflows decreased $0.8 million in FY 2025, primarily because of lower OPEB-related amounts.

Total liabilities decreased $8.2 million, or 7.3%, from $111.9 million at June 30, 2025 to $103.7 million at June 30, 2026. Current liabilities decreased $6.2 million, or 10.8%, primarily because sponsored program receipts over expenditures decreased $6.5 million, from $32.3 million to $25.8 million. Sponsored program receipts over expenditures represent amounts received before applicable eligibility requirements are satisfied or related program expenditures are incurred. The decrease reflects the use of previously received sponsor advances to support program activity, together with the timing and lower level of sponsor receipts and expenditures during FY 2026. Accounts payable and accrued expenses and compensated absences remained relatively stable. In FY 2025, current liabilities decreased $12.4 million, primarily because sponsored program receipts over expenditures decreased $11.6 million and accounts payable and accrued expenses declined.

	June 30		
	2026	2025	2024
Liabilities			
Current Liabilities	$ 51,443,547	$ 57,656,926	$ 70,040,675
Noncurrent liabilities	52,265,238	54,208,586	54,311,459
Total liabilities	$ 103,708,785	$ 111,865,512	$ 124,352,134

Noncurrent liabilities decreased $1.9 million, or 3.6%, from $54.2 million at June 30, 2025 to $52.3 million at June 30, 2026. Long-term obligations, net of the current portion, decreased $3.4 million as scheduled payments exceeded new lease and subscription-based information technology arrangements (SBITAs) recognized during the year. This decrease was partially offset by a $1.6 million increase in other liabilities, primarily reflecting increases in amounts held for others and the estimated workers' compensation obligation. The noncurrent portion of compensated absences decreased $0.2 million. In FY 2025, noncurrent liabilities remained relatively stable, as decreases in long-term obligations were offset by increases in other liabilities and compensated absences.

	June 30		
	2026	2025	2024
Deferred Inflows of Resources			
Deferred inflows of resources	$ 63,434,634	$ 65,311,967	$ 56,711,878

Deferred inflows of resources decreased $1.9 million, or 2.9%, from $65.3 million at June 30, 2025 to $63.4 million at June 30, 2026. The decrease primarily reflected a $2.1 million reduction in lease and PPP-related deferred inflows, and lower deferred KPBS contributions, partially offset by a $0.5 million increase in deferred inflows related to OPEB investment experience. In FY2025, deferred inflows increased $8.6 million, primarily because of higher lease and PPP-related deferred inflows, partially offset by decreases in OPEB-related amounts and deferred KPBS contributions.

	June 30		
	2026	2025	2024
Net Position			
Net investment in capital assets	$ 25,398,450	$ 25,042,889	$ 28,981,958
Restricted - nonexpendable	7,412,222	7,326,644	7,262,698
Restricted - expendable	16,068,486	20,166,008	22,942,363
Unrestricted	88,741,954	67,715,833	58,463,135
Total net position	$ 137,621,112	$ 120,251,374	$ 117,650,154

Total net position increased $17.4 million, or 14.4%, from $120.3 million at June 30, 2025 to $137.6 million at June 30, 2026. The increase corresponds to FY 2026 net income and primarily reflects stronger KPBS support, lower operating expenses, and positive investment performance. In FY 2025, total net position increased $2.6 million, or 2.2%, compared with an increase of $4.2 million in FY 2024.

Unrestricted net position increased $21.0 million, or 31.1%, from $67.7 million at June 30, 2025 to $88.7 million at June 30, 2026. The increase primarily reflects the strong FY 2026 financial results of KPBS and other activities reported within unrestricted net position. Net investment in capital assets increased $0.4 million to $25.4 million because reductions in outstanding obligations associated with capital assets exceeded the decrease in net capital assets. Restricted nonexpendable net position remained relatively stable at $7.4 million.

	June 30		
	2026	**2025**	**2024**
Restricted Net Position			
Nonexpendable	$ 7,412,222	$ 7,326,644	$ 7,262,698
Expendable:			
Campus programs and projects	2,658,884	2,483,898	3,007,363
National Institutes of Health term endowment	13,283,102	12,037,013	11,317,951
KPBS capital campaign	126,500	5,645,097	8,617,049
Total restricted expendable net position	$ 16,068,486	$ 20,166,008	$ 22,942,363

Restricted expendable net position decreased $4.1 million, or 20.3%, from $20.2 million at June 30, 2025 to $16.1 million at June 30, 2026. The decrease primarily reflected a $5.5 million reduction in KPBS capital campaign net position, from $5.6 million to $0.1 million, as restricted resources were used for their intended purposes. This decrease was partially offset by a $1.2 million increase in the National Institutes of Health term endowment and a $0.2 million increase in restricted campus programs and projects. Restricted expendable net position also decreased in FY 2025, primarily because the use of KPBS capital campaign resources exceeded increases in other restricted categories.

SDSU | Research Foundation

Analysis of Results of Operations

Condensed Summary of Revenues, Expenses, and Changes in Net Position (SRECNP) as of June 30, 2026, 2025 (restated), 2024 (restated) follows:

	June 30				
	2026		2025 (restated)		2024
	Amount	Change	Amount	Change	Amount
Operating Revenues					
Sponsored programs support	$184,886,872	$ (9,002,191)	$ 193,889,063	$19,615,157	$174,273,906
Community & campus programs	35,489,950	998,329	34,491,621	6,739,691	27,751,930
Contributions	-	-	-	(22,370,986)	22,370,986
Other operating revenues	10,811,121	866,642	9,944,479	442,646	9,501,833
Total operating revenues	231,187,943	(7,137,220)	238,325,163	4,426,508	233,898,655
Operating expenses					
Sponsored programs	161,363,831	(8,710,734)	170,074,565	17,333,108	152,741,457
Community & campus programs, including fundraisers	55,338,851	3,290,084	52,048,767	2,641,756	49,407,011
Other operating expenses	35,697,597	(392,177)	36,089,774	1,411,973	34,677,801
Total operating expenses	252,400,279	(5,812,827)	258,213,106	21,386,837	236,826,269
Operating income	(21,212,336)	(1,324,393)	(19,887,943)	(16,960,329)	(2,927,614)
Noncapital subsidies	32,593,027	12,796,444	19,796,583	19,796,583	-
Capital subsidies	-	1,617,871	(1,617,871)	(1,617,871)	-
Non-operating revenue (expenses)	5,989,047	1,678,596	4,310,451	(2,799,211)	7,109,662
Net income	17,369,738	14,769,000	2,601,220	(1,581,000)	4,182,048
Net position at beginning of the year	120,251,374	2,601,220	117,650,154	(1,909,732)	119,559,886
Restatement	-	-	-	6,091,780	(6,091,780)
Net position at end of the year	$ 137,621,112	$ 17,369,738	$ 120,251,374	$ 2,601,220	$ 117,650,154

FY 24 subsidy amounts were not separately presented in the prior-year statement.

Operating revenues decreased $7.1 million, or 3.0%, from $238.3 million in FY 2025 to $231.2 million in FY 2026. The decrease primarily reflected lower sponsored program support and other operating revenues, partially offset by higher community and campus program revenue and rental income. In FY 2025, operating revenue growth was driven primarily by higher sponsored program activity, partially offset by lower community and campus program revenue and rental income.

Schedule of Sponsored Program Support

	June 30					
	2026		2025		2024	
Federal						
Department of Health & Human Services	$ 69,957,346	37.8%	$ 70,012,684	36.1%	$ 60,613,588	34.8%
Department of Education	17,009,463	9.2%	19,747,684	10.2%	16,926,747	9.7%
Department of Defense	7,420,645	4.0%	10,195,588	5.3%	12,477,803	7.2%
National Science Foundation	13,986,266	7.6%	16,694,060	8.6%	15,640,389	9.0%
Department of Agriculture	9,134,851	4.9%	8,498,730	4.4%	7,589,597	4.4%
Other	10,645,216	5.8%	11,239,444	5.8%	9,579,417	5.5%
Total federal	128,153,787	69.3%	136,388,190	70.4%	122,827,541	70.5%
State and local	32,410,102	17.5%	31,423,879	16.2%	29,588,901	17.0%
International	3,485,161	1.9%	2,419,000	1.2%	2,352,298	1.3%
Other	20,837,822	11.3%	23,657,994	12.2%	19,505,166	11.2%
Total	$ 184,886,872	100.0%	$ 193,889,063	100.0%	$ 174,273,906	100.0%

Sponsored program support decreased $9.0 million, or 4.6%, from $193.9 million in FY 2025 to $184.9 million in FY2026, while sponsored program expenses decreased $8.7 million, or 5.1%, from $170.1 million to $161.4 million. The decreases reflect a lower level of sponsored program activity during FY 2026, consistent with delays and uncertainty in the federal research funding environment. In FY 2025, sponsored program support increased $19.6 million and related expenses increased $17.3 million as research activity expanded.

Community and campus program revenue increased $1.0 million, or 2.9%, from $34.5 million in FY 2025 to $35.5 million in FY 2026. Together with the $12.8 million increase in KPBS support presented as a noncapital subsidy, resources associated with community, campus, and public broadcasting activities increased $13.8 million. The increase in KPBS support primarily reflects higher individual giving and membership support following the elimination of recurring federal support for public broadcasting. Community and campus program revenue also benefited from higher activity in other programs, partially offset by lower non-credit course tuition and fee revenue administered through SDSU Global Campus. Recurring federal support represented $4.3 million annually to KPBS and ended on October 1, 2025. KPBS responded by expanding community fundraising - membership efforts and implementing targeted expense reductions. In FY 2025, community and campus programs increased by $6.7 million, primarily reflecting higher program activity.

Operating expenses decreased $5.8 million, or 2.3%, from $258.2 million in FY 2025 to $252.4 million in FY 2026. Management responded to declining or uncertain revenue across the organization through targeted staffing and operating cost controls. The decrease primarily reflected lower sponsored program and general administration expenses. These reductions were partially offset by higher community and campus program expenses, fundraising - broadcasting expenses, and a modest increase in property management expenses. In FY 2025, operating expenses increased primarily because of higher sponsored program activity, community and campus program costs, fundraising – broadcasting, and administrative salaries and benefits, partially offset by lower property management expenses.

Fundraising - broadcasting expenses increased $0.6 million, or 8.5%, from $7.5 million in FY 2025 to $8.2 million in FY 2026. The increase primarily reflected expanded fundraising activity undertaken in response to the loss of recurring federal support, partially offset by targeted operating reductions implemented by KPBS. In FY 2025, fundraising - broadcasting expenses increased primarily because of higher personnel, production equipment, and other broadcasting program costs.

Because operating revenues declined more than operating expenses, the operating loss increased $1.3 million, from $19.9 million in FY 2025 to $21.2 million in FY 2026. After including noncapital subsidies, SDSU Research Foundation reported income of $11.4 million in FY 2026, compared with a loss of $0.1 million in FY 2025, an improvement of $11.5 million. The improvement primarily reflected stronger KPBS support, higher community and campus program revenue, and lower operating expenses, partially offset by lower sponsored program support and other operating revenues. FY 2026 results reflect a significant community response to the elimination of federal support for KPBS, together with management actions to align expenses with changing revenue conditions. In FY 2025, increased sponsored program activity was largely offset by higher administrative and program costs and lower property management results.

Noncapital Subsidies, Capital Subsidies, and Other Nonoperating Activity

Under GASB 103, subsidies are presented separately from operating revenues and expenses. SDSU Research Foundation reported net noncapital subsidies of $32.6 million in FY 2026, compared with $19.8 million in FY 2025. FY 2026 primarily included $33.2 million of KPBS support, partially offset by $0.6 million of other subsidy outflows. The $12.8 million increase was primarily attributable to higher KPBS support, reflecting increased individual giving and membership support following the elimination of federal funding for public broadcasting. FY 2025 also benefited from higher contribution support compared with FY 2024, particularly individual and membership giving.

SDSU Research Foundation reported no capital subsidies in FY 2026, compared with capital subsidy outflows of $1.6 million in FY 2025 and none in FY 2024. These amounts relate to KPBS capital campaign transfers to SDSU and vary based on the timing of capital activity and related transfers.

Net other nonoperating revenues, including investment returns, interest expense, transfers to SDSU, disposition activity, and permanent endowment activity, were $6.0 million in FY 2026, compared with $4.3 million in FY 2025. The $1.7 million increase primarily reflects a $1.6 million higher net increase in the fair value of investments and lower interest expense, partially offset by higher transfers to SDSU and a small loss on dispositions of property and equipment. FY 2025 results were relatively consistent with FY 2024, as investment income and fair-value gains remained stable and changes in other nonoperating activity primarily reflected the timing and classification of transfers.

Within this subtotal, investment income, net, was $3.7 million in FY 2026, compared with $3.6 million in FY 2025 and $3.5 million in FY 2024. The net increase in the fair value of investments was $5.4 million in FY 2026, compared with $3.8 million in FY 2025 and $3.7 million in FY 2024. The higher FY 2026 fair-value gain reflects stronger market performance during the year. Investment results can vary based on market conditions and are not a predictable source of recurring financial support.

After operating activity, subsidies, and other nonoperating activity, SDSU Research Foundation reported net income of $17.4 million in fiscal year 2026, compared with $2.6 million in FY 2025 and $4.2 million in FY 2024. The $14.8 million increase from FY 2025 included an $11.5 million improvement in operating results and noncapital subsidies combined, including a $12.8 million increase in noncapital subsidies. The improvement also reflected the absence of $1.6 million of capital subsidy outflows and $1.7 million of higher other nonoperating revenues. FY 2025 net income decreased $1.6 million from FY 2024, primarily because of higher operating costs and increased KPBS capital campaign transfers.

Significant Capital Asset and Long-Term Financing Activity

The following table summarizes the SDSU Research Foundation's capital assets, net of accumulated depreciation and amortization :

	June 30		
	2026	2025	2024
Capital assets, net			
Land and land improvements	$ 13,914,536	$ 13,914,536	$ 13,914,536
Buildings and improvements	14,457,887	15,070,937	16,097,203
Furniture, fixtures, equipment and construction in progress	9,129,096	10,237,331	12,959,007
Right of use assets	14,606,358	17,020,255	19,512,216
Capital assets, net of accumulated depreciation	$ 52,107,877	$ 56,243,059	$ 62,482,962

Capital assets, net, decreased $4.1 million, or 7.4%, to $52.1 million at June 30, 2026. SDSU Research Foundation recorded $8.4 million of capital asset additions, including $3.2 million of right-to-use assets associated with leases and SBITAs, $2.1 million of building improvements, $1.9 million of furniture, fixtures, and equipment, and $1.2 million of construction in progress. These additions were more than offset by $8.8 million of depreciation and amortization expense and approximately $3.7 million from the net effect of asset retirements and other reductions. As a result, net capital assets declined even though SDSU Research Foundation continued to invest in facilities, equipment, and technology during the year. Capital asset additions include right-to-use assets recognized in connection with corresponding leases and SBITAs and therefore differ from property and equipment purchases reported in the statement of cash flows.

Long-term obligations, including the current portion, decreased $3.5 million to $31.1 million at June 30, 2026, compared with $34.6 million at June 30, 2025 and $37.9 million at June 30, 2024. Long-term obligations continued to decline because scheduled payments on outstanding debt, leases, and other financing obligations exceeded new lease and SBITAs recognized during the year.

During FY 2026, SDSU Research Foundation established a new $15.0 million margin loan facility as part of its liquidity management strategy and plans to allow the existing $15.0 million revolving credit facility to expire in September 2026. No amounts were outstanding under either facility at June 30, 2026, and no amounts were outstanding under the revolving credit facility at June 30, 2025. Additional information regarding capital assets and long-term obligations is provided in Notes 6 and 8 to the financial statements.

Currently Known Facts, Decisions, or Conditions

Uncertainty in the federal research funding environment is expected to continue affecting the timing and level of sponsored program activity. At June 30, 2026, 673 proposals valued at approximately $168.6 million remained pending sponsor decisions. This represents a significant volume of potential future activity, but the timing, amount, and terms of resulting awards remain uncertain. Delays or changes in federal funding decisions could affect future sponsored program revenue, facilities and administrative cost recovery, staffing, and cash flows. Federal policy and legal developments affecting award eligibility, renewals, and indirect cost reimbursement also remain important factors in future operating results.

The elimination of recurring Corporation for Public Broadcasting support remains a significant factor affecting future KPBS operations. Federal support represented approximately $4.3 million of KPBS's

annual budget before it ended on October 1, 2025. KPBS has expanded community fundraising and membership efforts and implemented targeted expense reductions in response. Future KPBS results will depend more heavily on sustained individual giving, membership support, sponsorships, and continued cost management.

In response to continuing revenue uncertainty, management expanded scenario forecasting and financial modeling, strengthened liquidity and reserve planning, and maintained disciplined reviews of staffing and operating expenditures. These actions are intended to enhance financial flexibility and support management's ability to respond to potential declines or delays in federal funding or indirect cost recovery. SDSU Research Foundation also continued longer-term efforts to diversify revenue through expanded commercial leasing and potential research administration shared-service arrangements. These initiatives currently represent a modest portion of total activity and are not expected to fully offset significant changes in sponsored program or public broadcasting support in the near term.

SDSU Research Foundation

STATEMENTS OF NET POSITION
June 30, 2026 and 2025

	2026	2025
Assets		
Current assets		
Cash and cash equivalents (note 2)	$ 7,264,682	$ 15,030,593
Short-term investments (note 3)	59,180,196	50,251,601
Restricted assets - short-term investments (note 3)	243,879	5,541,385
Accounts and pledges receivable, net (notes 4 and 7)	31,810,407	34,157,612
Leases and PPP receivable - current portion (note 4 and 10)	2,771,999	4,630,463
Notes receivable - current portion (note 5)	837,199	763,699
Prepaid expenses	607,931	1,090,406
Total current assets	102,716,293	111,465,759
Noncurrent assets		
Pledges receivable, net (note 4)	459,663	482,864
Long-term investments (note 3)	52,835,709	35,158,170
Restricted assets – investments (note 3)	22,130,751	20,198,503
Restricted assets – land	2,308,532	2,308,532
Leases and PPP receivable - net of current portion (note 4 and 10)	59,698,182	59,536,675
Notes receivable - net of current portion (note 5)	2,967,997	3,878,696
Capital assets, net (notes 2 and 6)	52,107,877	56,243,059
Other assets (notes 2 and 11)	7,769,604	6,510,403
Total noncurrent assets	200,278,315	184,316,902
Total assets	302,994,608	295,782,661
Total Deferred Outflows of Resources (note 12)	1,769,923	1,646,192
Liabilities		
Current liabilities		
Accounts payable and accrued expenses (notes 2 and 7)	15,712,135	15,421,430
Sponsored programs receipts over expenditures (note 2)	25,843,630	32,300,056
Long-term obligations – current portion (note 8)	4,375,851	4,465,369
Compensated absences - current portion (note 2)	5,511,931	5,470,071
Total current liabilities	51,443,547	57,656,926
Noncurrent liabilities		
Long-term obligations - net of current portion (note 8)	26,717,513	30,091,234
Other liabilities (notes 9 and 11)	17,322,005	15,714,586
Compensated absences - net of current portion (note 2)	8,225,720	8,402,766
Total noncurrent liabilities	52,265,238	54,208,586
Total liabilities	103,708,785	111,865,512
Total Deferred Inflows of Resources (note 12)	63,434,634	65,311,967
Commitments and Contingencies (notes 9, 10, 11, and 13)		
Net Position		
Net investment in capital assets	25,398,450	25,042,889
Restricted for:		
Nonexpendable – endowments and property	7,412,222	7,326,644
Expendable:		
Campus programs and projects	2,658,884	2,483,898
National Institutes of Health term endowment	13,283,102	12,037,013
KPBS capital campaign	126,500	5,645,097
Unrestricted	88,741,954	67,715,833
Total net position	$ 137,621,112	$ 120,251,374

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

SDSU Research Foundation

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Years ended June 30, 2026 and 2025 (restated)

	2026	2025 (restated)
Operating revenues		
Sponsored programs support	$ 184,886,872	$ 193,889,063
Community and campus programs	35,489,950	34,491,621
Rental income (note 10)	8,299,251	6,558,649
Other operating revenues (note 7)	2,511,870	3,385,830
Total Operating Revenues	231,187,943	238,325,163
Operating expenses (Notes 9,10 and 11)		
Sponsored programs	161,363,831	170,074,565
Community and campus programs	47,157,038	44,506,951
Fundraising - broadcasting	8,181,813	7,541,816
Property management	12,797,499	12,707,339
General administration	22,900,098	23,382,435
Total Operating Expenses	252,400,279	258,213,106
Operating income (loss)	(21,212,336)	(19,887,943)
Noncapital Subsidies (Note 2)		
TCF Support	(440,468)	(421,829)
KPBS Support	33,181,018	20,361,728
Other Support	(147,523)	(143,316)
Total noncapital subsidies	32,593,027	19,796,583
Operating income (loss) and noncapital subsidies	11,380,691	(91,360)
Capital Subsidies (Note 2)		
Total capital subsidies	-	(1,617,871)
Other nonoperating revenues (expenses)		
Interest expense(note 8)	(609,158)	(832,584)
Investment income, net	3,689,677	3,571,292
Net increase in fair value of investments (note 3)	5,416,150	3,773,163
Net gain (loss) on dispositions of property and equipment (notes 2 and 6)	(37,181)	-
Transfers (to) from SDSU (note 2)	(2,556,019)	(2,265,366)
Increase in permanent endowments	85,578	63,946
Net other nonoperating revenues (expenses)	5,989,047	4,310,451
Net income	17,369,738	2,601,220
Net position:		
Net position at beginning of year	120,251,374	117,650,154
Net position at end of year	$ 137,621,112	$ 120,251,374

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

SDSU | Research Foundation

STATEMENTS OF CASH FLOWS

Years ended June 30, 2026, and 2025 (restated)

	2026	2025 (restated)
Cash flows from operating activities		
Sponsored programs receipts	$ 181,591,790	$ 186,444,309
Community and campus programs receipts	35,615,757	35,852,198
Rents received	6,820,060	6,812,070
Payments to suppliers	(90,015,763)	(92,903,381)
Payments to employees	(153,811,231)	(153,834,076)
Subsidies received	32,593,027	19,796,583
Transfers from SDSU	(2,556,019)	(2,265,366)
Other receipts	3,018,381	3,058,189
Net cash provided by operating activities	13,256,002	2,960,526
Cash flows from capital and related financing activities		
Principal payments on long-term debt	(1,415,000)	(1,385,130)
Payments for right of use leased assets	(3,756,763)	(3,191,889)
Interest paid	(584,715)	(805,576)
Purchase of property and equipment, net	(2,964,291)	(2,010,914)
Proceeds from sale of property and equipment	7,100	-
Proceeds from KPBS capital campaign	-	1,787,807
KPBS capital campaign purchases	-	(1,371,757)
Capital subsidies	-	(1,617,871)
Net cash used in capital and related financing activities	(8,713,669)	(8,595,330)
Cash flows from investing activities		
Investment income	3,511,332	3,566,161
Purchases of investments	(93,867,681)	(66,348,872)
Proceeds from sales and maturities of investments	77,210,906	69,955,863
Collection of notes receivable	837,199	837,199
Net cash provided by (used in) investing activities	(12,308,244)	8,010,351
Net increase (decrease) in cash and cash equivalents	(7,765,911)	2,375,547
Cash and cash equivalents, beginning of year	15,030,593	12,655,046
Cash and cash equivalents, end of year	$ 7,264,682	$ 15,030,593

SDSU | Research Foundation

STATEMENT OF CASH FLOWS - CONTINUED
Years ended June 30, 2026 and 2025 (restated)

	2026	2025 (restated)
Reconciliation of operating income to net cash provided by operating activities		
Operating income (loss)	$ (21,212,336)	$ (19,887,943)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	8,766,281	9,444,828
Unrealized/realized gains & losses on investments	(147,097)	-
Change in assets, liabilities, deferred outflows and inflows of resources:		
Accounts receivable	2,596,333	6,657,545
Pledges receivable - KPBS operating contributions	-	110,957
Prepaid expenses and other assets	(776,761)	(650,436)
Deferred outflows of resources	(150,739)	728,040
Accounts payable	267,388	(1,953,717)
Accrued expenses	39,144	1,383,406
Sponsored programs receipts over expenses	(6,456,426)	(11,598,137)
Other liabilities	388,005	2,384,184
Deferred Contributions KPBS	(268,001)	(672,314)
Deferred inflows of resources	87,625	(581,050)
Net Subsidies	32,593,027	19,796,583
Net transfers to SDSU	(2,556,019)	(2,265,366)
Increase in permanent endowments	85,578	63,946
Net cash provided by operating activities	$ 13,256,002	$ 2,960,526
Supplemental disclosure of noncash finance and investing activity:		
Increase in fair value of investments	$ 5,416,150	$ 3,773,163
Increase in permanent endowments	$ 85,578	$ 75,011
Obtaining a right-of-use asset in exchange for a lease liability	$ 3,187,244	$ 923,165

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

SDSU | Research Foundation

STATEMENTS OF FIDUCIARY NET POSITION
June 30, 2026 and 2025

	Other Postemployment Benefit Trust Funds December 31, 2025	Custodial Funds (TCF) June 30, 2026
Assets		
Cash and cash equivalents	$ -	$ 4,613,505
Investments	18,110,945	9,078,998
Total assets	$ 18,110,945	$ 13,692,503
Liabilities		
Payable to employer	$ 151,696	$ -
Accounts payable and accrued liabilities	5,581	-
Total liabilities	157,277	-
Total net position	$ 17,953,668	$ 13,692,503

	Other Postemployment Benefit Trust Funds December 31, 2024	Custodial Funds (TCF) June 30, 2025
Assets		
Cash and cash equivalents	$ -	$ 1,369,596
Investments	15,499,566	11,400,469
Total assets	$ 15,499,566	$ 12,770,065
Liabilities		
Payable to employer	$ 137,604	$ -
Accounts payable and accrued liabilities	5,334	-
Total liabilities	142,938	-
Total net position	$ 15,356,628	$ 12,770,065

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

SDSU | Research Foundation

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION

Years ended June 30, 2026 and 2025

	Other Postemployment Benefit Trust Funds December 31, 2025	Custodial Funds (TCF) June 30, 2026
Additions:		
Contributions	$ 33,674	$ -
Net investment income	2,981,055	-
Fund Additions - Campus and community programs	-	7,609,870
Fund Additions - Student financial aid	-	921,328
Fund Additions - Endowment	-	152,680,515
Total additions	3,014,729	161,211,713
Deductions:		
Insurance payments	350,694	-
Professional fees	66,995	-
Fund Deductions - Campus and community programs	-	10,687,349
Fund Deductions - Student financial aid	-	106,807
Fund Deductions - Endowment	-	149,495,119
Total deductions	417,689	160,289,275
Net increase in fiduciary net position	2,597,040	922,438
Net position - beginning	15,356,628	12,770,065
Net position - ending	$ 17,953,668	$ 13,692,503

	Other Postemployment Benefit Trust Funds December 31, 2024	Custodial Funds (TCF) June 30, 2025
Additions:		
Contributions	$ 17,518	$ -
Net investment income	1,420,470	-
Fund Additions - Campus and community programs	-	6,229,941
Fund Additions - Student financial aid	-	1,530,012
Fund Additions - Endowment	-	119,509,243
Total additions	1,437,988	127,269,196
Deductions:		
Insurance payments	316,112	-
Professional fees	67,170	-
Fund Deductions - Campus and community programs	-	2,252,130
Fund Deductions - Student financial aid	-	207,993
Fund Deductions - Endowment	-	117,988,274
Total deductions	383,282	120,448,397
Net increase in fiduciary net position	1,054,706	6,820,799
Net position - beginning	14,301,922	5,949,266
Net position - ending	$ 15,356,628	$ 12,770,065

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – DESCRIPTION OF ORGANIZATION

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

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

Affiliated Organizations

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Accounting

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

Classification of Current and Noncurrent Asset Liabilities

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

Cash and Cash Equivalents

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

Investments

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

Accounts and Pledges Receivable

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

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

Capital Assets

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

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

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

Asset Impairment

Capital assets held for investment are evaluated annually for impairment. The carrying value of any asset considered impaired is adjusted accordingly.

There were no such impairments for the years ended June 30, 2026 and June 30, 2025.

Deferred Outflows and Inflows of Resources

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

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

OPEB related deferred inflows of resources include OPEB plan experience, OPEB assumption changes, and OPEB trust investment experience. These are actuarial calculated amounts that represent differences

between the most recent actuarial report and the previous actuarial report. Deferred inflows due to plan experience and assumption changes are recognized over the plan's expected average remaining service life, which is currently 5.26 years. OPEB related deferred outflows of resources include the OPEB subsequent contribution, which will be recognized in the next fiscal year, and OPEB trust investment experience. The OPEB trust investment experience is an actuarial calculated amount representing the difference between projected and actual earnings on OPEB plan investments. Changes due to investment performance different from assumed earnings rate, whether a deferred inflow or deferred outflow, are amortized over five years.

Deferred inflows of resources have been recorded for leases in which SDSU Research Foundation is the lessor under GASB 87 and are recognized as lease revenue over the term of the lease. Related lease receivables are reduced as payments are received. Deferred inflows of resources have also been recorded for an asset transfer under GASB 94 and are recognized as revenue over the life of the agreement, with the underlying asset transferred at the end of the agreement term.

Other Assets

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

Compensated Absences

Compensated absences are recorded in accordance with GASB Statement No. 101. A liability is recorded for unused vacation, personal time, and sick leave that employees have earned through services rendered, that accumulates, and that is more likely than not to be used or paid. Liability is measured using current pay rates plus related fringe costs, such as payroll taxes, and is classified as current or long-term.

As of June 30, 2026, the liability for compensated absences was $13,737,651, consisting of $5,511,931 classified as current and $8,225,720 classified as long-term. During FY 2025, the compensated absences liability was $13,872,837, including $5,470,071 classified as current and $8,402,766 classified as long-term.

Subsidies

Subsidies are recognized in accordance with GASB Statement No. 103. A subsidy is resources provided to, or received from, another party without receiving or giving equal value in return, so that a good or service can be provided below cost. Subsidies are classified as capital or noncapital and are reported as an outflow or inflow of resources in the period the related eligibility requirements, if any, are met.

Revenue Recognition

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

SDSU Research Foundation received 55.43% and 57.22% of its total operating revenue from federal sources during the years ended June 30, 2026 and 2025, respectively. The Department of Health and Human Services provided 30.26% and 29.37% of the total operating revenue for the years ended June 30, 2026 and 2025, respectively.

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

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

Transfers

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

Net Position

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

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

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

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

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

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

Classification of Revenue and Expenses

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

Functional Expense Allocations

Expenses that can be identified with a specific program or supporting service are charged directly to the related program or support services. Expenses applicable to more than one activity are allocated based on an evaluation from management.

Interfund Eliminations

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

Income Taxes

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

The SDSU Research Foundation completed an analysis of its uncertain tax positions in accordance with applicable accounting guidance and determined there are no amounts to be recognized on the financial statements at June 30, 2026 or 2025.

Use of Estimates

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

Reclassifications

Certain amounts in the June 30, 2025 financial statements have been reclassified to conform to the current year presentation. These reclassifications had no impact on previously reported total assets, net income, or net position.

Pronouncements Issued

For the year ended June 30, 2026, SDSU Research Foundation implemented GASB Statement No. 103, *Financial Reporting Model Improvements*. GASB 103 improves the financial reporting model by introducing subsidies as a distinct presentation element, refining the structure and required content of the management's discussion and analysis, and introducing a separate presentation line for unusual or infrequent items.

GASB 103 requires that subsidies defined as nonexchange transactions that directly or indirectly allow a proprietary fund's fees and charges to be lower than they would otherwise be presented in separate noncapital and capital subsidy sections of the statement of revenues, expenses and changes in net position, between operating income (loss) and other nonoperating revenues and expenses. A new subtotal, operating income (loss) and noncapital subsidies, is presented after total noncapital subsidies. The statement also includes a new presentation line for unusual or infrequent items.

As part of the implementation, SDSU Research Foundation reviewed all transfer account activity and identified noncapital and capital subsidies, which were reclassified from their prior presentation within operating expenses and nonoperating transfers, respectively, to the new subsidy sections. A corresponding reclassification was made in the statement of cash flows, where noncapital subsidies received are presented as a separate line item within cash flows from operating activities. The implementation resulted solely in updates to presentation and did not affect beginning net position, change in net position, or cash and cash equivalents.

For the year ended June 30, 2026, SDSU Research Foundation implemented GASB Statement No. 104, *Disclosure of Certain Capital Assets*. GASB 104 requires separate disclosure of lease assets, subscription assets, and certain other intangible and right-to-use assets within capital asset note disclosures and establishes disclosure requirements for capital assets held for sale. SDSU Research Foundation's existing capital asset disclosures substantially conformed to these requirements; therefore, implementation of GASB 104 had no impact on the recognition or measurement of assets and liabilities, net income, net position, or cash and cash equivalents.

NOTE 3 – INVESTMENTS

Investment Policy

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

Investments as of June 30, 2026 and June 30, 2025, respectively, are as follows:

	2026 Investments Held	Fiduciary Funds	2026 Investments Held by SDSURF
Short-term	$ 68,259,194	$ (9,078,998)	$ 59,180,196
Short-term restricted	243,879	-	243,879
Long-term	52,835,709	-	52,835,709
Long-term restricted	22,130,751	-	22,130,751
Total Investments	$ 143,469,533	$ (9,078,998)	$ 134,390,535

	2025 Investments Held	Fiduciary Funds	2025 Investments Held by SDSURF
Short-term	$ 61,652,070	$ (11,400,469)	$ 50,251,601
Short-term restricted	5,541,385	-	5,541,385
Long-term	35,158,170	-	35,158,170
Long-term restricted	20,198,503	-	20,198,503
Total Investments	$ 122,550,128	$(11,400,469)	$ 111,149,659

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

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

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

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

The following tables summarize SDSU Research Foundation's investments within the fair value hierarchy at June 30, 2026 and June 30, 2025, respectively:

2026 Investments	Total	Level 1	Level 2	Level 3
Corporate bonds	$ 35,858,755	$ 35,858,755	$ -	$ -
Treasury bills	44,978,661	44,978,661	-	-
Deferred gift (various)	951,268	951,268	-	-
Money market funds	1,548,530	-	1,548,530	-
Real property	1,797,000	-	-	1,797,000
TCF endowment pool	58,173,911	-	-	58,173,911
Amount held by others	161,408	-	-	161,408
Total Investments	$ 143,469,533	$ 81,788,684	$ 1,548,530	$ 60,132,319

2025 Investments	Total	Level 1	Level 2	Level 3
Corporate bonds	$ 18,185,974	$ 18,185,974	$ -	$ -
Treasury bills	52,452,616	52,452,616	-	-
Deferred gift (various)	874,970	874,970	-	-
Money market funds	4,769,238	-	4,769,238	-
Real property	1,933,620	-	-	1,933,620
TCF endowment pool	44,190,455	-	-	44,190,455
Amount held by others	143,255	-	-	143,255
Total Investments	$ 122,550,128	$ 71,513,560	$ 4,769,238	$ 46,267,330

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

Level 1 Measurements

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

Level 2 Measurements

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

Level 3 Measurements

- TCF Endowment Pool - SDSU Research Foundation invests in the TCF Endowment Pool, a unitized pool managed by TCF, another university auxiliary organization. The fair value is calculated as

SDSU Research Foundation's share of the pool as of the measurement date, which is based on the fair value of the underlying assets owned by the fund divided by the number of units outstanding.

- Real Property - fair value reflects most recent appraised value. Because there are no observable measures, the appraiser must rely solely on experience and knowledge of the market when using inputs for real estate assets. The property may be sold should the needs of the programs change.

- Amounts Held by Others - SDSU Research Foundation is the beneficiary of certain trusts held in an endowment portfolio managed by a community foundation. The fair value is calculated based on the fair value of the underlying assets owned by the fund.

The Campanile Foundation (TCF) Endowment Pool

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

	2026	2025	IPS Target
Growth assets	59.1%	60.1%	60.0%
Credit	7.9	8.1	8.0
Inflation hedges	12.1	12.9	13.0
Risk mitigation	20.9	18.9	19.0
Total	100.0%	100.0%	100.0%

SDSU Research Foundation recognized net unrealized gain of $5.6 million and $3.5 million for the years ended June 30, 2026 and 2025, respectively, from its investment in the TCF Endowment Pool.

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

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

Endowment distributions are provided in accordance with SDSU Research Foundation and TCF's investment policy statement. For the fiscal years ended June 30, 2026 and 2025, the distribution rate of investment earnings was 4% of the endowment principal market value using a three-year moving average.

Interest Rate Risk

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

Maturities of fixed income investments as of June 30, 2026 are as follows:

	Market Value Total	Less Than One Year	Two-Five Years
Treasury issues	$ 44,978,661	$ 43,877,852	$ 1,100,809
Corporate bonds	35,858,755	23,076,691	12,782,064
Total Fixed Income Investments	$ 80,837,416	$ 66,954,543	$ 13,882,873

Maturities of fixed income investments as of June 30, 2025 are as follows:

	Market Value Total	Less Than One Year	Two-Five Years
Treasury issues	$52,452,616	$44,238,243	$8,214,373
Corporate bonds	18,185,974	18,185,974	-
Total Fixed Income Investments	$70,638,590	$62,424,217	$8,214,373

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to repay the debt security when due. SDSU Research Foundation's investment policy requires that fixed income investments must be rated as "Investment Grade," which is BBB or higher. Credit ratings by nationally recognized institutions are used to assess the creditworthiness of specific investments. The bond mutual fund and money market funds do not have a rating provided by a nationally recognized statistical rating organization. The range of rating of corporate bonds was BBB- to AAA as of June 30, 2026 and BBB to AAA as of June 30, 2025.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the investment in a single issuer. SDSU Research Foundation's investment policy contains no limitations as to how much can be invested with any one issuer. As of June 30, 2026 and June 30, 2025, SDSU Research Foundation did not have any investments with a single non-federal issuer that exceeded 5% of total investments.

Custodial Credit Risk

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

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

NOTE 4 – ACCOUNTS AND PLEDGES RECEIVABLE/LEASES AND PPP RECEIVABLE

Accounts and pledges receivable as of June 30, 2026 and June 30, 2025 consisted of the following:

	2026		
	Current	Noncurrent	Total
Sponsored programs	$ 25,523,363	$ -	$ 25,523,363
Pledges receivable	392,500	459,663	852,163
Leases, PPP, and receivable	2,771,999	59,698,182	62,470,181
Other receivables	6,049,816	-	6,049,816
Less: allowance for doubtful accounts	(155,272)	-	(155,272)
Total accounts receivable	$ 34,582,406	$ 60,157,845	$ 94,740,251

	2025		
	Current	Noncurrent	Total
Sponsored programs	$ 28,684,707	$ -	$ 28,684,707
Pledges receivable	520,335	482,864	1,003,199
Leases, PPP receivable	4,630,463	59,536,675	64,167,138
Other receivables	5,084,219	-	5,084,219
Less: allowance for doubtful accounts	(131,648)	-	(131,648)
Total accounts receivable	$ 38,788,076	$ 60,019,539	$ 98,807,615

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

Leases and PPP receivable consist of $2,771,999 in current and $59,698,182 in Leases and PPP receivable non-current receivables. This includes $8,168,515 of a PPP installment payments of which $320,587 is recognized as current as of June 30, 2026. This receivable has an underlying PPP asset that was recorded as of June 30, 2023. The building was purchased, constructed, and placed into service by the operator. Ownership of this underlying asset recognized in the PPP lease will transfer at the end of the lease term to the SDSU Research Foundation.

NOTE 5 – NOTES RECEIVABLE – AZTEC SHOPS, LTD.

Notes receivable from Aztec Shops as of June 30, 2026 and 2025 consisted of the following:

	2026		
	Current	Noncurrent	Total
Sanctuary suites[(a)]	$ 471,799	$ 1,651,297	$ 2,123,096
Piedra del Sol and Fraternity Row[(b)]	218,400	655,200	873,600
College square[(c)]	87,000	391,500	478,500
College strip[(c)]	60,000	270,000	330,000
Total Notes Receivable-Aztec Shops	$ 837,199	$ 2,967,997	$ 3,805,196

	2025		
	Current	Noncurrent	Total
Sanctuary suites[(a)]	$ 471,799	$ 2,123,096	$ 2,594,895
Piedra del Sol and Fraternity Row[(b)]	218,400	873,600	1,092,000
College square[(c)]	43,500	522,000	565,500
College strip[(c)]	30,000	360,000	390,000
Total Notes Receivable-Aztec Shops	$ 763,699	$ 3,878,696	$ 4,642,395

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

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

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

NOTE 6 – CAPITAL ASSETS

Capital assets activity for the years ended June 30, 2026 and 2025 consisted of the following:

	Balance June 30, 2025	Additions	Reductions	Balance June 30, 2026
Nondepreciable capital assets:				
Land, land improvements	$ 13,914,536	$ -	$ -	$ 13,914,536
Construction in progress	1,919,306	1,186,166	(1,784,113)	1,321,359
Total nondepreciable capital assets	15,833,842	1,186,166	(1,784,113)	15,235,895
Depreciable capital assets:				
Buildings and improvements	51,784,925	2,120,857	-	53,905,782
Furniture, fixtures and equipment	35,119,564	1,861,076	(1,924,084)	35,056,556
Right of use asset - leases	26,200,041	3,033,318	(1,416,161)	27,817,198
Right of use asset - SBITAs	3,088,485	153,926	(829,929)	2,412,482
Total depreciable capital assets	116,193,015	7,169,177	(4,170,174)	119,192,018
Less accumulated depreciation:				
Buildings and improvements	(36,713,988)	(2,733,907)	-	(39,447,895)
Furniture, fixtures and equipment	(26,801,540)	(2,327,082)	1,879,803	(27,248,819)
Right of use asset - leases	(10,616,823)	(3,134,509)	(246,969)	(13,998,301)
Right of use asset - SBITAs	(1,651,447)	(570,782)	597,208	(1,625,021)
Total accumulated depreciation	(75,783,798)	(8,766,280)	2,230,042	(82,320,036)
Total capital assets, net	$ 56,243,059	$ (410,937)	$ (3,724,245)	$ 52,107,877

Capital assets activity for the years ended June 30, 2025 and 2024 consisted of the following:

	Balance June 30, 2024	Additions	Reductions	Balance June 30, 2025
Nondepreciable capital assets:				
Land, land improvements	$ 13,914,536	$ -	$ -	$ 13,914,536
Construction in progress	2,043,820	150,818	(275,332)	1,919,306
Total nondepreciable capital assets	15,958,356	150,818	(275,332)	15,833,842
Depreciable capital assets:				
Buildings and improvements	49,971,780	1,813,145	-	51,784,925
Furniture, fixtures and equipment	35,466,894	177,135	(524,465)	35,119,564
Right of use asset - leases	27,479,120	-	(1,279,079)	26,200,041
Right of use asset - SBITAs	2,185,850	923,165	(20,530)	3,088,485
Total depreciable capital assets	115,103,644	2,913,445	(1,824,074)	116,193,015
Less accumulated depreciation:				
Buildings and improvements	(33,874,577)	(2,839,411)	-	(36,713,988)
Furniture, fixtures and equipment	(24,551,707)	(2,774,298)	524,465	(26,801,540)
Right of use asset - leases	(9,066,902)	(3,244,993)	1,695,073	(10,616,823)
Right of use asset - SBITAs	(1,085,852)	(586,126)	20,530	(1,651,447)
Total accumulated depreciation	(68,579,038)	(9,444,828)	2,240,068	(75,783,798)
Total capital assets, net	$ 62,482,962	$ (6,380,565)	$ 140,662	$ 56,243,059

Depreciation expense totaled $8,766,280 and $9,444,828 for the years ended June 30, 2026 and 2025, respectively.

NOTE 7 – AFFILIATED ORGANIZATIONS

The Campanile Foundation (TCF)

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

Pursuant to an agreement with TCF effective through June 30, 2027, SDSU Research Foundation shall provide administrative services that include cash management processes, gift account administration, and accounting and financial reporting assistance. SDSU Research Foundation charges an administrative fee for all non-student aid funds at the time that TCF expends the funds. Amounts received under this agreement are a combination of fees charged on TCF non-student aid funds and additional amounts paid by TCF. For the years ended June 30, 2026 and 2025 the administrative fee received from TCF totaled approximately $1,162,000 and $1,128,000, respectively, and is included in other operating revenues in the accompanying statements of revenues, expenses and changes in net position. The agreement was renewed for another four years July 1, 2026.

Other

Amounts payable to the University in other liabilities totaled approximately $8,400,000 and $7,300,000 at June 30, 2026 and 2025 respectively, presented in Note 9 as Amounts held for others. Accounts payable and accrued expenses included amounts owed to the affiliated organizations of approximately $1,262,000 and $442,000 at June 30, 2026 and 2025, respectively. Accounts and pledges receivable from the affiliated

organizations totaled approximately $36,000 and $619,000 at June 30, 2026 and 2025, respectively. These amounts occurred in the normal course of business among the affiliated organizations.

NOTE 8 – LONG-TERM OBLIGATIONS

Long-term debt activity for the years ended June 30, 2026 and 2025 was as follows:

	Balance June 30, 2025	Additions	Reductions	Balance June 30, 2026	Current Portion
CSU SRB 2012B[(a)]	$ 11,350,000	$ -	$ (740,000)	$ 10,610,000	$ 780,000
CSU SRB 2020D[(b)]	8,865,000	-	(675,000)	8,190,000	685,000
Unamortized bond premium CSU SRB 2020D[(b)]	29,064	-	(2,565)	26,500	-
Lessee leases	13,027,420	1,559,416	(2,992,857)	11,593,979	2,540,113
SBITAs	1,285,119	151,672	(763,906)	672,885	370,738
Long-term obligations	34,556,603	1,711,088	(5,174,328)	31,093,364	4,375,851
CSU SRB 2012B loss on refunding[(a)]	190,888	-	(16,845)	174,043	-
CSU SRB 2020D loss on refunding[(b)]	115,177	-	(10,163)	105,014	-
Total deferred losses on refunding	306,065	-	(27,008)	279,058	-
Lease/P3 deferred inflow of resources	$ 61,719,510	$ -	$ (2,124,493)	$ 59,595,017	$ -

Long-term debt activity for the years ended June 30, 2025 and 2024 was as follows:

	Balance June 30, 2024	Additions	Reductions	Balance June 30, 2025	Current Portion
CSU SRB 2012B(a)	$ 12,060,000	$ -	$ (710,000)	$ 11,350,000	$ 740,000
CSU SRB 2020D(b)	9,535,000	-	(670,000)	8,865,000	675,000
Unamortized bond premium CSU SRB 2020D(b)	34,194	-	(5,130)	29,064	
Lessee leases	15,539,296	-	(2,511,876)	13,027,420	2,461,580
SBITAs	771,119	1,194,012	(680,012)	1,285,119	588,789
Long-term obligations	37,939,609	1,194,012	(4,577,018)	34,556,603	4,465,369
CSU SRB 2012B loss on refunding(a)	207,733	-	(16,845)	190,888	-
CSU SRB 2020D loss on refunding(b)	125,340	-	(10,163)	115,177	-
Total deferred losses on refunding	333,073	-	(27,008)	306,065	-
Lease/P3 deferred inflow of resources	$ 51,594,272	$ 10,125,238	$ -	$ 61,719,510	$ -

Series 2012B (a). In August 2012, the California State University (CSU) System issued Systemwide Revenue Bonds, Series 2012B, of which $16,700,000 was allocated to SDSU Research Foundation to refund a portion of the Series 2002A and 2002B bonds. The Series 2012B bonds were issued as fixed-rate taxable bonds consisting of $3,955,000 bearing interest at 2.785% and $12,745,000 bearing interest at 4.165%. The 2.785% portion matured in November 2022. The remaining bonds bear interest at a fixed rate of 4.165%, mature in November 2036, and are payable in semiannual principal and interest payments. The bonds are secured by pledged revenues, including F&A cost recovery payments.

The refunding resulted in a deferred accounting loss of $275,113, which is being amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. The unamortized loss is included in deferred outflows of resources on the statement of net position.

Series 2020D (b). In September 2020, the CSU System refunded 2012A bonds through the issuance of $10,200,000 of CSU Systemwide Revenue Bonds, Series 2020D, allocated to SDSU Research Foundation. The remaining unrefunded Series 2012A bonds matured in November 2022. The Series 2020D bonds mature in November 2036 and bear fixed interest rates ranging from 0.475% to 2.490%, with semiannual interest payments and annual principal payments. The bonds are secured by pledged revenues, including F&A cost recovery payments.

The Research Foundation's share of the unamortized premium related to the refunded Series 2012A bonds was $41,352. The premium is being amortized over 193.5 months, from September 2020 through October 2036, using the straight-line method, which approximates the effective interest method.

The refunding resulted in a deferred accounting loss of $163,875, which is being amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. The unamortized loss is included in deferred outflows of resources on the statement of net position.
Total interest incurred on long-term bond debt was $635,399 and $647,436 for the years ended June 30, 2026 and 2025, respectively.

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

Year(s) Ending June 30	Principal	Interest	Total
2027	$ 1,465,000	$ 578,550	$ 2,043,550
2028	1,500,000	536,924	2,036,924
2029	1,550,000	492,591	2,042,591
2030	1,590,000	445,416	2,035,416
2031	1,640,000	395,728	2,035,728
2032 - 2036	9,055,000	1,130,087	10,185,087
2037 - 2041	2,000,000	34,742	2,034,742
Total requirements	$ 18,800,000	$ 3,614,038	$ 22,414,038

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

Year(s) Ending June 30	Principal	Interest	Total
2027	$ 2,540,113	$ 247,382	$ 2,787,495
2028	2,504,023	190,179	2,694,202
2029	1,902,914	136,642	2,039,556
2030	1,681,168	97,882	1,779,050
2031	204,725	77,717	282,442
2032 - 2036	835,332	319,668	1,155,000
2037 - 2041	956,069	198,931	1,155,000
2042 - 2046	969,635	61,547	1,031,182
Total requirements	$ 11,593,979	$ 1,329,948	$ 12,923,927

Future principal and interest payments on SBITAs are as follows:

Year(s) Ending June 30	Principal	Interest	Total
2027	$ 370,738	$ 22,347	$ 393,085
2028	169,937	8,453	178,390
2029	65,343	3,082	68,425
2030	66,867	1,559	68,426
Total requirements	$ 672,885	$ 35,441	$ 708,326

In July 2016, SDSU Research Foundation entered into a revolving loan agreement with a bank which was then amended in August of 2021. The loan is secured by two parcels of real property. The loan agreement is available for short-term cash needs, with a maximum amount available of $15.0 million including a $3.0 million standby letter of credit, and a maturity date of September 26, 2026. The agreement calls for certain restrictive and financial covenants to be maintained. The current agreement requires monthly interest-only payments at a variable interest rate of the prime lending rate minus 1%, but in no event less than 2.5%. There were no amounts outstanding under the agreement as of June 30, 2026 and 2025.

In August 2025, SDSU Research Foundation entered into an uncommitted margin line of credit agreement with a financial institution to provide additional liquidity for short-term working capital needs. The agreement provides for maximum borrowings of $15.0 million and is secured by SDSU Research Foundation's short-term investment portfolio held by the financial institution. Borrowings may bear interest at a daily variable rate or a fixed rate for a selected term, in each case based on the Secured Overnight Financing Rate (SOFR) plus 1.15%. The minimum borrowing amount is $80,000 for variable-rate advances and $5.0 million for fixed-term advances. Because the line is uncommitted, either party may terminate the agreement at any time. There were no amounts outstanding under the agreement as of June 30, 2026.

NOTE 9 – OTHER LIABILITIES

Activities in other liabilities for the years ended June 30, 2026 and 2025 consisted of the following:

	Balance June 30, 2025	Additions	Reductions	Balance June 30, 2026
Amount held for others	$ 7,312,476	$ 1,042,369	$ -	$ 8,354,845
Workers' compensation	4,547,581	1,318,348	(822,183)	5,043,746
Unemployment insurance	3,470,394	599,782	(589,023)	3,481,153
Other obligations	384,135	58,126	-	442,261
Total Other Liabilities	$15,714,586	$ 3,018,625	$ (1,411,206)	$17,322,005

	Balance June 30, 2024	Additions	Reductions	Balance June 30, 2025
Amount held for others	$ 6,631,825	$ 680,651	$ -	$ 7,312,476
Workers' compensation	3,669,086	1,427,828	(549,333)	4,547,581
Unemployment insurance	2,978,221	720,335	(228,162)	3,470,394
Other obligations	394,252	-	(10,117)	384,135
Total Other Liabilities	$13,673,384	$ 2,828,813	$ (787,611)	$15,714,586

Risk Management

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

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

liability to an 80-90% confidence level based on the actuary's estimated liability with an additional accrual for deductibles.

Amounts Held for Others

SDSU Research Foundation executed a 30-year ground and facility lease with the Board of Trustees of the California State University for the SDSU BioScience Center in March 2004. Lease payments began in May 2006. In July 2020, SDSU Research Foundation prepaid the remaining balance of the ground lease by funding a $5.4 million quasi-endowment held at SDSU Research Foundation for the benefit of SDSU, to be used at the direction of SDSU's President. The endowment balance, included in Other Liabilities, was $8.4 million with investment gains of approximately $1,042,000 and $7.3 million with investment gains of approximately $681,000 as of and for the years ending June 30, 2026 and 2025, respectively.

NOTE 10 – LEASING AND SOFTWARE AGREEMENT ACTIVITY

Lessor Leases

As of June 30, 2026, SDSU Research Foundation had 55 active leases. The leases have receipts that range from $337 to $481,520 and interest rates that range from 0.4000% to 5.4580%. As of June 30, 2026, the total combined value of the lease receivable is $25,298,180, and the combined value of the deferred inflow of resources is $23,595,018.

Land, buildings and improvements, with a current net book value of approximately $28.8 million, are leased to university-related and commercial organizations. Included in rental income is sublease revenue of $2,545,358 and $2,458,000 for the years ended June 30, 2026 and 2025, respectively. During the year ended June 30, 2026, SDSU Research Foundation had 15 affiliated leases with SDSU. Affiliated revenue received totaled $991,508 and $889,000 for the years ending on June 30, 2026 and June 30, 2025, respectively.

In July 2019, a ground lease for a student housing project was executed between SDSU Research Foundation and Capstone-San Diego II, LLC, which was transferred to Aztec Shops during FY2022-23. This agreement qualifies under the adoption of GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, (PPPs). The lease term is from August 16, 2021, through July 31, 2071. Upon expiration or earlier termination of the lease, all improvements on the leased premises, excluding personal property, will transfer to Lessor at no cost. An addendum to the lease was executed in the year ending June 30, 2024, modifying the payments such that rent in the year ending June 30, 2026, was $320,650. In future years, rent will be a base rent of $321,400 plus .57% of net income of the underlying property.

In December 2020, an amended and restated ground lease agreement for a student housing project was executed. The lease term is from December 2020 through July 31, 2063. This lease has an annual payment of $227,000 and $225,000 for the years ended June 30, 2026 and 2025, respectively. Payments increase by 1.0% annually thereafter. Rent is paid from the surplus cash flow. If in any year, to the extent surplus cash flow is not sufficient to pay all or any portion of the rent owed, the unpaid rent shall accrue interest at 8.0% per annum.

Lessee Leases

As of June 30, 2026, SDSU Research Foundation had 42 active leases. As of June 30, 2026, the total combined value of the lease liability is $11,593,979. The combined value of the right to use asset, as of June 30, 2026 of $27,817,198 with accumulated amortization of $13,998,301.

SDSU Research Foundation executed a 30-year ground and facility lease with the Board of Trustees of the California State University for the SDSU BioScience Center in March 2004. Lease payments began in May 2006. On July 1, 2020, SDSURF prepaid the remaining balance of the ground lease by depositing a principal payment of $5,400,000 in a quasi-endowment held at SDSURF for the benefit of Business and Financial Affairs (BFA) of SDSU. With the implementation of GASB 87, the prepaid expense was reclassified to a right to use asset. There is no remaining unpaid lease liability, and no interest will be recognized. For the year ending June 30, 2026, the annual depreciation is $352,000.

Software Agreements

As of June 30, 2026, SDSU Research Foundation had 13 active subscriptions. The subscriptions have payments that range from $14,145 to $117,183 and interest rates that range from 2.3310% to 5.3500%. As of June 30, 2026, the total combined value of the subscription liability is $672,885. The combined value of the right to use asset, as of June 30, 2026 of $2,412,482 with accumulated amortization of $1,625,021.

NOTE 11 – POSTRETIREMENT BENEFIT PLAN

General Information about the OPEB Plan

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

SDSU Research Foundation established a voluntary employees' beneficiary association trust (the VEBA) with a registered investment company on June 24, 1996. The VEBA holds the assets and funds the postemployment benefit obligation provided under the plan. The fair value of assets held by the VEBA trust for the years ended June 30, 2026 and 2025 was $19,083,000 and $16,461,000, respectively. The Plan issues stand-alone, publicly available financial reports that include financial statements and required supplementary information prepared on the accrual basis of accounting in accordance with the standards of the GASB and GAAP. The financial statements may be obtained by contacting the human resources department at SDSU Research Foundation.

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

- Group 1 Retirees - Individuals who were employed as eligible employees on June 30, 1991 and at the time of retirement, had 10 years of service as eligible employees, and retired either (a) under

"SDSURF Defined Contribution Retirement Plan" offered through Teachers Insurance and Annuity Association (TIAA) after attaining age 55 (or after attaining age 50 if the individual was employed by SDSU Research Foundation and covered by California Public Employees' Retirement System (CalPERS) on June 30, 1982), or (b) due to permanent and total disability, as approved by TIAA, under the "Group Total Disability Benefits Plan for Regular Salaried Employees of SDSURF.

- Group 2 Retirees – Benefit Eligible Employees employed by the Foundation on or after July 1, 1991, with 15 years of continuous service who have attained age 60. The age requirement is waived if the employee is retiring due to permanent total disability and is approved for benefits under the "Group Long Term Disability Benefits Plan for Regular Salaried Employees of San Diego State University Foundation."

- Group 3 Retirees - Individuals who retired prior to July 1, 1991, and, as of July 1, 1991, were receiving benefits under SDSU Research Foundation's "Health Insurance at Retirement" policy, which was approved by SDSU Research Foundation's Board of Directors on May 14, 1984.

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

Only certain regular employees of SDSU Research Foundation are eligible. Regular employees are members of either (a) central staff under the programmatic direction of SDSU Research Foundation's Associate Vice President and CEO, (b) KPBS, (c) SDSU Global Campus, (d) University Relations and Development or (e) SDSU Athletics. A regular employee is appointed to an approved class code, works a regular schedule of 30 hours or more per week, and is not a temporary or leased employee. At December 31, 2025, there were 95 eligible retired participants or their surviving spouses receiving benefits from the Plan. At December 31, 2024, there were 96 eligible retired participants or their surviving spouses receiving benefits from the Plan. At December 31, 2025 there were 377 covered employees, compared to 340 covered employees at December 31, 2024.

SDSU Research Foundation has voluntarily opted for a funding policy under which it contributes 100% of the actuarially determined contribution (ADC). Per the December 31, 2025 actuarial valuation, SDSURF did not need to make a contribution to the VEBA Trust for the fiscal year ending June 30, 2026. Instead, SDSURF was eligible to and did request a $59,184 refund. The actuarially determined contribution (ADC) for the year ended June 30, 2026, was $0, reflecting a $59,184 refund from the trust that was fully offset by an implicit subsidy contribution of $59,184. The actuarially determined contribution (ADC) for the year ended June 30, 2025 was $0. No contributions to fund the future liability of the plan are required from employees.

Net OPEB Asset

Included in Other assets on the statements of net position as of June 30, 2026 and June 30, 2025, respectively, is the net OPEB asset of SDSU Research Foundation. The components of the asset balances are as follows:

	June 30, 2026	June 30, 2025
Plan fiduciary net position	$ 17,953,668	$ 15,356,628
Total OPEB liability	(10,555,381)	(9,094,143)
Net OPEB asset	$ 7,398,287	$ 6,262,485

Actuarial Assumptions

The total OPEB liability for the years ended June 30, 2026 and June 30, 2025 was determined by an actuarial valuation as of December 31, 2025. The following assumptions were used to determine the total OPEB liability as of December 31, 2025:

	December 31, 2025
General inflation rate	2.50%
Salary increase	3.0% per year, used only to allocate the cost of benefits between service years
Investment rate of return	5.25%
Mortality rates	Pub-16 Weighted Mortality Table with separate rates for males and females. Mortality improvement rates were projected using MacLeod Watts Scale 2022 on a fully generational basis from 2010 forward.

Discount Rate

The discount rate used to measure the total OPEB liability as of December 31, 2025 and December 31,2024, was 5.25%, which is equal to the expected long-term yield on investments net of plan investment expenses and inflation assumption. This long-term rate of investment returns is used because the earnings are expected to fund the benefit costs. As of December 31, 2025, the VEBA Trust's investment advisor projected a long-term expected return on assets of 7.49% per year, prior to offset for investment management and advisory fees. The fees were estimated to be 0.29% and 0.15%, respectively, each year. The long-term yield was reduced to a more conservative estimate of 5.25% to provide some margin against lower market rate returns.

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

The discount rate used to calculate the net OPEB asset as of December 31, 2025, was 5.25%. Healthcare Cost Trend Rate was assumed to start at 6.5% and grade down to 3.9% for years 2075 and later. The impact of a 1.0% increase or decrease in these assumptions is shown in the chart below as of December 31, 2025.

	Sensitivity of Asset to Change in					
	Discount Rate			Healthcare Cost Trend Rate		
	1% Decrease (4.25%)	Current Discount Rate (5.25%)	1% Increase (6.25%)	1% Decrease	Current Healthcare Cost Trend	1% Increase
Net OPEB asset	$5,787,811	$7,398,287	$8,699,214	$8,758,975	$7,398,287	$5,716,524
(Decrease) increase	(1,610,476)		1,300,927	1,360,688		(1,681,763)
% (Decrease) increase	(21.8%)		17.6%	18.4%		(22.7%)

The impact of a 1% increase or decrease in these assumptions is shown in the chart below as of December 31, 2024:

	Sensitivity of Asset to Change in					
	Discount Rate			Healthcare Cost Trend Rate		
	1% Decrease (4.25%)	Current Discount Rate (5.25%)	1% Increase (6.25%)	1% Decrease	Current Healthcare Cost Trend	1% Increase
Net OPEB asset	$4,918,123	$6,262,485	$7,352,540	$7,411,649	$6,262,485	$4,847,540
(Decrease) increase	(1,344,362)		1,090,055	1,149,164		(1,414,945)
% (Decrease) increase	(21.5%)		17.40%	18.30%		(22.6%)

OPEB Expense and Deferred Outflows and Inflows of Resources

For the years ended June 30, 2026 and June 30, 2025, SDSU Research Foundation recognized a reduction to OPEB expense of $771,380 and $686,180, respectively.

The chart below shows the OPEB related deferred outflows and inflows of resources reported in the statements of net position as of June 30, 2026 and 2025.

	June 30, 2026	June 30, 2025
Deferred outflows of resources		
Changes of assumptions	$ 417,630	$ 255,466
OPEB plan experiences	530,906	-
OPEB investment experiences	542,329	1,084,660
Total OPEB related outflows of resources	$ 1,490,865	$ 1,340,126
Deferred inflows of resources		
OPEB plan experiences	$ 391,158	$ 1,045,946
OPEB investment experiences	2,609,630	1,416,109
Changes of assumptions	-	23,572
Total OPEB related inflows of resources	$ 3,000,788	$ 2,485,627

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

For the Fiscal Year Ending June 30,	Recognized Net Deferred Inflows of Resources
2027	$ (177,877)
2028	(720,205)
2029	(409,117)
2030	(249,706)
2031	46,982
Total	$ (1,509,923)

Actuarial Methods and Assumptions

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

Other Retirement Benefits

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

Participants are vested immediately in their contributions and SDSU Research Foundation contributions plus actual earnings thereon. As of January 1, 2020, the Plan was amended, and the 10% contribution was replaced with a 200% fixed match of each participant's contributions up to 10% of the participant's eligible adjusted gross salary. Total contributions to the Retirement Plan for the years ended June 30, 2026 and 2025 were approximately $8,370,000 and $8,057,000, respectively, and included in Operating expenses in the Statements of Revenues, Expenses, and Changes in Net Position.

NOTE 12 – DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

As of June 30, 2026 and 2025, SDSURF reported deferred outflows of resources and deferred inflows of resources in connection with the unamortized (loss)/gain on bond refunding, the OPEB plan, contributions to KPBS, and deferred inflows related to lessor leases, as presented in the table below:

	2026		2025	
	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows
Unamortized loss (gain) on bond refunding	$ 279,058	$ -	$ 306,066	$ -
OPEB related	1,490,865	3,000,788	1,340,126	2,485,627
Contributions - KPBS	-	838,829	-	1,106,830
Lessor leases	-	25,195,017	-	26,519,510
PPP	-	34,400,000	-	35,200,000
	$1,769,923	$63,434,634	$1,646,192	$65,311,967

NOTE 13 – CONTINGENCIES

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

NOTE 14 – SUBSEQUENT EVENTS

SDSU Research Foundation has reviewed its financial statements for subsequent events through September 25, 2026 the date the financial statements were issued.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

SDSU | Research Foundation

SAN DIEGO STATE UNIVERSITY RESEARCH FOUNDATION
SCHEDULE OF REQUIRED SUPPLEMENTAL INFORMATION (UNAUDITED)
SCHEDULE OF CHANGES IN SDSU RESEARCH FOUNDATION NET OPEB ASSET (LIABILITY) AND RELATED RATIOS
LAST NINE FISCAL YEARS

Fiscal Year End	**2026**	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**
Measurement Date	**12/31/2025**	**12/31/2024**	**12/31/2023**	**12/31/2022**	**12/31/2021**	**12/31/2020**	**12/31/2019**	**12/31/2018**	**12/31/2017**
Discount Rate on Measurement Date	**5.25%**	**5.25%**	**5.25%**	**5.25%**	**5.25%**	**5.35%**	**6.00%**	**6.00%**	**6.00%**
Total OPEB liability									
Service Cost	$ 340,761	$ 330,836	$ 276,016	$ 267,977	$ 335,568	$ 281,845	$ 318,983	$ 308,942	$ 299,217
Interest	487,011	461,074	461,350	440,666	583,601	569,072	719,045	680,729	640,618
Changes of benefit terms	-	-	-	-	-	-	-	-	-
Difference between expected and actual experienc	655,532	-	(894,798)	-	(2,891,384)	-	(3,028,225)	-	-
Changes of assumptions	294,955	-	408,898	-	(139,980)	887,525	(90,035)	-	-
Benefit payments	(317,021)	(298,590)	(324,504)	(320,903)	(349,077)	(387,466)	(376,908)	(345,313)	(216,762)
Net change in total OPEB liability	1,461,238	493,320	(73,038)	387,740	(2,461,272)	1,350,976	(2,457,140)	644,358	723,073
Total OPEB liability - beginning	9,094,143	8,600,823	8,673,861	8,286,121	10,747,393	9,396,417	11,853,557	11,209,199	10,486,126
Total OPEB liability - ending (a)	$ 10,555,381	$ 9,094,143	$ 8,600,823	$ 8,673,861	$ 8,286,121	$ 10,747,393	$ 9,396,417	$ 11,853,557	$ 11,209,199
Plan fiduciary net position									
Contributions - employer	$ -	$ -	$ -	$ -	$ 64,021	$ 106,792	$ 295,634	$ 285,305	$ 249,062
Net investment income	2,949,015	1,388,739	1,910,207	(1,930,235)	1,480,967	1,617,349	1,765,032	(356,123)	1,609,240
Benefit payments	(317,021)	(298,590)	(324,504)	(320,903)	(349,077)	(387,466)	(376,908)	(345,313)	(205,392)
Expenses Paid	(9,522)	(5,959)	(60,865)	(72,382)	(84,391)	(79,724)	(88,140)	(27,830)	(27,500)
Change in Employer Contrib Receivable	-	-	-	-	-	-	-	(92,222)	(31,757)
Change in Accrued Expenses	(25,432)	(26,484)	(3,232)	16,452	(588)	6,951	17,177	(32,432)	-
Change in Accrued Benefit Payments	-	-	22,372	(15,103)	11,837	2,957	(1,705)	(17,402)	(11,370)
Net change in plan fiduciary net position	$ 2,597,040	$ 1,054,706	$ 1,543,978	$ (2,322,171)	$ 1,122,769	$ 1,266,859	$ 1,611,090	$ (586,017)	$ 1,582,283
Plan fiduciary net position - beginning	15,356,628	14,301,922	12,757,944	15,080,115	13,957,346	12,690,487	11,079,397	11,665,414	10,083,131
Plan fiduciary net position - ending (b)	$ 17,953,668	$ 15,356,628	$ 14,301,922	$ 12,757,944	$ 15,080,115	$ 13,957,346	$ 12,690,487	$ 11,079,397	$ 11,665,414
Net OPEB liability - ending (a) - (b)	$ (7,398,287)	$ (6,262,485)	$ (5,701,099)	$ (4,084,083)	$ (6,793,994)	$ (3,209,953)	$ (3,294,070)	$ 774,160	$ (456,215)
Covered payroll in measurement period	$ 32,054,168	$ 31,326,445	$ 27,768,737	$ 24,550,631	$ 21,389,881	$ 20,065,194	$ 19,882,327	$ 20,277,985	$ 20,501,853
Net OPEB asset (liability) as a % of covered payroll	23.08%	19.99%	20.53%	16.64%	31.76%	16.00%	16.57%	-3.82%	2.23%

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

SDSU Research Foundation

SAN DIEGO STATE UNIVERSITY RESEARCH FOUNDATION
SCHEDULE OF REQUIRED SUPPLEMENTAL INFORMATION (UNAUDITED)
SCHEDULE OF SDSU RESEARCH FOUNDATION CONTRIBUTIONS
LAST NINE FISCAL YEARS

Plan Year End	Fiscal Year Ended	ADC	Contributions in Relation to the ADC	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/2025	6/30/2026	$ -	$ -	$ -	$ 31,252,624	0.00%
12/31/2024	6/30/2025	-	-	-	31,662,035	0.00%
12/31/2023	6/30/2024	-	-	-	28,220,981	0.00%
12/31/2022	6/30/2023	-	-	-	25,708,782	0.00%
12/31/2021	6/30/2022	-	-	-	21,074,435	0.00%
12/31/2020	6/30/2021	64,021	64,021	-	20,201,683	0.32%
12/31/2019	6/30/2020	52,696	106,792	(54,096)	20,408,482	0.52%
12/31/2018	6/30/2019	295,634	295,634	-	20,937,020	1.41%
12/31/2017	6/30/2018	285,305	285,305	-	20,501,853	1.39%

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

Notes to Schedule of Contributions

Methods and assumptions used to determine contribution rates

Valuation Date	12/31/2025	12/31/2023		12/31/2021		12/31/2019		12/31/2017	
Fiscal Year End	6/30/2026	6/30/2025	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Methods and assumptions used to determine contribution rates:									
Actuarial cost method	Entry Age Normal	Entry Age Normal		Entry Age Normal		Entry Age Normal		Entry Age Normal	
Amortization method	Level Dollar	Level Dollar		Level Dollar		Level Dollar		Level Dollar	
Amortization period	30 year open	30 year open		30 year open		30 year open		29 year closed	30 year closed
Asset valuation method	Market Value	Market Value		Market Value		Market Value		Market Value	
Inflation	2.50%	2.50%		2.50%		2.50%		2.75%	
Healthcare cost trend rates	6.5% in 2027 fluctuating to an ultimate rate of 3.9% in 2075	6.5% in 2025 fluctuating to an ultimate rate of 3.9% in 2075		5.8% in 2023, fluctuating to an ultimate rate of 3.9% in 2075		5.4% in 2021, fluctuates until ultimate rate of 4% in 2076		7.5% in 2019, step down 0.5% per year to 5% in 2024	
Salary increases	3.00%	3.00%		3.00%		3.00%		3.25%	
Investment rate of return	5.25%	5.25%		5.25%		6.00%		6.00%	
Retirement age	From 55 to 70	From 55 to 70		From 55 to 70		From 55 to 70		From 55 to 70	
Mortality	PubG 2016 General	Pub10 Headcount		Pub10 Headcount		Public Retirement Plans		RP-2014 Healthy	
Mortality Improvement	MacLeod Watts Scale 2022	MacLeod Watts Scale 2022		MacLeod Watts Scale 2022		MacLeod Watts Scale 2020		MacLeod Watts Scale 2018	