

CALIFORNIA MARITIME ACADEMY FOUNDATION, INC.

VALLEJO, CALIFORNIA

BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

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INDEPENDENT AUDITORS' REPORT

Board of Directors
California Maritime Academy Foundation, Inc.
Vallejo, California

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the major fund of California Maritime Academy Foundation, Inc. as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise California Maritime Academy Foundation, Inc.'s basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the major fund of California Maritime Academy Foundation, Inc. as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited California Maritime Academy Foundation, Inc.'s 2019 financial statements, and expressed an unmodified audit opinion on those audited financial statements in our report dated August 29, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 5 and 20 be presented to supplement the basic financial statements. Such information, although not a 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 auditing standards generally accepted in the United States of America, which 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 Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the California Maritime Academy Foundation, Inc.'s basic financial statements. The supplementary data in schedules 2 through 7 is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 9, 2020 on our consideration of the California Maritime Academy Foundation, Inc.'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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of California Maritime Academy Foundation, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering California Maritime Academy Foundation, Inc.'s internal control over financial reporting and compliance.

R. J. Ricciardi, Inc.

R. J. Ricciardi, Inc.
Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of California Maritime Academy Foundation, Inc.'s (the Foundation) annual financial report presents management's overview and analysis of the financial activities of the Foundation for the fiscal year ended June 30, 2020. We encourage the reader to consider the information presented here in conjunction with the financial statements taken as a whole.

Introduction to the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the Foundation's audited financial statements, which are comprised of the basic financial statements (pages 6-9) and the footnotes and supplemental schedules (pages 10-26). This annual report is prepared in accordance with the Governmental Accounting Standards Board Statement 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*. This is designed to improve the usefulness of the report to the primary users of these documents. The Business-Type Activity (BTA) reporting model used is best to represent the activities of the California Maritime Academy (the Academy) and its auxiliaries. The Foundation is one auxiliary of the Academy.

The required financial statements include the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and Statement of Cash Flows. These statements are supported by notes to the financial statements, supplementary detail and/or statistical information, and this summary. All sections must be considered together to obtain a complete understanding of the financial picture of the Foundation.

Statement of Net Position:

This statement includes all assets and liabilities using the accrual basis of accounting as of the statement date. The difference between the two classifications is represented as "Net Position"; this section of the statement identifies major categories of restrictions on these assets and reflects the overall financial position of the Foundation as a whole.

Statement of Revenues, Expenses and Changes in Net Position:

This statement presents the revenues earned and the expenses incurred during the year using the accrual basis of accounting. Under the accrual basis, all increases or decreases in net position are reported as soon as the underlying events occur, regardless of the timing of the cash flow. Consequently revenues and/or expenses reported during this fiscal year may result in changes to cash flow in future periods.

Statement of Cash Flows:

This statement reflects inflows and outflows of cash, summarized by operating, capital, financing and investing activities. The direct method was used to prepare this information, which means that gross rather than net amounts were presented for the year's activities.

Notes to the Financial Statements:

This additional information is essential to a full understanding of the data reported in the basic financial statements.

Schedule of Revenues and Expenses – Budget to Actual:

This is supplementary information for analysis purposes only.

Supplemental Information:

This is offered to support the required financial statements, to fulfill understanding of the operating units within the Foundation.

Reporting Entity

The financial statements of the California Maritime Academy will be separated between the Academy and its component units. The latter are separate I.R.C. 501(c)(3) non-profit auxiliary organizations whose financial information will be presented in a discrete column and in the footnotes of the Academy's financial statements. Consequently, these auxiliaries must comply with the same governmental rulings and must present their individual separate audited financial statements in the same format.

Analytical Overview

Summary

Total assets of the Foundation have increased this year by \$3,172,435. This classification is comprised of Current Assets (Cash and Cash Equivalents, Short-term Investments, Accounts Receivable, and Pledges Receivable), which increased by \$909,173 and Non-current Assets (Restricted Cash and Cash Equivalents, Pledges Receivable, Endowment Investments, and Capital Assets), which increased by \$2,263,262. The latter category is presented net of accumulated amortization and accumulated depreciation. The increase in total assets is primarily due to vessel donations of \$1,995,000 and a significant contribution of \$1,450,000.

Liabilities have increased by \$24,235.

The overall change to Net Position is an increase of \$3,148,200. The Net Position balance at June 30, 2020 and June 30, 2019 was \$17,225,648 and \$14,077,448, respectively.

Comparative Analysis of Activities and Balances

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	
Operating revenue	\$ 7,348,299	\$ 2,898,767	\$ 3,496,887	Note 1
Operating expense	<u>3,813,851</u>	<u>2,932,929</u>	<u>2,344,274</u>	Note 2
Net operating income (loss)	<u>3,534,448</u>	<u>(34,162)</u>	<u>1,152,613</u>	
Investment and endowment income (loss)	<u>(378,182)</u>	<u>341,341</u>	<u>262,467</u>	Note 3
Other revenue (expenses)	<u>(8,066)</u>	<u>(343,139)</u>	<u>42,688</u>	Note 4
Net income (loss)	<u>\$ 3,148,200</u>	<u>\$ (35,930)</u>	<u>\$ 1,457,768</u>	

Note 1: Operating revenue for this year increased by 153% overall from 2020 compared to 2019 primarily due to more donated vessels in 2020 (\$1,995,000 in 2020 and \$840,500 in 2019) and a significant contribution of \$1,450,000 made in 2020. Operating revenue decreased by 17% overall from 2019 compared to 2018 primarily due to less donated vessels in 2019 (\$840,500 in 2019 and \$1,440,000 in 2018).

Note 2: Operating expenses for this year increased by 30% overall from 2020 compared to 2019 due to an increase in operating expenses. Operating expenses increased by 25% overall from 2019 compared to 2018 due to an increase in operating expenses and depreciation.

Note 3: Investment and endowment income decreased this year by 211% overall from 2020 compared to 2019 primarily due to a weaker year in investments in 2020 compared to 2019. Investment and endowment income increased by 30% overall from 2019 compared to 2018 primarily due to a stronger year in investments in 2019 compared to 2018.

Note 4: Other revenue (expenses) represents the loss on the sale of boats in 2020 and 2019. In addition, there was a transfer from the Academy for \$46,938 in 2018.

Restricted Resources

The Foundation received restricted resources in the form of donations with donor stipulations that limit the use of donated assets such as endowments for student scholarships and donations for other campus programs. All other funds are unrestricted.

Capital Assets and Long-Term Debt Obligations

Capital Assets

Capital assets as of June 30 are as follows:

	<u>Years</u>	<u>Balance 6/30/20</u>	<u>Balance 6/30/19</u>
Vessels	4	\$ 4,678,500	\$ 3,576,500
Equipment and software	5	-	31,340
Total		4,678,500	3,607,840
Accumulated depreciation		(1,853,188)	(1,566,277)
Capital assets, net		<u>\$ 2,825,312</u>	<u>\$ 2,041,563</u>

Depreciation expense was \$1,051,017 and \$1,199,263 for the years ended June 30, 2020 and June 30, 2019, respectively.

Long-Term Debt Obligations

The Foundation administers a charitable gift annuity which provides for the payment of distributions to designated beneficiaries over the beneficiary's lifetime. At the end of the term, the remaining assets are available for the Foundation's use. The portion of the annuity attributable to the present value of the future benefits to be received by the Foundation is recorded in the Statement of Revenues, Expenses and Changes in Net Position as a contribution. Assets held in the charitable gift annuity are reported at fair market value in the Statement of Net Position. The present value of the estimated future payments is calculated using the appropriate discount rate and applicable mortality tables.

Contingent payments for the annuity payable are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 1,954	\$ 2,460
2022	1,828	2,586
2023	1,710	2,704
2024	1,599	2,815
2025	1,496	2,918
2026 – 2030	6,155	15,913
2031 – 2035	2,871	12,260
2036 – 2040	<u>235</u>	<u>2,328</u>
Total	<u>\$ 17,848</u>	<u>\$ 43,984</u>

Contacting the Foundation's Financial Management

These basic financial statements are intended to provide students, taxpayers, investors, and creditors with a general overview of California Maritime Academy Foundation, Inc.'s finances. Questions about this report should be directed to the California Maritime Academy Foundation, Inc. at 200 Maritime Drive, Vallejo, California 94590.

California Maritime Academy Foundation, Inc.

STATEMENTS OF NET POSITION

June 30, 2020

(With Comparative Totals for June 30, 2019)

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 2,417,908	\$ 1,807,759
Short-term investments	1,371,280	933,878
Accounts receivable, net	8,748	35,832
Pledges receivable, net	<u>91,743</u>	<u>203,037</u>
Total current assets	<u>3,889,679</u>	<u>2,980,506</u>
Non-current assets:		
Restricted cash and cash equivalents	837,343	892,503
Pledges receivable, net	65,057	65,057
Endowment investments	9,889,015	8,354,342
Capital assets, net	<u>2,825,312</u>	<u>2,041,563</u>
Total non-current assets	<u>13,616,727</u>	<u>11,353,465</u>
Total assets	<u>17,506,406</u>	<u>14,333,971</u>
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	3,299	25,732
Accounts payable - CMA	836	172,057
Long-term debt obligations - current portion	1,954	2,088
Other liabilities	<u>258,775</u>	<u>39,830</u>
Total current liabilities	<u>264,864</u>	<u>239,707</u>
Non-current liabilities:		
Long-term debt obligations - net of current portion	<u>15,894</u>	<u>16,816</u>
Total non-current liabilities	<u>15,894</u>	<u>16,816</u>
Total liabilities	<u>280,758</u>	<u>256,523</u>
<u>NET POSITION</u>		
Net investment in capital assets	2,825,312	2,041,563
Restricted for:		
Nonexpendable - endowments	8,636,960	9,284,095
Expendable:		
Other	3,881,700	1,497,837
Unrestricted for:		
Auxiliary enterprise	<u>1,881,676</u>	<u>1,253,953</u>
Total net position	<u>\$ 17,225,648</u>	<u>\$ 14,077,448</u>

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

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the Year Ended June 30, 2020

(With Comparative Totals for the Year Ended June 30, 2019)

	<u>2020</u>	<u>2019</u>
Revenues:		
Operating revenues:		
Other operating revenues	\$ 7,348,299	\$ 3,045,980
Total operating revenues	<u>7,348,299</u>	<u>3,045,980</u>
Expenses:		
Operating expenses:		
Student grants and scholarships	438,781	437,448
Auxiliary enterprise expenses	2,324,053	1,443,455
Depreciation and amortization	<u>1,051,017</u>	<u>1,199,263</u>
Total operating expenses	<u>3,813,851</u>	<u>3,080,166</u>
Operating income (loss)	<u>3,534,448</u>	<u>(34,186)</u>
Nonoperating revenues (expenses):		
Investment income (loss), net	(619,198)	141,867
Endowment income (loss), net	241,016	199,474
Other nonoperating revenues (expenses) - excl. interagency transfers	<u>(8,066)</u>	<u>(343,139)</u>
Net nonoperating revenues (expenses)	<u>(386,248)</u>	<u>(1,798)</u>
Increase (decrease) in net position	<u>3,148,200</u>	<u>(35,984)</u>
Net position:		
Net position at beginning of year,	<u>14,077,448</u>	<u>14,113,432</u>
Net position at end of year	<u>\$ 17,225,648</u>	<u>\$ 14,077,448</u>

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

STATEMENTS OF CASH FLOWS

For the Year Ended June 30, 2020

(With Comparative Totals for the Year Ended June 30, 2019)

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Payments to suppliers	\$ (2,214,701)	\$ (900,008)
Payments to employees	(84,061)	(180,226)
Payments to students	(438,781)	(437,448)
Other receipts	<u>5,491,677</u>	<u>2,030,905</u>
Net cash used in operating activities	<u>2,754,134</u>	<u>513,223</u>
Cash flows from noncapital financing activities:		
Gifts and grants received (paid) for other than capital purposes	<u>-</u>	<u>(614)</u>
Net cash provided by noncapital financing activities	<u>-</u>	<u>(614)</u>
Cash flows from capital and related financing activities:		
Proceeds from sale of capital assets	152,168	396,849
Principal paid on capital debt and leases	<u>(1,056)</u>	<u>(6,645)</u>
Net cash used in capital and related financing activities	<u>151,112</u>	<u>390,204</u>
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	3,930,824	3,066,215
Purchases of investments	(5,902,899)	(4,878,079)
Investment income received	<u>(378,182)</u>	<u>341,341</u>
Net cash used in investing activities	<u>(2,350,257)</u>	<u>(1,470,523)</u>
Net increase in cash and cash equivalents	554,989	(567,710)
Cash and cash equivalents at beginning of year	<u>2,700,262</u>	<u>3,267,972</u>
Cash and cash equivalents at end of year	<u>\$ 3,255,251</u>	<u>\$ 2,700,262</u>
Summary of cash and cash equivalents at end of year:		
Cash and cash equivalents	\$ 2,417,908	\$ 1,807,759
Restricted cash and cash equivalents	<u>837,343</u>	<u>892,503</u>
Total cash and cash equivalents at end of year	<u>\$ 3,255,251</u>	<u>\$ 2,700,262</u>

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

STATEMENTS OF CASH FLOWS

For the Year Ended June 30, 2020

(With Comparative Totals for the Year Ended June 30, 2019)

	<u>2020</u>	<u>2019</u>
Reconciliation of operating income to net cash used in operating activities:		
Operating income (loss)	\$ 3,534,448	\$ (34,186)
Adjustments to reconcile operating income (loss) to net cash provided used in operating activities:		
In-kind contribution of assets	(1,995,000)	(840,500)
Depreciation and amortization	1,051,017	1,199,263
Changes in certain assets and liabilities:		
Accounts receivable, net	27,084	(11,531)
Pledges receivable, net	111,294	(15,831)
Prepaid expenses and other current assets	-	614
Accounts payable	(22,433)	17,147
Accounts payable - CMA	(171,221)	164,393
Other liabilities	<u>218,945</u>	<u>33,830</u>
Net cash used in operating activities	<u>\$ 2,754,134</u>	<u>\$ 513,199</u>
Supplemental disclosures of cash flow information:		
Noncash activities:		
Other in-kind contributions	<u>\$ 162,262</u>	<u>\$ 46,559</u>

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

California Maritime Academy Foundation, Inc.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 - GENERAL

The Foundation

The California Maritime Academy Foundation, Inc. (the Foundation) was established in 1972 as a non-profit, tax exempt, charitable and educational organization. The Foundation's mission is to support, with pride, the California Maritime Academy (the Academy) located in Vallejo, California, with resources to enhance the educational experience of its students.

Individuals, corporations, and organizations support the Foundation by donations given in many ways: gifts of sail and power boats, stocks, real estate, maritime training equipment, and other capital assets. Donations are made for endowments, scholarships, the sailing program, classroom/laboratory equipment, and for unrestricted use. Specific donations are applied according to the wishes of the donor. The Foundation also conducts an annual fund drive through which employers, alumni, and friends—both individual and corporate—contribute matching gifts.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The basic financial statements present only the statement of net position, statement of revenues, expenses, and changes in net position, and statement of cash flows of the Foundation.

The Foundation is one of the recognized California Maritime Academy auxiliary organizations. Auxiliary organizations are legally separate entities that provide services primarily to the Academy's students and faculty.

B. Basis of Presentation

The accompanying basic financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with U.S. generally accepted accounting principles, 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Financial statements required include a statement of net position, a statement of revenues, expenses, and changes in net position, and a statement of cash flows.

The Foundation records revenue in part from fees and other charges for services to external users, and accordingly has chosen to present its financial statements using the reporting model for special-purpose governments engaged only in business-type activities. This model allows all financial information for the Foundation to be reported in a single column in each of the financial statements. In accordance with the business-type activities reporting model, the Foundation prepares its statement of cash flows using the direct method.

California Maritime Academy Foundation, Inc.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Election of Applicable FASB Statements

The Foundation uses all applicable GASB pronouncements and all Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements. The Foundation has elected not to adopt the pronouncements issued by FASB after November 30, 1989.

D. Classification of Current and Noncurrent Assets and Liabilities

The Foundation considers assets to be current that can reasonably be expected, as part of its normal business operations, to be converted to cash and be available for liquidation of current liabilities within 12 months of the statement of net position date. Liabilities that reasonably can be expected, as part of normal business operations, to be liquidated within 12 months of the statement of net position date are considered to be current. All other assets and liabilities are considered to be noncurrent.

E. Cash and Cash Equivalents

For purposes of reporting the statement of cash flows, cash and cash equivalents include cash on deposit with financial institutions.

F. Investments

Investments are recorded at fair market value. Realized and unrealized gains and losses are included in the accompanying statement of revenues, expenses, and changes in net position as investment income, net.

G. Allowances for Uncollectible Receivables

The Foundation has not accrued a loss for allowances for uncollectible receivables since it is the opinion of management that it is highly probable that all receivables will be collected.

H. Capital Assets

The aggregate cost of assets over \$5,000 is capitalized in the statement of net position. Property, plant and equipment, other than vessels held for charter, are stated at cost and depreciation is computed on the straight-line basis of accounting over the estimated useful lives of the assets.

I. Net Position

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

Net investments 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: The Foundation receives restricted resources in the form of donations with donor stipulations that limit the use of donated assets such as endowments for student scholarships and donations for other campus programs.

California Maritime Academy Foundation, Inc.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Net Position (concluded)

Unrestricted: All other categories of net position. In addition, unrestricted net position may be designated for use by management of the Foundation.

J. Classification of Revenues and Expenses

The Foundation considers operating revenues and expenses in the statement of revenues, expenses, and changes in net position to be those revenues and expenses that result from exchange transactions or from other activities that are connected directly to the Foundation's primary functions. Exchange transactions include charges for services rendered and the acquisition of goods and services. Certain other transactions are reported as nonoperating revenues and expenses or capital contributions. These nonoperating activities include the Foundation's net investment income, endowments, and losses on sale of capital assets.

K. Use of Estimates

The financial statements have been prepared in conformity with U.S. generally accepted accounting principles and, as such, include amounts based on informed estimates and judgments of management with consideration given to materiality. Actual results could differ from those estimates.

L. Risk Management

The Foundation is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Foundation carries commercial insurance.

M. Concentrations of Risk

Financial instruments which potentially subject the Foundation to concentration of credit risk consist principally of cash. The Foundation places its cash and money market accounts with creditworthy, high-quality financial institutions. A significant portion of the funds, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts.

Financial instruments which potentially expose the Foundation to concentrations of investment risk consist primarily of marketable securities. The Foundation will often receive donations in the form of marketable securities. In order to limit the amount of risk exposure, the Foundation will sell the marketable securities within several days and invest the funds in low-risk mutual funds. As a result, management does not consider this risk a particular concern at this time.

N. In-kind

Values assigned to in-kind contributions and the related expenses are based on federal guidelines. In accordance with those guidelines, values are based upon estimated area-wide averages for purchased services, facilities, or supplies of a similar type. In-kind contributions and expenses are recorded when used in the program and are not carried forward.

California Maritime Academy Foundation, Inc.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

O. CSU Reporting Requirements for Auxiliary Organizations

The Foundation, as an auxiliary of the Academy, has prepared the following required information under the California State University (CSU) reporting requirements: the schedule of net position (Schedule 2), the schedule of revenues, expenses, and changes in net position (Schedule 3), and other information (Schedules 4-7).

P. Subsequent Events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through September 9, 2020, the date the financial statements were available to be issued.

The following events occurred subsequent to June 30, 2020:

Purchase of Property

On July 28, 2020, the Foundation purchased property in Vallejo in the amount of \$1,935,672 (purchase price of \$1,930,000 plus closing fees of \$5,672) which is within a Federal Opportunity Zone to meet both the long-term goals of both the Foundation and the University.

NOTE 3 - INCOME TAXES

The Foundation is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation is also exempt from California franchise taxes under Section 23701(d) of the Revenue and Taxation Code and, therefore, has made no provision for Federal or California income taxes. Contributors, donors and grantors may obtain tax benefits. In addition, the Foundation has been determined by the Internal Revenue Service not to be a “private foundation” within the meaning of Section 509(a) of the Code. The Foundation is subject to unrelated business income taxes on charter lease revenues received through the boat donation program.

The Foundation adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Foundation has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Foundation believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Foundation’s financial condition, results of operations or cash flows. Accordingly, the Foundation has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at June 30, 2020. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

California Maritime Academy Foundation, Inc.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 4 - CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents

As of June 30, 2020 and June 30, 2019, cash and cash equivalents were \$3,255,251 and \$2,700,262, respectively. The corresponding bank balance was \$3,257,728 for 2020 and \$2,661,197 in 2019. The differences between the cash and cash equivalents balance and the bank balance are related to deposits in transit and outstanding checks. The bank insures \$250,000 by federal depository insurance. The balance is uninsured and held by the financial institutions in the Foundation's name. It is the opinion of management that the uninsured portion is not of particular concern at this time due to the solvency of the financial institutions.

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of bank failure, the Foundation's deposits may not be returned to it. As of June 30, 2020 and June 30, 2019, \$3,007,728 and \$2,411,197, respectively, of the bank balances was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Foundation's name.

Restricted Cash and Cash Equivalents

The Foundation has restricted cash or cash equivalents in the amounts of \$837,343 and \$892,503 as of June 30, 2020 and June 30, 2019, respectively, in the Endowment Fund.

Cash balances as of June 30 are as follows:

	<u>2020</u>	<u>2019</u>
Wells Fargo Bank	\$ 2,417,908	\$ 1,807,759
Wells Fargo Bank (Restricted Cash)	386,398	385,232
Morgan Stanley Money Market (Restricted Cash)	<u>450,945</u>	<u>507,271</u>
Total	<u>\$ 3,255,251</u>	<u>\$ 2,700,262</u>

Investments

Investment Policy

The primary investment objectives are to preserve the purchasing power of the assets throughout time and to provide a stable flow of annual resources for the Foundation's scholarship program. The Investment Manager(s) must properly balance the following overall objectives: income, growth, liquidity, and safety. The pursuit of the foregoing objectives must be consistent with the Foundation's desire to obtain consistent returns through conservative investments with the acceptance of prudent investment risks and the rejection of those investment activities deemed to be too speculative in nature.

California Maritime Academy Foundation, Inc.
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2020

NOTE 4 - CASH AND CASH EQUIVALENTS AND INVESTMENTS (concluded)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Foundation seeks to diversify investments among both equity and fixed-income securities so as to provide a balance sheet that will enhance total return while avoiding undue risk concentration in any single asset class or investment category.

Concentration of Credit Risk

The Foundation's investment policy contains a maximum and minimum range for each asset category as follows: Cash Equivalents 0%-100%; Fixed Income 0%-100%; Equity 0%-75%; and Alternatives 0%-15%.

The Foundation periodically receives donations of marketable securities. As detailed in note 2M, the Foundation takes several precautions to reduce risks related to investment activities. Marketable securities are recorded at current market value on the statement of net position.

Investments as of June 30 are as follows:

	Morgan Stanley
Account balance as of 6/30/19	\$ 9,288,220
Purchases/ deposits	6,482,244
Total unrealized gains and (losses)	(193,585)
Realized capital gains and (losses), net of commissions and fees	(437,720)
Dividends and interest	51,960
Sales/ withdrawals	(3,930,824)
Investments as of 6/30/20	\$ 11,260,295
U.S. agency securities	\$ 1,003,399
Municipal bonds	492,899
Corporate bonds	1,279,575
Mutual funds	2,915,357
Exchange traded funds	3,457,984
Equity securities	2,111,081
Total	\$ 11,260,295
At cost	\$ 11,453,880
Amount restricted for endowments	\$ 9,889,015

California Maritime Academy Foundation, Inc.
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2020

NOTE 5 - PLEDGES RECEIVABLE

The Foundation receives pledges receivable from multiple donors. Pledges receivable to give as of June 30 were as follows:

	2020	2019
Receivable in less than one year	\$ 91,743	\$ 203,037
Receivable in one to three years	-	-
Thereafter	65,057	65,057
Total pledges receivable	156,800	268,094
Less discounts to net present value	-*	-*
Total pledges receivable	\$ 156,800	\$ 268,094

The Foundation has not accrued a loss for allowances for doubtful accounts since it is the opinion of management that it is highly probable that all pledges receivable will be collected.

*The Foundation has not recorded the discount to net present value for the years ended June 30, 2020 and June 30, 2019 because the amounts were considered immaterial.

NOTE 6 - CAPITAL ASSETS

Capital assets as of June 30 are as follows:

		Balance					Balance
	<u>Years</u>	<u>6/30/19</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>		<u>6/30/20</u>
Depreciable capital assets:							
Vessels	4	\$3,576,500	\$ 1,995,000	\$ (893,000)	\$ -		\$ 4,678,500
Equipment and software	5	31,340	-	(31,340)	-		-
Total depreciable		3,607,840	1,995,000	(924,340)	-		4,678,500
Total capital assets		3,607,840	1,995,000	(924,340)	-		4,678,500
Less accumulated depreciation							
Vessels		(1,534,937)	(1,051,017)	732,766	-		(1,853,188)
Equipment and software		(31,340)	-	31,340	-		-
Total accum. depreciation		(1,566,277)	(1,051,017)	764,106	-		(1,853,188)
Capital assets, net		\$2,041,563	\$ 943,983	\$ (160,234)	\$ -		\$ 2,825,312

Depreciation expense was \$1,051,017 and \$1,199,263 for the years ended June 30, 2020 and June 30, 2019, respectively.

California Maritime Academy Foundation, Inc.
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2020

NOTE 7 - LONG-TERM DEBT OBLIGATIONS

The Foundation administers a charitable gift annuity which provides for the payment of distributions to designated beneficiaries over the beneficiary's lifetime. At the end of the term, the remaining assets are available for the Foundation's use. The portion of the annuity attributable to the present value of the future benefits to be received by the Foundation is recorded in the statement of revenues, expenses and changes in net position as a contribution. Assets held in the charitable gift annuity are reported at fair market value in the statement of net position. The present value of the estimated future payments is calculated using the appropriate discount rate and applicable mortality tables.

The charitable gift annuity receivable at June 30 is as follows:

	<u>2020</u>	<u>2019</u>
Annuity receivable	\$ 65,057	\$ 65,057
Less discounts to net present value	<u>(47,209)</u>	<u>(46,153)</u>
Present value of the estimated future payments	17,848	18,904
Less: current portion	<u>(1,954)</u>	<u>(2,088)</u>
Annuity payable	<u>\$ 15,894</u>	<u>\$ 16,816</u>

Long-term debt obligations as of June 30 are as follows:

	<u>Balance</u> <u>6/30/19</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>6/30/20</u>	<u>Current</u> <u>Portion</u>
Long-term debt obligations	<u>\$ 18,904</u>	<u>\$ -</u>	<u>\$ (1,056)</u>	<u>\$ 17,848</u>	<u>\$ 1,954</u>

Contingent payments for the annuity payable are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 1,954	\$ 2,460
2022	1,828	2,586
2023	1,710	2,704
2024	1,599	2,815
2025	1,496	2,918
2026 – 2030	6,155	15,913
2031 – 2035	2,871	12,260
2036 – 2040	<u>235</u>	<u>2,328</u>
Total	<u>\$ 17,848</u>	<u>\$ 43,984</u>

California Maritime Academy Foundation, Inc.
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2020

NOTE 8 - TRANSACTIONS WITH RELATED ENTITIES

The Foundation is an auxiliary organization of the Academy. The Foundation had the following transactions with the Academy as of and for the years ended June 30:

	2020	2019
Payments to University for other than salaries of University personnel	\$ 121,372	\$ 90,825
Gifts-in-kind to the University from discretely presented component units	364,867	46,559
Gifts (cash or assets) to the University from discretely presented component units	763,781	594,904
Accounts (payable to) University	(836)	(172,057)

NOTE 9 - ENDOWMENTS

The Foundation's endowments include donor-restricted endowment funds. As required by accounting principles generally accepted in the United States, net position associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Uniform Prudent Management of Institutional Funds Act ("UPMIFA") governs the management of endowment funds held by charitable institutions, which has been adopted by the State of California. UPMIFA prescribes guidelines for expenditures of a donor-restricted endowment fund (in the absence of overriding, explicit donor stipulations) in a more robust set of guidelines about what constitutes prudent spending, explicitly requiring consideration of the duration and preservation of the fund. The act generally requires the Foundation's governing board to establish a spending policy and establishes a rebuttable presumption of imprudence for spending in any given year.

The Foundation has interpreted the State Prudent Management of Institutional Funds Act ("SPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as restricted net position: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund is held until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by SPMIFA.

California Maritime Academy Foundation, Inc.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 9 - ENDOWMENTS (concluded)

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

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

Changes in the endowment net position for the year ended June 30, 2020 were as follows:

Account balances as of 6/30/19	\$ 9,284,095
Contributions and donations	2,367,693
Investment income (loss)	(374,508)
Scholarships and other expenses	(422,297)
Transfers	<u>(71,575)</u>
Account balances as of 6/30/20	<u>\$ 10,783,408</u>

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level SPMIFA requires the Foundation to retain as permanent endowment. Deficiencies of this nature result from unfavorable market fluctuations. There were no deficiencies as of June 30, 2020.

The endowment net position is presented in the Statement of Net Position as follows:

Restricted cash and cash equivalents	\$ 837,343
Endowment investments	9,889,015
Pledges receivable	<u>57,050</u>
Total	<u>\$ 10,783,408</u>

NOTE 10 - CORONAVIRUS PANDEMIC

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) began to spread among various countries, including the United States. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S., including California, have declared a state of emergency and issued shelter-in-place orders in response to the outbreak. The immediate impact to the Organization's operations includes restrictions on employees' and volunteers' ability to work, and it is anticipated that the impacts from this pandemic will continue for some time. As of the report date, the financial impact of the coronavirus outbreak cannot be measured.

SCHEDULE OF REVENUES AND EXPENSES - BUDGET TO ACTUAL

For the Year Ended June 30, 2020

	Operating Fund Only		
	Original and Final Budget	Actual	Variance with Final Budget
Revenues:			
Operating revenues:			
Other operating revenues	\$ 454,226	\$ 775,611	\$ 321,385
Total operating revenues	<u>454,226</u>	<u>775,611</u>	<u>321,385</u>
Expenses:			
Operating expenses:			
Student grants and scholarships	-	-	-
Auxiliary enterprise expenses	411,435	335,032	76,403
Depreciation and amortization	-	-	-
Total operating expenses	<u>411,435</u>	<u>335,032</u>	<u>76,403</u>
Operating income (loss)	<u>42,791</u>	<u>440,579</u>	<u>397,788</u>
Nonoperating revenues (expenses):			
Investment income (loss), net	12,740	29,128	16,388
Endowment income (loss), net	-	-	-
Other nonoperating revenues (expenses) - excl. interagency transfers	-	-	-
Other nonoperating revenues (expenses) - interagency transfers	<u>(26,574)</u>	<u>-</u>	<u>26,574</u>
Net nonoperating revenues (expenses)	<u>(13,834)</u>	<u>29,128</u>	<u>42,962</u>
Increase (decrease) in net position	<u>\$ 28,957</u>	<u>\$ 469,707</u>	<u>\$ 440,750</u>

SCHEDULE OF NET POSITION

All Program Services

June 30, 2020

	Operating Fund	Marine Fund	Trust Fund	Endowment Fund	Total
<u>ASSETS</u>					
Current assets:					
Cash and cash equivalents	\$ 720,612	\$ 1,113,731	\$ 583,565	\$ -	\$ 2,417,908
Short-term investments	27,917	250,000	1,093,363	-	1,371,280
Accounts receivable, net	-	8,748	-	-	8,748
Pledges receivable, net	19,795	-	14,898	57,050	91,743
Total current assets	<u>768,324</u>	<u>1,372,479</u>	<u>1,691,826</u>	<u>57,050</u>	<u>3,889,679</u>
Non-current assets:					
Restricted cash and cash equivalents	-	-	-	837,343	837,343
Pledges receivable, net	-	-	65,057	-	65,057
Endowment investments	-	-	-	9,889,015	9,889,015
Capital assets, net	-	2,825,312	-	-	2,825,312
Total non-current assets	<u>-</u>	<u>2,825,312</u>	<u>65,057</u>	<u>10,726,358</u>	<u>13,616,727</u>
Total assets	<u>768,324</u>	<u>4,197,791</u>	<u>1,756,883</u>	<u>10,783,408</u>	<u>17,506,406</u>
<u>LIABILITIES</u>					
Current liabilities:					
Accounts payable	(484)	-	3,783	-	3,299
Accounts payable - CMA	836	-	-	-	836
Long-term debt obligations - current portion	-	-	1,954	-	1,954
Other liabilities	-	258,775	-	-	258,775
Total current liabilities	<u>352</u>	<u>258,775</u>	<u>5,737</u>	<u>-</u>	<u>264,864</u>
Non-current liabilities:					
Long-term debt obligations - net of current portion	-	-	15,894	-	15,894
Total non-current liabilities	<u>-</u>	<u>-</u>	<u>15,894</u>	<u>-</u>	<u>15,894</u>
Total liabilities	<u>352</u>	<u>258,775</u>	<u>21,631</u>	<u>-</u>	<u>280,758</u>
<u>NET POSITION</u>					
Net investment in capital assets	-	2,825,312	-	-	2,825,312
Restricted for:					
Nonexpendable - endowments	-	-	-	8,636,960	8,636,960
Expendable:					
Other	-	-	1,735,252	2,146,448	3,881,700
Unrestricted for:					
Auxiliary enterprise	767,972	1,113,704	-	-	1,881,676
Total net position	<u>\$ 767,972</u>	<u>\$ 3,939,016</u>	<u>\$ 1,735,252</u>	<u>\$ 10,783,408</u>	<u>\$ 17,225,648</u>

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

All Program Services

For the Year Ended June 30, 2020

	Operating Fund	Marine Fund	Trust Fund	Endowment Fund	Total
Revenues:					
Operating revenues:					
Other operating revenues	\$ 775,611	\$ 3,030,845	\$ 1,174,150	\$ 2,367,693	\$ 7,348,299
Total operating revenues	<u>775,611</u>	<u>3,030,845</u>	<u>1,174,150</u>	<u>2,367,693</u>	<u>7,348,299</u>
Expenses:					
Operating expenses:					
Student grants and scholarships	-	-	269,095	169,686	438,781
Auxiliary enterprise expenses	335,032	910,202	826,208	252,611	2,324,053
Depreciation and amortization	-	1,051,017	-	-	1,051,017
Total operating expenses	<u>335,032</u>	<u>1,961,219</u>	<u>1,095,303</u>	<u>422,297</u>	<u>3,813,851</u>
Operating income (loss)	<u>440,579</u>	<u>1,069,626</u>	<u>78,847</u>	<u>1,945,396</u>	<u>3,534,448</u>
Nonoperating revenues (expenses):					
Investment income (loss), net	29,128	-	(32,802)	(615,524)	(619,198)
Endowment income (loss), net	-	-	-	241,016	241,016
Other nonoperating revenues (expenses) - excl. interagency transfers	-	(8,066)	-	-	(8,066)
Net nonoperating revenues (expenses)	<u>29,128</u>	<u>(8,066)</u>	<u>(32,802)</u>	<u>(374,508)</u>	<u>(386,248)</u>
Increase (decrease) in net position	<u>469,707</u>	<u>1,061,560</u>	<u>46,045</u>	<u>1,570,888</u>	<u>3,148,200</u>
Net position:					
Net position at beginning of year, as previously reported	401,545	2,893,971	1,497,837	9,284,095	14,077,448
Net position transfer	<u>(103,280)</u>	<u>(16,515)</u>	<u>191,370</u>	<u>(71,575)</u>	<u>-</u>
Net position at beginning of year, as restated	<u>298,265</u>	<u>2,877,456</u>	<u>1,689,207</u>	<u>9,212,520</u>	<u>14,077,448</u>
Net position at end of year	<u>\$ 767,972</u>	<u>\$ 3,939,016</u>	<u>\$ 1,735,252</u>	<u>\$ 10,783,408</u>	<u>\$ 17,225,648</u>

OTHER INFORMATION

CSU Reporting Requirements for Auxiliary Organizations

June 30, 2020

NOTE 1 - CASH AND CASH EQUIVALENTS

Portion of restricted cash and cash equivalents related to endowments	\$ 837,343
All other restricted cash and cash equivalents	-
Noncurrent restricted cash and cash equivalents	<u>837,343</u>
Current cash and cash equivalents	<u>2,417,908</u>
Total	<u>\$ 3,255,251</u>

NOTE 2.1 - COMPOSITION OF INVESTMENTS

	Current	Noncurrent	Total
U.S. agency securities	\$ 122,194	\$ 881,205	\$ 1,003,399
Municipal bonds	60,025	432,874	492,899
Corporate bonds	155,827	1,123,748	1,279,575
Mutual funds	355,033	2,560,324	2,915,357
Exchange traded funds	421,114	3,036,870	3,457,984
Equity securities	<u>257,087</u>	<u>1,853,994</u>	<u>2,111,081</u>
Total investments	<u>1,371,280</u>	<u>9,889,015</u>	<u>11,260,295</u>
Less endowment investments	<u>-</u>	<u>(9,889,015)</u>	<u>(9,889,015)</u>
Total investments, net of endowments	<u>\$ 1,371,280</u>	<u>\$ -</u>	<u>\$ 1,371,280</u>

NOTE 2.2 - FAIR VALUE HIERARCHY IN INVESTMENTS

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value (NAV)
U.S. agency securities	\$ 1,003,399	\$ 1,003,399	\$ -	\$ -	\$ -
Municipal bonds	492,899	492,899	-	-	-
Corporate bonds	1,279,575	1,279,575	-	-	-
Mutual funds	2,915,357	2,915,357	-	-	-
Exchange traded funds	3,457,984	3,457,984	-	-	-
Equity securities	<u>2,111,081</u>	<u>2,111,081</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total investments	<u>\$ 11,260,295</u>	<u>\$ 11,260,295</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 2.3 - INVESTMENTS HELD BY THE UNIVERSITY UNDER CONTRACTUAL AGREEMENTS

None

OTHER INFORMATION

CSU Reporting Requirements for Auxiliary Organizations

June 30, 2020

NOTE 3.1 - COMPOSITION OF CAPITAL ASSETS

	Balance			Transfers of	Balance
	June 30, 2019	Additions	Reductions	Completed	June 30, 2020
				CWIP	
Depreciable/amortizable capital assets:					
Vessels	\$ 3,576,500	\$ 1,995,000	\$ (893,000)	\$ -	\$ 4,678,500
Personal property:					
Equipment	31,340	-	(31,340)	-	-
Total depreciable/amortizable capital assets	3,607,840	1,995,000	(924,340)	-	4,678,500
Total capital assets	3,607,840	1,995,000	(924,340)	-	4,678,500
Less accumulated depreciation/amortization:					
Vessels	(1,534,937)	(1,051,017)	732,766	-	(1,853,188)
Personal property:					
Equipment	(31,340)	-	31,340	-	-
Total accumulated depreciation/amortization	(1,566,277)	(1,051,017)	764,106	-	(1,853,188)
Total capital assets, net	\$ 2,041,563	\$ 943,983	\$ (160,234)	\$ -	\$ 2,825,312

NOTE 3.2 - DETAIL OF DEPRECIATION AND AMORTIZATION EXPENSE

Depreciation and amortization expense related to capital assets	\$ 1,051,017
Amortization expense related to other assets	-
Total depreciation and amortization	\$ 1,051,017

NOTE 4 - LONG-TERM LIABILITIES

	Balance			Balance	Current	Noncurrent
	June 30, 2019	Additions	Reductions	June 30, 2020	Portion	Portion
Long-term debt obligations:						
Other:						
Charity gift annuity payable	\$ 18,904	\$ -	\$ (1,056)	\$ 17,848	\$ 1,954	\$ 15,894
Total long-term debt obligations	18,904	-	(1,056)	17,848	1,954	15,894
Total long-term liabilities	\$ 18,904	\$ -	\$ (1,056)	\$ 17,848	\$ 1,954	\$ 15,894

NOTE 5 - CAPITAL LEASE OBLIGATIONS SCHEDULE

OTHER INFORMATION

CSU Reporting Requirements for Auxiliary Organizations

June 30, 2020

NOTE 6 - LONG-TERM DEBT OBLIGATION SCHEDULE

	All Other Long-Term Debt Obligations		
	Principal Only	Interest Only	Principal and Interest
Year ending June 30:			
2021	\$ 1,954	\$ 2,460	\$ 4,414
2022	1,828	2,586	4,414
2023	1,710	2,704	4,414
2024	1,599	2,815	4,414
2025	1,496	2,918	4,414
2026-2030	6,155	15,913	22,068
2031-2035	2,871	12,260	15,131
2036-2040	235	2,328	2,563
2041-2045	-	-	-
2046-2050	-	-	-
Thereafter	-	-	-
Total minimum payments	<u>\$ 17,848</u>	<u>\$ 43,984</u>	61,832
Less amounts representing interest			<u>(43,984)</u>
Present value of future minimum payments			17,848
Unamortized net premium/(discount)			<u>-</u>
Total long-term debt obligations			17,848
Less: current portion			<u>(1,954)</u>
Long-term debt obligations, net of current portion			<u>\$ 15,894</u>

NOTE 7 - TRANSACTIONS WITH RELATED ENTITIES

Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$ -
Payments to University for other than salaries of University personnel	121,372
Payments received from University for services, space, and programs	-
Gifts-in-kind to the University from discretely presented component units	364,867
Gifts (cash or assets) to the University from discretely presented component units	763,781
Accounts (payable to) University (enter as negative number)	(836)
Other amounts (payable to) University (enter as negative number)	-
Accounts receivable from University (enter as positive number)	-
Other amounts receivable from University (enter as positive number)	-

NOTE 8 - RESTATEMENTS/PRIOR PERIOD ADJUSTMENTS

None

California Maritime Academy Foundation, Inc.
OTHER INFORMATION
 CSU Reporting Requirements for Auxiliary Organizations
 June 30, 2020

Schedule 7

NOTE 9 - NATURAL CLASSIFICATIONS OF OPERATING EXPENSES

	Salaries	Benefits - Other	Scholarships and Fellowships	Supplies and Other Services	Depreciation and Amortization	Total Operating Expenses
Instruction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Research	-	-	-	-	-	-
Public service	-	-	-	-	-	-
Academic support	-	-	-	-	-	-
Student services	-	-	-	-	-	-
Institutional support	-	-	-	-	-	-
Operation and maintenance of plant	-	-	-	-	-	-
Student grants and scholarships	-	-	438,781	-	-	438,781
Auxiliary enterprise expenses	-	-	-	2,324,053	-	2,324,053
Depreciation and amortization	-	-	-	-	1,051,017	1,051,017
Total operating expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 438,781</u>	<u>\$ 2,324,053</u>	<u>\$ 1,051,017</u>	<u>\$ 3,813,851</u>

NOTE 10 - DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

None

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

Board of Directors
California Maritime Academy Foundation, Inc.
Vallejo, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the major fund of California Maritime Academy Foundation, Inc. as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise California Maritime Academy Foundation, Inc.'s basic financial statements, and have issued our report thereon dated September 9, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered California Maritime Academy Foundation, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of California Maritime Academy Foundation, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of California Maritime Academy Foundation, Inc.'s internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether California Maritime Academy Foundation, Inc.'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 determination of financial statement amounts. 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

R. J. Ricciardi, Inc.

R. J. Ricciardi, Inc.
Certified Public Accountants

San Rafael, California
September 9, 2020