

CALIFORNIA MARITIME ACADEMY FOUNDATION, INC.

FINANCIAL STATEMENTS

June 30, 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
California Maritime Academy Foundation, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of California Maritime Academy Foundation, Inc. (the Foundation), which comprise the statement of net position as of June 30, 2021, and the related statements of revenue, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' 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 auditors' 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 auditors consider 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of California Maritime Academy Foundation, Inc. as of June 30, 2021 and the changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A) on pages 4-7 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 opinions on the financial statements as a whole. The supplemental informational schedules on pages 36-48, the schedule of revenue and expenses—budget to actual on page 33, the schedule of net position—all program services on page 34, and the schedule of revenue, expenses, and changes in net position—all program services on page 35 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental informational schedules on pages 36-48 are the responsibility of management and were derived from and relate 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 supplemental informational schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The schedule of revenue and expenses-budget to actual on page 33, the schedule of net position - all program services on page 34, and the schedule of revenues, expenses, and changes in net position-all program services on page 35 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2021 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, 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.

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

Long Beach, California
September 16, 2021

CALIFORNIA MARITIME ACADEMY FOUNDATION, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

JUNE 30, 2021

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, 2021. 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 8-12) and the footnotes and supplemental schedules (pages 13-48). 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 Revenue, 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, liabilities, and deferred outflows and inflows of resources using the accrual basis of accounting as of the statement date. The difference between the classifications are 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 Revenue Expenses and Changes in Net Position

This statement presents the revenue 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, revenue and/or expenses reported during this fiscal year may result in changes to cash flow in future periods.

CALIFORNIA MARITIME ACADEMY FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2021

Statement of Cash Flows

This statement reflects inflows and outflows of cash, summarized by operating, non-capital financing, 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 Revenue 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.

CALIFORNIA MARITIME ACADEMY FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2021

Analytical Overview

Summary

Total assets of the Foundation have increased this year by \$11,989,628. This classification is comprised of current assets (cash and cash equivalents, short-term investments, accounts receivable, lease receivables, and pledges receivable), which increased by \$1,946,971 and noncurrent assets (restricted cash and cash equivalents, pledges receivable, lease receivables, endowment investments, capital assets and assets held for sale), which increased by \$10,509,351. The latter category is presented net of accumulated amortization and accumulated depreciation. The increase in total assets is primarily due to vessel donations of \$9,420,000, significant contributions of \$2,595,837, and endowment income of \$2,133,889.

Liabilities have increased by \$700,264, primarily due to the increase in deposits.

The overall change to net position is an increase of \$11,359,583. The Net Position balance at June 30, 2021 \$28,307,446.

Comparative Analysis of Activities and Balances

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	
Operating revenue	\$ 352,501	\$ 1,242,477	Note 1
Operating expense	<u>2,627,191</u>	<u>3,813,851</u>	Note 2
Net operating loss	<u>(2,274,690)</u>	<u>(2,759,053)</u>	
Gifts, capital and noncapital Investment and endowment income (loss)	12,015,837	6,048,772	Note 3
Other expenses	<u>2,241,934</u>	<u>(378,182)</u>	Note 4
	<u>(623,498)</u>	<u>(8,066)</u>	Note 1
Increase in net position	<u>\$ 11,359,583</u>	<u>\$ 2,903,471</u>	

Note 1: Operating revenue for this year decreased by 72% overall and other expenses increased \$615,432 in 2021 compared to 2020 primarily due to the change in accounting for leases. See Notes to the Financial Statements - Note 11. In 2021, the change in accounting for sales-type leases results in charter revenue that would have been recognized in operating revenue in 2020 be reflected net with the costs of vessels in other expenses.

CALIFORNIA MARITIME ACADEMY FOUNDATION, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

JUNE 30, 2021

Note 2: Operating expenses for this year decreased by 31% overall from 2021 compared to 2020 due to a general decrease in operating expenses.

Note 3: Gifts, capital and noncapital, increased in 2021 by \$5,967,065 or 99% from 2020. This increase is the result of substantial vessel contributions in the amount of \$9,420,000, which includes the contribution of the vessel Odin which alone accounts for \$7,200,000 of the total.

Note 4: Investment and endowment income (loss) increased this year by \$2,620,116 overall from 2021 compared to 2020 primarily due to a strong year in investments in 2021 compared to 2020.

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

Capital assets as of June 30, 2021 consisted of \$775,929 and \$1,163,894 of land and building, respectively. Depreciation expense recognized during the year totaled \$19,398.

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.

STATEMENT OF NET POSITION

JUNE 30, 2021

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 3,255,877
Short-term investments	1,846,227
Accounts receivable	55,027
Accounts receivable - CMA	1,678
Lease receivables, current portion	533,123
Pledges receivable, current portion	69,535
	<u>5,761,467</u>

NONCURRENT ASSETS

Restricted cash and cash equivalents	772,078
Pledges receivable, net of current portion	90,000
Lease receivables, net of current portion	1,056,107
Endowment investments	10,822,431
Capital assets, net	1,920,425
Assets held for sale	8,900,000
	<u>23,561,041</u>

TOTAL ASSETS

\$ 29,322,508

LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Accounts payable	\$ 6,247
Accounts payable - CMA	56,849
Deferred revenue	19,092
Deposits	881,970
Other liabilities	16,864
	<u>981,022</u>

DEFERRED INFLOW OF RESOURCES

Non-exchange transactions	<u>34,040</u>
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The accompanying notes are an integral part of these financial statements.

CALIFORNIA MARITIME ACADEMY FOUNDATION, INC.

STATEMENT OF NET POSITION

JUNE 30, 2021

(Continued)

LIABILITIES AND NET POSITION

(Continued)

NET POSITION

Net investment in capital assets	1,920,425
Restricted for:	
Nonexpendable - endowments	10,819,088
Expendable - other	3,127,027
Unrestricted	<u>12,440,906</u>

TOTAL POSITION

\$ 28,307,446

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

CALIFORNIA MARITIME ACADEMY FOUNDATION, INC.

**STATEMENT OF REVENUE, EXPENSES, AND
CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021**

REVENUE

Operating revenue:

Other operating revenue	\$ 352,501
Total operating revenue	<u>352,501</u>

EXPENSES

Operating expenses:

Student grants and scholarships	518,534
Auxiliary enterprise expenses	2,089,259
Depreciation and amortization	<u>19,398</u>
Total operating expenses	<u>2,627,191</u>

OPERATING LOSS (2,274,690)

NONOPERATING REVENUE (EXPENSES)

Gifts, noncapital	2,595,837
Gifts, capital related	9,420,000
Investment income, net	108,045
Endowment income, net	2,133,889
Loss on sales of assets held for sale	<u>(623,498)</u>
Net nonoperating revenue	<u>13,634,273</u>

INCREASE IN NET POSITION 11,359,583

NET POSITION AT BEGINNING OF YEAR (AS RESTATED) 16,947,863

NET POSITION AT END OF YEAR \$ 28,307,446

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

CALIFORNIA MARITIME ACADEMY FOUNDATION, INC.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021**

CASH FLOWS FROM OPERATING ACTIVITIES	
Payments to suppliers	\$ (1,275,162)
Payments to students	(518,534)
Other receipts	<u>1,876,134</u>
Net Cash Provided By Operating Activities	<u>82,438</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Gifts received for other than capital purposes	<u>1,780,916</u>
Net Cash Provided By Noncapital Financing Activities	<u>1,780,916</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from sale of capital assets	35,000
Acquisition of capital assets	<u>(1,959,221)</u>
Net Cash Used In Capital and Related Financing Activities	<u>(1,924,221)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales and maturities of investments	701,874
Purchases of investments	(652,594)
Investment income received	<u>784,291</u>
Net Cash Provided By Investing Activities	<u>833,571</u>
NET CHANGE IN CASH AND EQUIVALENTS AND RESTRICTED CASH AND EQUIVALENTS	772,704
CASH AND EQUIVALENTS AND RESTRICTED CASH AND EQUIVALENTS AT BEGINNING OF YEAR	<u>3,255,251</u>
CASH AND EQUIVALENTS AND RESTRICTED CASH AND EQUIVALENTS AT END OF YEAR	<u><u>\$ 4,027,955</u></u>

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

CALIFORNIA MARITIME ACADEMY FOUNDATION, INC.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021
(Continued)**

SUMMARY OF CASH AND EQUIVALENTS AT END OF YEAR

Cash and cash equivalents	\$ 3,255,877
Restricted cash and cash equivalents	<u>772,078</u>
Total cash and cash equivalents at end of year	<u><u>\$ 4,027,955</u></u>

**RECONCILIATION OF OPERATING LOSS TO NET CASH
FROM OPERATING ACTIVITIES:**

Operating loss	\$ (2,274,690)
Adjustments to reconcile operating loss to net cash from operating activities:	
Depreciation and amortization	19,398
Bad debt expense	8,514
Gift-in-kind expense	807,522
Changes in assets and liabilities:	
Accounts receivable, net	(46,279)
Accounts receivable - CMA	(1,678)
Leases receivable	882,556
Accounts payable	2,948
Accounts payable - CMA	56,013
Deferred revenue	(51,183)
Deposits	693,470
Other liabilities	(984)
Deferred inflows of resources	<u>(13,169)</u>
Net Cash Provided By Operating Activities	<u><u>\$ 82,438</u></u>

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

Noncash activities:	
Other in-kind contributions	\$ 10,166,622

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

CALIFORNIA MARITIME ACADEMY FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 1 – Summary of Significant Accounting Policies

Organization

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.

The Foundation is tax-exempt under Internal Revenue Code Section 501(c)(3) for federal income taxes, as well as the related provisions for state income tax purposes.

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.

Basis of Presentation

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board (GASB).

The accompanying financial statements have been prepared on the accrual basis. The Foundation reports as a Business Type Activity and, accordingly, has reported its activities within a single column in the basic financial statements.

The Foundation's policy for defining operating activities as reported on the statement of revenue, expenses, and changes in net position are those that generally result from transactions such as payments received for providing services and payments made for services or goods received. Nearly all of the Foundation's expenses are from exchange transactions. Certain significant revenue streams relied upon for operations are recorded as nonoperating revenue as defined by GASB, including gifts and investment income.

CALIFORNIA MARITIME ACADEMY FOUNDATION, INC.

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

The Foundation has adopted GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, GASB Statement No. 35, as amended by GASB Statements No. 37, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus* and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*. GASB Statement No. 33 requires that unconditional promises to give be recorded as receivables and revenue when the Foundation has met all applicable eligibility requirements. This statement also requires that unspent cash advances received for sponsored programs be recorded as deferred revenue rather than as restricted expendable net assets. GASB Statement No. 35 established standards for external financial reporting for public colleges and universities and requires that resources be classified for accounting and reporting purposes into the following four net position categories: Invested in capital assets; Restricted, non-expendable; Restricted, expendable; and Unrestricted.

In accordance with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, the Foundation reports separate sections for Deferred Outflows of Resources and Deferred Inflows of Resources, when applicable.

Deferred Outflows of Resources – represent outflow of resources (consumption of net position) that apply to future periods and that, therefore, will not be recognized as an expense until that time.

Deferred Inflows of Resources – (acquisition of net position) that apply to future periods and that, therefore, are not to be recognized as revenue until that time.

Classification of Current and Noncurrent Assets (Other than Investments) 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 Foundation 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. For clarification of current and noncurrent investments, see the investment accounting policy.

CALIFORNIA MARITIME ACADEMY FOUNDATION, INC.

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Net Position

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

- ***Invested 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 – Net position subject to externally imposed stipulations that they be maintained permanently by the Foundation.

Expendable – Net position whose use by the Foundation is subject to externally imposed stipulations that can be fulfilled by actions of the Foundation pursuant to those stipulations or that expire by the passage of time.

- ***Unrestricted***

Unrestricted net positions are those that are not subject to externally imposed stipulations. Unrestricted net positions may be designated for specific purposes by action of management or the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

Reporting Entity

The Foundation is an affiliated organization component unit of the Academy. As such, the Foundation's financial data will be included in the financial statements of the Academy.

Use of Estimates and Assumptions

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses.

CALIFORNIA MARITIME ACADEMY FOUNDATION, INC.

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Use of Estimates and Assumptions (Continued)

The most significant estimates relate to allowance for uncollectible pledges receivable, discount allowance for pledges receivable, valuation of contributed capital assets held for sale, and the estimated useful lives of capital assets. Actual results could vary from the estimates that were assumed in preparing the financial statements.

Cash and Cash Equivalents and Restricted Cash

For purposes of reporting the statement of cash flows, cash and cash equivalents include cash on deposit with financial institutions. As of June 30, 2021, the Foundation has restricted cash or cash equivalents in the amount of \$772,078 related to the endowment.

Custodial Credit Risk for Deposits

Custodial credit risk for deposits is the risk that the Foundation will not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. The California Government Code and Education Code do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the provision that a financial institution must secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The Foundation mitigates the risk by maintaining the deposits at financial institutions that are fully insured or collateralized as required by state law.

Investments

The Foundation has adopted GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Under GASB Statement No. 31, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values using quoted market prices in the statement of net position. Realized and unrealized gains and losses are included in the accompanying statement of revenue, expenses, and changes in net position.

The Foundation has adopted GASB Statement No. 72, *Fair Value Measurement and Application*. GASB 72 establishes general principles for measuring fair value and standards of accounting and financial reporting for assets and liabilities measured at fair value.

Investments associated with the endowment are considered noncurrent as those investments are not available for expenditure within 12 months of the statement of net position date. All other investments are considered current.

CALIFORNIA MARITIME ACADEMY FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Concentrations of Risk

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.

Leasing Arrangements and Lease Receivables

The Foundation's leasing operations consist principally of the leasing of various types of maritime vessels that were contributed to the Foundation. These leases are considered sales-type leases as all agreements include bargain purchase options. The leases are structured to have a nonrefundable inception fee, a security deposit, fixed charter payments over a term of three to four years, and a bargain purchase option at the termination of the lease. The security deposit can be applied to the bargain purchase option.

Lease receivables include the aggregate value of the monthly charter payments and the bargain purchase exercise price anticipated to be collected over the term of the lease. The current portion represents the balance expected to be collected within 12 months of the statement of net position date and the noncurrent portion represents balance expected to be collected after 12 months.

Management provides for probable uncollectible amounts through a charge to revenue and a credit to a valuation allowance based on its assessment of the current status of the receivables. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to receivables. At June 30, 2021, the allowance was approximately \$8,500.

Accounts Receivable

Accounts receivable primarily consists of amounts due from lessees related to variable charter costs as well as the Foundation's beneficial interest in charitable remainder trusts held by the California State University Foundation on behalf of the Foundation.

CALIFORNIA MARITIME ACADEMY FOUNDATION, INC.

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Accounts Receivable (Continued)

Management provides for probable uncollectible amounts through a charge to revenue and a credit to a valuation allowance based on its assessment of the current status of the receivables. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to receivables. At June 30, 2021, no allowance was deemed necessary as management believes balance to be collectable.

Pledges Receivable

The Foundation receives pledges and bequests of financial support from corporations, foundations, and individuals. Revenue is recognized when a pledge representing an unconditional promise to pay is received and all eligibility requirements, including time requirements, have been met. In the absence of such promise, revenue is recognized when the gift is received. Endowment pledges that do not meet requirements, as defined by GASB Statement No. 33, and are not recorded as assets until the related gift is received.

An allowance for uncollectible pledges receivable is provided based on management's judgment of potential uncollectible pledges. The allowance determination includes such factors as prior collection history, type of gift, and nature of fund-raising. There was no allowance at June 30, 2021.

Capital Assets and Assets Held for Sale

Capital assets of the Foundation are stated at cost or, if acquired by gift, at estimated fair value at the date of donation. Major renewals and betterments are charged to capital assets, while replacements, maintenance and repairs that do not improve or extend the life of the respective assets are currently expensed. Depreciation and amortization is charged on a straight-line basis over the lives of the assets, which range from five to forty years.

Assets held for sale include donated maritime vessels that are held to be chartered through a lease with the intention of selling the vessels to the lessor at the end of the lease term. These assets are held at their estimated fair value at the date of donation.

CALIFORNIA MARITIME ACADEMY FOUNDATION, INC.

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Classification of Revenue and Expenses

The Foundation considers operating revenue and expenses in the statement of revenue, expenses, and changes in net position to be those revenue 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 revenue and expenses in accordance with GASB Statement No. 35. These nonoperating activities include net investment income, gifts, both capital and noncapital, and any gains or losses on the sale of assets held for sale.

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.

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.

Recently Issued Accounting Pronouncement

In June 2017, GASB issued Statement No. 87 – *Leases*. This Statement requires the recognition of lease assets and liabilities that previously were classified as operating leases and recognize as inflows of resources or outflows of resources based on the payment provisions of the applicable lease agreement. This Statement will require a lessee to recognize a lease liability and an intangible right-to-use lease asset. A lessor would recognize a lease receivable and a deferred inflow of resources. The provisions of this Statement were to be effective beginning with the fiscal year ending June 30, 2021. In May 2020, GASB issued Statement No. 95 – *Postponement of the Effective Dates of Certain Authoritative Guidance*, which provides temporary relief in light of the COVID-19 pandemic and postpones the effective dates of certain provisions, including GASB No. 87, which is now effective beginning with reporting periods after June 15, 2021 (FYE June 30, 2022 for the Foundation). The Foundation is currently evaluating the impact of this Statement.

CALIFORNIA MARITIME ACADEMY FOUNDATION, INC.

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Subsequent Events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through September 16, 2021, the date the financial statements were available to be issued.

NOTE 2 – 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.

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%.

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 is to changes in market interest rates.

Concentration of Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

CALIFORNIA MARITIME ACADEMY FOUNDATION, INC.

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2 – Investments (Continued)

Concentration of Credit Risk (Continued)

The Foundation may invest in various types of investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of net position.

The following is a summary of investments as of June 30, 2021:

Investments at fair value as determined

by quoted market price or estimated fair value:

U.S. agency securities	\$ 792,501
Municipal bonds	381,870
Corporate bonds	980,051
Mutual funds	3,249,661
Exchange traded funds	5,069,929
Equity securities	<u>2,194,646</u>
	<u>\$ 12,668,658</u>

Investments by classification:

Current portion	\$ 1,846,227
Noncurrent portion	<u>10,822,431</u>
	<u>\$ 12,668,658</u>

Investment income is summarized as follows:

Interest and dividend income	\$ 268,385
Net unrealized gain	1,589,340
Net gain	453,293
Investment fees	<u>(64,084)</u>
	<u>\$ 2,311,018</u>

CALIFORNIA MARITIME ACADEMY FOUNDATION, INC.

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2 – Investments (Continued)

The Foundation follows the provisions of GASB No. 72 for fair value measurements of financial assets and financial liabilities and for fair value measurements that are recognized or disclosed at fair value in the financial statements on a recurring basis. GASB No. 72 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets that the Foundation has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset.

The following table sets forth by level, within the fair value hierarchy, the Foundation’s investments at fair value measurements at June 30, 2021:

	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	<u>Net Asset Value</u>	<u>Total</u>
U.S. agency securities	\$ 792,501	\$ -	\$ -	\$ -	\$ 792,501
Municipal bonds	381,870	-	-	-	381,870
Corporate bonds	980,051	-	-	-	980,051
Mutual funds	3,249,661	-	-	-	3,249,661
Exchange traded funds	5,069,929	-	-	-	5,069,929
Equity securities	<u>2,194,646</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,194,646</u>
Total assets at fair value	<u>\$ 12,668,658</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,668,658</u>

CALIFORNIA MARITIME ACADEMY FOUNDATION, INC.

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3 – Pledges Receivable

Pledges receivable are recorded in the statement of net position at estimated net realizable value in accordance with GASB Statement No. 33. Pledges receivable as of June 30, 2021 are summarized as follows:

<u>Due in the Year</u> <u>Ending June 30,</u>		
2022	\$	69,535
2023		35,000
2024		35,000
2025		10,000
2026		10,000
		159,535
Less current portion of pledges receivable		(69,535)
Long-term portion of pledges receivable	\$	90,000

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 a discount to net present value future receivables as of June 30, 2020 because the amounts were determined to not be significant.

NOTE 4 – Capital Assets

Capital assets activity for the year ended June 30, 2021 is summarized below:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u> <u>Balance</u>
Land	\$ -	\$ 775,929	\$ -	\$ 775,929
Building	-	1,163,894	-	1,163,894
	-	1,939,823	-	1,939,823
Less accumulated depreciation	-	(19,398)	-	(19,398)
	\$ -	\$ 1,920,425	\$ -	\$ 1,920,425

CALIFORNIA MARITIME ACADEMY FOUNDATION, INC.

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5 – Lease Agreements and Lease Receivables

Through the normal course of operations, the Foundation receives contributions in the form of maritime vessels with the intention of chartering them to fund operations and support the Academy. The lease agreements are structured to be sales-type leases with terms ranging from 10 to 26 months, expiring between August 2021 and May 2024. Monthly payments on these leases range from \$417 to \$10,000. Total assets under these sales-type leases amount to \$3,438,500.

The following is a schedule by years of future minimum rents receivable under these sales-type leases that have initial or remaining lease terms in excess of one year as of June 30, 2021, as well as all costs to exercise bargain purchase options:

<u>Year Ending June 30,</u>	
2022	\$ 533,123
2023	851,288
2024	<u>213,333</u>
	1,597,744
Allowance for uncollectable rents	<u>(8,514)</u>
	1,589,230
Current portion	<u>(533,123)</u>
Noncurrent portion	<u>\$ 1,056,107</u>

Total lease receivables related to the costs to exercise bargain purchase options totaled \$1,073,162 as of June 30, 2021.

Included on the statement of net position are deferred revenue and deposits of \$19,092 and \$881,970, respectively. Deferred revenue consists primarily of amounts received from lessees which have not yet been earned under the terms of their agreements. Deposits represent refundable security and damage deposits that will either be refunded at the end of the lease agreements or applied to bargain purchase option once exercised.

CALIFORNIA MARITIME ACADEMY FOUNDATION, INC.

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 6 – Commitments and Contingencies

Risks Associated with the Impact of COVID-19

Due to the severity and global nature of COVID-19, which was declared a pandemic by the World Health Organization in March 2020 and has persisted through 2021 and subsequent to year-end, it is reasonably possible that the estimates in the financial statements may be impacted in the near future. The ultimate disruption which may be caused by the outbreak is uncertain; however, possible effects may significantly impact the Foundation’s activities along with its financial position and operating results. Due to the significant uncertainty as to the severity and longevity of the outbreak, management is evaluating the impact on the Foundation and its financial statements on an ongoing basis.

NOTE 7 – Operating Expenses by Function

The following table presents total operating expenses by function for the year ended June 30, 2021:

	<u>Supplies and Services</u>	<u>Scholarship and Fellowship</u>	<u>Depreciation and Amortization</u>	<u>Total</u>
Auxiliary enterprise expenses	\$ 2,089,259	\$ -	\$ -	\$ 2,089,259
Student grants and scholarships	-	518,534	-	518,534
Depreciation and amortization	-	-	19,398	19,398
	<u>\$ 2,089,259</u>	<u>\$ 518,534</u>	<u>\$ 19,398</u>	<u>\$ 2,627,191</u>

CALIFORNIA MARITIME ACADEMY FOUNDATION, INC.

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 – Transactions with Related Parties

The Foundation is an auxiliary organization of the Academy. The Foundation had the following transactions with the Academy as of and for the year ended June 30, 2021:

Payments to Academy for other than salaries of Academy personnel	\$ 72,687
Gifts-in-kind to the Academy from discretely presented component units	\$ 752,559
Gifts (cash or assets) to the Academy from discretely presented component units	\$ 609,649
Accounts payable to the Academy	\$ 56,849
Accounts receivable from the Academy	\$ 1,678

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, 2021**

NOTE 9 – Endowments (Continued)

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 July 1, 2020 (as restated)	\$ 10,726,358
Contributions and donations	666,492
Investment income, net	2,133,889
Scholarships and other expenses	(408,435)
Transfers	<u>396,630</u>
Account balances as of June 30, 2021	<u>\$ 13,514,934</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, 2021.

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

Restricted cash and cash equivalents	\$ 772,078
Capital assets	1,920,425
Endowment investments	<u>10,822,431</u>
	<u>\$ 13,514,934</u>

Pursuant to GASB 33, the Foundation does not recognize into revenue or on the statement of net position the value of pledges made to the Foundation that are restricted to an endowment fund. As of June 30, 2021, the value of these pledges totaled \$1,048,750 that is not included in the statement of net position.

CALIFORNIA MARITIME ACADEMY FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 10 – 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 (the 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 revenue received through the boat donation program.

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, 2021. The Foundation is subject potential income tax audits on open tax years by any taxing jurisdiction in which it operates. The statute of limitations for federal purposes is three years and for California purposes is four years.

CALIFORNIA MARITIME ACADEMY FOUNDATION, INC.

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 – Restatement of Prior Financial Statements

During the fiscal year ended June 30, 2021, the Foundation noted several areas where management determined adjustments were necessary to properly to account for those transactions under the applicable accounting standards. The following summarizes the restatement noted:

- Sales-type leases were being accounted for as operating leases. Capital assets and receivables related to the operating lease accounted was converted to lease receivables to properly account for the sale of the capital assets.
- The Foundation is a beneficiary of a charitable remainder trust agreement that was entered into in a prior fiscal year. The transactions was not being accounted for appropriately under GASB 81-Split Interest Agreements. Revenue recognized related to the agreement has been removed from net position and recognized as deferred inflows of resources on the statement of net position.
- Pledge commitments made by donors earmarked for endowments were not being accounted for properly under GASB 33-Accounting and Financial Reporting for Nonexchange Transactions. Pledges restricted for endowments have been removed from the statement of net position.

As a result of the corrections, the Foundation has restated its net position as of the beginning of the fiscal year ended June 30, 2021 to properly reflect the above items in the appropriate fiscal period.

Beginning net position, as previously stated	\$ 17,225,648
Adjustments:	
Sales-type lease recognition	(173,526)
Charitable remainder trust recognition	(47,209)
Pledge endowment adjustment	<u>(57,050)</u>
Beginning net position, as restated	<u>\$ 16,947,863</u>

**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 California Maritime Academy Foundation, Inc., which comprise the statement of net position as of June 30, 2021, and the related statements of revenue, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 16, 2021.

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) as a basis for designing 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described below, that we consider to be a material weakness.

2021-01 Restatement of Net Assets

During the fiscal year ended June 30, 2021, the Foundation noted several errors where management determined adjustments were necessary to properly to account for those transactions under applicable accounting standards. Specifically, the Foundation noted the following:

Leasing of Vessels

The Foundation has entered into leasing transactions for vessels that were recorded as capital assets. The leases were accounted for as an operating lease with lease revenue accounted for as revenue over the term of the leases. Upon further review of the lease terms, management determined the terms of the lease met the accounting definition of a sales-type lease, where the accumulated payments expected to be earned over the life of the lease should be recognized as a lease receivable and sale revenue with the removal of the capital asset at the inception of the lease. Management has made the appropriate adjustment to properly reflect the sales-type leases.

Charitable Remainder Trusts

The Foundation is a beneficiary of two charitable remainder trust agreements that were entered into in a prior fiscal year. The transactions was not being accounted for appropriately under GASB 81-Split Interest Agreements. Under GASB 81, the contribution revenue would not have been recognized on the statement of revenue, expenses, and changes in net position until the full liability is settled and, until then, would recognize the contribution as a deferred inflow of resources. Revenue recognized related to the trusts have been removed from net position and recognized as deferred inflows of resources on the statement of net position.

Endowment Pledges

Pledge commitments made by donors earmarked for endowments were not being accounted for properly under GASB 33-Accounting and Financial Reporting for Nonexchange Transactions. Under GASB 33, pledges with endowment restrictions should not be recognized until funds are received as all criteria to recognize the pledges are not met until receipt. GASB 33 further states that maintaining the corpus is a condition to recognize the contribution and that condition is only met when the funds are received. Pledges restricted for endowments have been removed from the financial statements until received.

The cumulative adjustments noted above resulted in net position being overstated by approximately \$278,000. Management has restated beginning net position as of July 1, 2020, to properly account for the transactions in accordance with applicable accounting guidance. In addition, Management will evaluate internal controls to ensure future compliance with applicable accounting guidance.

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 financial statement. 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 Foundation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Long Beach, California
September 16, 2021

CALIFORNIA MARITIME ACADEMY FOUNDATION, INC.

**SUPPLEMENTARY FINANCIAL INFORMATION
SCHEDULE OF REVENUE AND EXPENSES - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021
(UNAUDITED)**

	<u>Operating Fund Only</u>		
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUE			
Operating revenue:			
Other operating revenue	\$ 625,324	\$ 234,217	\$ 391,107
Total operating revenue	<u>625,324</u>	<u>234,217</u>	<u>391,107</u>
EXPENSES			
Operating expenses:			
Student grants and scholarships	-	-	-
Auxiliary enterprise expenses	424,107	422,087	2,020
Depreciation and amortization	-	-	-
Total operating expenses	<u>424,107</u>	<u>422,087</u>	<u>2,020</u>
OPERATING LOSS	<u>201,217</u>	<u>(187,870)</u>	<u>389,087</u>
NONOPERATING REVENUE			
Gifts, noncapital	-	312,751	(312,751)
Investment income, net	12,740	2,193	10,547
Endowment income, net	-	-	-
Loss on sales of assets held for sale	-	-	-
Net nonoperating revenue	<u>12,740</u>	<u>314,944</u>	<u>(302,204)</u>
INCREASE IN NET POSITION	<u>\$ 213,957</u>	<u>\$ 127,074</u>	<u>\$ 86,883</u>

CALIFORNIA MARITIME ACADEMY FOUNDATION, INC.

**SUPPLEMENTARY FINANCIAL INFORMATION
SCHEDULE OF NET POSITION
ALL PROGRAM SERVICES
JUNE 30, 2021
(UNAUDITED)**

	<u>Operating Fund</u>	<u>Marine Fund</u>	<u>Trust Fund</u>	<u>Endowment Fund</u>	<u>Total</u>
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	\$ 742,964	\$ 1,833,705	\$ 679,208	\$ -	\$ 3,255,877
Short-term investments	46,548	250,000	1,549,679	-	1,846,227
Accounts receivable	-	55,027	-	-	55,027
Accounts receivable - CMA	600	-	1,078	-	1,678
Lease receivables, current portion	-	533,123	-	-	533,123
Pledges receivable, current portion	17,775	-	51,760	-	69,535
	<u>807,887</u>	<u>2,671,855</u>	<u>2,281,725</u>	<u>-</u>	<u>5,761,467</u>
NONCURRENT ASSETS					
Restricted cash and cash equivalents	-	-	-	772,078	772,078
Pledges receivable, net of current portion	-	-	90,000	-	90,000
Lease receivables, net of current portion	-	1,056,107	-	-	1,056,107
Endowment investments	-	-	-	10,822,431	10,822,431
Capital assets, net	-	-	-	1,920,425	1,920,425
Assets held for sale	-	8,900,000	-	-	8,900,000
	<u>-</u>	<u>9,956,107</u>	<u>90,000</u>	<u>13,514,934</u>	<u>23,561,041</u>
TOTAL ASSETS	<u>\$ 807,887</u>	<u>\$ 12,627,962</u>	<u>\$ 2,371,725</u>	<u>\$ 13,514,934</u>	<u>\$ 29,322,508</u>
LIABILITIES AND NET POSITION					
CURRENT LIABILITIES					
Accounts payable	\$ 2,992	\$ -	\$ 3,255	\$ -	\$ 6,247
Accounts payable - CMA	56,849	-	-	-	56,849
Deferred revenue	-	19,092	-	-	19,092
Deposits	-	881,970	-	-	881,970
Other liabilities	-	-	16,864	-	16,864
	<u>59,841</u>	<u>901,062</u>	<u>20,119</u>	<u>-</u>	<u>981,022</u>
DEFERRED INFLOW OF RESOURCES					
Non-exchange transactions	<u>-</u>	<u>34,040</u>	<u>-</u>	<u>-</u>	<u>34,040</u>
NET POSITION					
Net investment in capital assets	-	-	-	1,920,425	1,920,425
Restricted for:					
Nonexpendable - endowments	-	-	-	10,819,088	10,819,088
Expendable - other	-	-	2,351,606	775,421	3,127,027
Unrestricted	748,046	11,692,860	-	-	12,440,906
TOTAL NET POSITION	<u>\$ 748,046</u>	<u>\$ 11,692,860</u>	<u>\$ 2,351,606</u>	<u>\$ 13,514,934</u>	<u>\$ 28,307,446</u>

CALIFORNIA MARITIME ACADEMY FOUNDATION, INC.

**SUPPLEMENTARY FINANCIAL INFORMATION
SCHEDULE OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
ALL PROGRAM SERVICES
FOR THE YEAR ENDED JUNE 30, 2021
(UNAUDITED)**

	<u>Operating Fund</u>	<u>Marine Fund</u>	<u>Trust Fund</u>	<u>Endowment Fund</u>	<u>Total</u>
REVENUE					
Operating revenue:					
Other operating revenue	\$ 234,217	\$ 87,534	\$ 11,327	\$ 19,423	\$ 352,501
Total operating revenue	<u>234,217</u>	<u>87,534</u>	<u>11,327</u>	<u>19,423</u>	<u>352,501</u>
EXPENSES					
Operating expenses:					
Student grants and scholarships	-	-	375,764	142,770	518,534
Auxiliary enterprise expenses	422,087	546,207	874,698	246,267	2,089,259
Depreciation and amortization	-	-	-	19,398	19,398
Total operating expenses	<u>422,087</u>	<u>546,207</u>	<u>1,250,462</u>	<u>408,435</u>	<u>2,627,191</u>
OPERATING LOSS	<u>(187,870)</u>	<u>(458,673)</u>	<u>(1,239,135)</u>	<u>(389,012)</u>	<u>(2,274,690)</u>
NONOPERATING REVENUE (EXPENSES)					
Gifts, noncapital	312,751	12,500	1,623,517	647,069	2,595,837
Gifts, capital related	-	9,420,000	-	-	9,420,000
Investment income, net	2,193	-	105,852	-	108,045
Endowment income, net	-	-	-	2,133,889	2,133,889
Loss on sales of assets held for sale	-	(623,498)	-	-	(623,498)
Net nonoperating revenue	<u>314,944</u>	<u>8,809,002</u>	<u>1,729,369</u>	<u>2,780,958</u>	<u>13,634,273</u>
INCREASE IN NET POSITION	<u>127,074</u>	<u>8,350,329</u>	<u>490,234</u>	<u>2,391,946</u>	<u>11,359,583</u>
NET POSITION AT BEGINNING OF YEAR,					
AS PREVIOUSLY REPORTED	767,972	3,939,016	1,735,252	10,783,408	17,225,648
RESTATEMENT OF NET POSITION	-	(220,735)	-	(57,050)	(277,785)
NET POSITION TRANSFER	<u>(147,000)</u>	<u>(375,750)</u>	<u>126,120</u>	<u>396,630</u>	<u>-</u>
NET POSITION AT BEGINNING OF YEAR, AS RESTATED	<u>620,972</u>	<u>3,342,531</u>	<u>1,861,372</u>	<u>11,122,988</u>	<u>16,947,863</u>
NET POSITION AT END OF YEAR	<u>\$ 748,046</u>	<u>\$ 11,692,860</u>	<u>\$ 2,351,606</u>	<u>\$ 13,514,934</u>	<u>\$ 28,307,446</u>

CALIFORNIA MARITIME ACADEMY FOUNDATION, INC.

**SUPPLEMENTARY FINANCIAL INFORMATION
OTHER INFORMATION
JUNE 30, 2021**

ASSETS

Current assets:

Cash and cash equivalents	\$ 3,255,877
Short-term investments	1,846,227
Accounts receivable, net	56,705
Capital lease receivable, current portion	533,123
Notes receivable, current portion	-
Pledges receivable, current portion	69,535
Prepaid expenses and other current assets	-
Total current assets	5,761,467

Noncurrent assets:

Restricted cash and cash equivalents	772,078
Accounts receivable, net	-
Capital lease receivable, net of current portion	1,056,107
Notes receivable, net of current portion	-
Student loans receivable, net	-
Pledges receivable, net of current portion	90,000
Endowment investments	10,822,431
Other long-term investments	-
Capital assets, net	1,920,425
Other assets	8,900,000
Total noncurrent assets	23,561,041
Total assets	29,322,508

Deferred outflows of resources:

Unamortized loss on debt refunding	-
Net pension liability	-
Net OPEB liability	-
Others	-
Total deferred outflows of resources	-

LIABILITIES

Current liabilities:

Accounts payable	63,096
Accrued salaries and benefits	-
Accrued compensated absences, current portion	-
Unearned revenue	19,092
Capital lease obligations, current portion	-
Long-term debt obligations, current portion	-
Claims liability for losses and loss adjustment expenses, current portion	-
Depository accounts	881,970
Other liabilities	16,864
Total current liabilities	981,022

CALIFORNIA MARITIME ACADEMY FOUNDATION, INC.

SUPPLEMENTARY FINANCIAL INFORMATION

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JUNE 30, 2021

(CONTINUED)

LIABILITIES (CONTINUED)

Noncurrent liabilities:	
Accrued compensated absences, net of current portion	-
Unearned revenue	-
Grants refundable	-
Capital lease obligations, net of current portion	-
Long-term debt obligations, net of current portion	-
Claims liability for losses and loss adjustment expenses, net of current portion	-
Depository accounts	-
Net other postemployment benefits liability	-
Net pension liability	-
Other liabilities	-
Total noncurrent liabilities	-
Total liabilities	981,022
Deferred inflows of resources:	
Service concession arrangements	-
Net pension liability	-
Net OPEB liability	-
Unamortized gain on debt refunding	-
Nonexchange transactions	34,040
Others	-
Total deferred inflows of resources	34,040
Net position:	
Net investment in capital assets	1,920,425
Restricted for:	
Nonexpendable – endowments	10,819,088
Expendable:	
Scholarships and fellowships	-
Research	-
Loans	-
Capital projects	-
Debt service	-
Others	3,127,027
Unrestricted	12,440,906
Total net position	\$ 28,307,446

CALIFORNIA MARITIME ACADEMY FOUNDATION, INC.

SUPPLEMENTARY FINANCIAL INFORMATION

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JUNE 30, 2021

(CONTINUED)

Revenue:		
Operating revenue:		
Student tuition and fees, gross	\$	-
Scholarship allowances (enter as negative)		-
Grants and contracts, noncapital:		
Federal		-
State		-
Local		-
Nongovernmental		-
Sales and services of educational activities		-
Sales and services of auxiliary enterprises, gross		-
Scholarship allowances (enter as negative)		-
Other operating revenues		352,501
Total operating revenue		<u>352,501</u>
Expenses:		
Operating expenses:		
Instruction		-
Research		-
Public service		-
Academic support		-
Student services		518,534
Institutional support		-
Operation and maintenance of plant		-
Student grants and scholarships		-
Auxiliary enterprise expenses		2,089,259
Depreciation and amortization		19,398
Total operating expenses		<u>2,627,191</u>
Operating income (loss)		<u>(2,274,690)</u>
Nonoperating revenue (expenses):		
State appropriations, noncapital		-
Federal financial aid grants, noncapital		-
State financial aid grants, noncapital		-
Local financial aid grants, noncapital		-
Nongovernmental and other financial aid grants, noncapital		-
Other federal nonoperating grants, noncapital		-
Gifts, noncapital		2,595,837
Investment income (loss), net		108,045
Endowment income (loss), net		2,133,889
Interest expense		-
Other nonoperating revenue (expenses) - excl. interagency transfers		<u>(623,498)</u>
Net nonoperating revenue (expenses)		<u>4,214,273</u>
Income (loss) before other revenue (expenses)		<u>1,939,583</u>

CALIFORNIA MARITIME ACADEMY FOUNDATION, INC.

SUPPLEMENTARY FINANCIAL INFORMATION

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JUNE 30, 2021

(CONTINUED)

State appropriations, capital	-
Grants and gifts, capital	9,420,000
Additions (reductions) to permanent endowments	-
Increase (decrease) in net position	<u>11,359,583</u>
Net position:	
Net position at beginning of year, as previously reported	17,225,648
Restatements	<u>(277,785)</u>
Net position at beginning of year, as restated	<u>16,947,863</u>
Net position at end of year	<u>\$ 28,307,446</u>

CALIFORNIA MARITIME ACADEMY FOUNDATION, INC.

**SUPPLEMENTARY FINANCIAL INFORMATION
OTHER INFORMATION
JUNE 30, 2021
(CONTINUED)**

1. CASH AND CASH EQUIVALENTS:

Portion of restricted cash and cash equivalents related to endowments	\$ 772,078
All other restricted cash and cash equivalents	-
Noncurrent restricted cash and cash equivalents	772,078
Current cash and cash equivalents	3,255,877
Total	\$ 4,027,955

2.1. COMPOSITION OF INVESTMENTS:

Investment Type	Current	Noncurrent	Total
Money Market funds	\$ -	\$ -	\$ -
Repurchase agreements	-	-	-
Certificates of deposit	-	-	-
U.S. agency securities	115,493	677,008	792,501
U.S. treasury securities	-	-	-
Municipal bonds	55,651	326,219	381,870
Corporate bonds	142,825	837,226	980,051
Asset-backed securities	-	-	-
Mortgage-backed securities	-	-	-
Commercial paper	-	-	-
Mutual funds	473,579	2,776,082	3,249,661
Exchange traded funds	738,850	4,331,079	5,069,929
Equity securities	319,829	1,874,817	2,194,646
Alternative investments:			
Private equity (including limited partnerships)	-	-	-
Hedge funds	-	-	-
Managed futures	-	-	-
Real estate investments (including REITs)	-	-	-
Commodities	-	-	-
Derivatives	-	-	-
Other alternative investment types	-	-	-
Other external investment pools	-	-	-
CSU Consolidated Investment Pool (formerly SWIFT)	-	-	-
State of California Local Agency Investment Fund (LAIF)	-	-	-
State of California Surplus Money Investment Fund (SMIF)	-	-	-
Other investments	-	-	-
Total investments	1,846,227	10,822,431	12,668,658
Less endowment investments	-	(10,822,431)	(10,822,431)
Total investments, net of endowments	\$ 1,846,227	\$ -	\$ 1,846,227

CALIFORNIA MARITIME ACADEMY FOUNDATION, INC.

**SUPPLEMENTARY FINANCIAL INFORMATION
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JUNE 30, 2021
(CONTINUED)**

2.2 FAIR VALUE HIERARCHY IN INVESTMENTS:

Investment Type	FAIR VALUE MEASUREMENTS USING				Net Asset Value (NAV)
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Money Market funds	\$ -	\$ -	\$ -	\$ -	\$ -
Repurchase agreements	-	-	-	-	-
Certificates of deposit	-	-	-	-	-
U.S. agency securities	792,501	792,501	-	-	-
U.S. treasury securities	-	-	-	-	-
Municipal bonds	381,870	381,870	-	-	-
Corporate bonds	980,051	980,051	-	-	-
Asset-backed securities	-	-	-	-	-
Mortgage-backed securities	-	-	-	-	-
Commercial paper	-	-	-	-	-
Mutual funds	3,249,661	3,249,661	-	-	-
Exchange traded funds	5,069,929	5,069,929	-	-	-
Equity securities	2,194,646	2,194,646	-	-	-
Alternative investments:					
Private equity (including limited partnerships)	-	-	-	-	-
Hedge funds	-	-	-	-	-
Managed futures	-	-	-	-	-
Real estate investments (including REITs)	-	-	-	-	-
Commodities	-	-	-	-	-
Derivatives	-	-	-	-	-
Other alternative investment types	-	-	-	-	-
Other external investment pools	-	-	-	-	-
CSU consolidated investment pool (formerly SWIFT)	-	-	-	-	-
State of California Logal Agency Investment Fund (LAIF)	-	-	-	-	-
State of California Surplus Money Investment Fund (SMIF)	-	-	-	-	-
Other investments	-	-	-	-	-
Total investments	\$ 12,668,658	\$ 12,668,658	\$ -	\$ -	\$ -

2.3 INVESTMENTS HELD BY THE UNIVERSITY UNDER CONTRACTUAL AGREEMENTS:

	Current	Noncurrent	Total
Investments held by the University under contractual agreements (e.g. CSU Consolidated SWIFT Inv Pool)	\$ -	\$ -	\$ -
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CALIFORNIA MARITIME ACADEMY FOUNDATION, INC.

**SUPPLEMENTARY FINANCIAL INFORMATION
OTHER INFORMATION
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(CONTINUED)**

3.1. COMPOSITION OF CAPITAL ASSETS:

	Balance June 30, 2020	Reclassifications	Prior-Period Adjustments	Balance June 30, 2020 (Restated)	Additions
Nondepreciable/nonamortizable capital assets:					
Land and land improvements	\$ -	\$ -	\$ -	\$ -	\$ 775,929
Works of art and historical treasures	-	-	-	-	-
Construction work in progress (CWIP)	-	-	-	-	-
Intangible assets:					
Rights and easements	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-
Intangible assets in progress (PWIP)	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Other intangible assets	-	-	-	-	-
Total intangible assets	-	-	-	-	-
Total nondepreciable/nonamortizable capital assets	-	-	-	-	775,929
Depreciable/amortizable capital assets:					
Buildings and building improvements	-	-	-	-	1,163,894
Improvements, other than buildings	-	-	-	-	-
Infrastructure	-	-	-	-	-
Leasehold improvements	-	-	-	-	-
Personal property:					
Equipment	4,678,500	-	(4,678,500)	-	-
Library books and materials	-	-	-	-	-
Intangible assets:					
Software and websites	-	-	-	-	-
Rights and easements	-	-	-	-	-
Patents, copyright and trademarks	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Other intangible assets	-	-	-	-	-
Total intangible assets	-	-	-	-	-
Total depreciable/amortizable capital assets	4,678,500	-	(4,678,500)	-	1,163,894
Total capital assets	4,678,500	-	(4,678,500)	-	1,939,823
Less accumulated depreciation/amortization:					
Buildings and building improvements	-	-	-	-	(19,398)
Improvements, other than buildings	-	-	-	-	-
Infrastructure	-	-	-	-	-
Leasehold improvements	-	-	-	-	-
Personal property:					
Equipment	(1,853,188)	-	1,853,188	-	-
Library books and materials	-	-	-	-	-
Intangible assets:					
Software and websites	-	-	-	-	-
Rights and easements	-	-	-	-	-
Patents, copyright and trademarks	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Other intangible assets	-	-	-	-	-
Total intangible assets	-	-	-	-	-
Total accumulated depreciation/amortization	(1,853,188)	-	1,853,188	-	(19,398)
Total capital assets, net	\$ 2,825,312	\$ -	\$ (2,825,312)	\$ -	\$ 1,920,425

CALIFORNIA MARITIME ACADEMY FOUNDATION, INC.

**SUPPLEMENTARY FINANCIAL INFORMATION
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JUNE 30, 2021
(CONTINUED)**

3.2 **DETAIL OF DEPRECIATION AND AMORTIZATION EXPENSE:**

	Amount
Depreciation and amortization expense related to capital assets	\$ 19,398
Amortization expense related to other assets	-
Total depreciation and amortization	\$ 19,398

4. **LONG-TERM LIABILITIES:**

	Balance June 30, 2020	Prior-Period Adjustments Reclassifications	Balance June 30, 2020 (Restated)	Additions	Reductions	Balance June 30, 2021	Current Portion	Noncurrent Portion
1. Accrued compensated absences	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2. Claims liability for losses and loss adjustment expenses	-	-	-	-	-	-	-	-
3. Capitalized lease obligations:								
Gross balance	-	-	-	-	-	-	-	-
Unamortized premium/(discount)	-	-	-	-	-	-	-	-
Total capitalized lease obligations	-	-	-	-	-	-	-	-
Long-term debt obligations:								
Auxiliary revenue bonds (non-SRB related)	-	-	-	-	-	-	-	-
Commercial Paper	-	-	-	-	-	-	-	-
Note payable (SRB related)	-	-	-	-	-	-	-	-
Others:	15,894	(15,894)	-	-	-	-	-	-
Subtotal long-term debt obligations	15,894	(15,894)	-	-	-	-	-	-
Unamortized net bond premium/(discount)	-	-	-	-	-	-	-	-
Total long-term debt obligations	15,894	(15,894)	-	-	-	-	-	-
Total long-term liabilities	\$ 15,894	\$ (15,894)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

CALIFORNIA MARITIME ACADEMY FOUNDATION, INC.

**SUPPLEMENTARY FINANCIAL INFORMATION
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5. CAPITALIZED LEASE OBLIGATIONS SCHEDULE:

<u>Year Ending June 30,</u>	Capitalized Lease Obligations Related to SRB		
	<u>Principal Only</u>	<u>Interest Only</u>	<u>Principal and Interest</u>
2022	\$ -	\$ -	\$ -
2023	-	-	-
2024	-	-	-
2025	-	-	-
2026	-	-	-
2027-2031	-	-	-
2032-2036	-	-	-
2037-2041	-	-	-
2042-2046	-	-	-
2047-2051	-	-	-
Thereafter	-	-	-
Total Minimum Lease Payment	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

All Other Long-Term Lease Obligations			Total Capital Lease Obligations		
Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
			Less amounts representing interest		-
			Present value of future minimum payments		-
			Unamortized net premium (discount)		-
			Total capital lease obligations		-
			Less current portion		-
			Capital lease obligations, net of current portion		<u>\$ -</u>

CALIFORNIA MARITIME ACADEMY FOUNDATION, INC.

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(CONTINUED)**

6. LONG-TERM DEBT OBLIGATIONS SCHEDULE:

<u>Year Ending June 30,</u>	<u>Auxiliary Revenue Bonds (non-SRB related)</u>		
	<u>Principal Only</u>	<u>Interest Only</u>	<u>Principal and Interest</u>
2022	\$ -	\$ -	\$ -
2023	-	-	-
2024	-	-	-
2025	-	-	-
2026	-	-	-
2027-2031	-	-	-
2032-2036	-	-	-
2037-2041	-	-	-
2042-2046	-	-	-
2047-2051	-	-	-
Thereafter	-	-	-
Total Minimum Payment	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CALIFORNIA MARITIME ACADEMY FOUNDATION, INC.

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7. TRANSACTIONS WITH RELATED ENTITIES

	Amount
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	\$ 72,687
Payments received from University for services, space, and programs	\$ -
Gifts-in-kind to the University from discretely presented component units	\$ 752,559
Gifts (cash or assets) to the University from discretely presented component units	\$ 609,649
Accounts (payable to) University	\$ 56,849
Other amounts (payable to) University	\$ -
Accounts receivable from University	\$ 1,678
Other amounts receivable from University	\$ -

8. RESTATEMENTS

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

Restatement #1

To adjust and restate capital assets that were deemed sold based on the charter lease terms entered and re-classify remaining vessels as assets held for sale.

	Debit / (Credit)
Capital assets, net	\$ (2,825,312)
Other assets	\$ 790,000
Lease receivables	\$ 1,861,786
Unrestricted - Net Position	\$ 2,825,312
Unrestricted - Net Position	\$ (2,651,786)

Restatement #2

To restate net position for the proper recognition of charitable remainder trust agreements as deferred inflows of resources per GASB 81-Split Interest Agreements.

	Debit / (Credit)
Deferred inflows - nonexchange transactions	\$ (47,209)
Unrestricted - Net Position	\$ 47,209

Restatement #3

To restate net position for the proper recognition pledges restricted to endowments per GASB 33-Accounting and Financial Reporting for Nonexchange Transactions.

	Debit / (Credit)
Pledges receivable, current portion	\$ (57,050)
Restricted - Endowment - Net Position	\$ 57,050

CALIFORNIA MARITIME ACADEMY FOUNDATION, INC.

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9. NATURAL CLASSIFICATIONS OF OPERATING EXPENSES:

	Salaries	Benefits- Other	Benefits- Pension	Benefits- OPEB	Scholarships and Fellowships	Supplies and Other Services	Depreciation and Amortization	Total Operating Expenses
Instruction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Research	-	-	-	-	-	-	-	-
Public service	-	-	-	-	-	-	-	-
Academic support	-	-	-	-	-	-	-	-
Student services	-	-	-	-	518,534	-	-	518,534
Institutional support	-	-	-	-	-	-	-	-
Operation and maintenance of plant	-	-	-	-	-	-	-	-
Student grants and scholarships	-	-	-	-	-	-	-	-
Auxiliary enterprise expenses	-	-	-	-	-	2,089,259	-	2,089,259
Depreciation and amortization	-	-	-	-	-	-	19,398	19,398
Total Operating Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 518,534</u>	<u>\$ 2,089,259</u>	<u>\$ 19,398</u>	<u>\$ 2,627,191</u>

CALIFORNIA MARITIME ACADEMY FOUNDATION, INC.

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10. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

1. Deferred outflows of resources

Deferred outflows - unamortized loss on refunding(s)	\$	-
Deferred outflows - net pension liability		-
Deferred outflows - net OPEB liability		-
Deferred outflows - others		-
		<hr/>

Total deferred outflows of resources **\$** -

2. Deferred inflows of resources

Deferred inflows - service concession arrangements	\$	-
Deferred inflows - net pension liability		-
Deferred inflows - net OPEB liability		-
Deferred inflows - unamortized gain on debt refunding(s)		-
Deferred inflows - nonexchange transactions		34,040
Deferred inflows - other		-
		<hr/>

Total deferred inflows of resources **\$** 34,040

11. OTHER NONOPERATING REVENUE (EXPENSES)

Other nonoperating revenue	\$	14,257,771
Other nonoperating (expenses)		<hr/> <u>(623,498)</u>

Total other nonoperating revenue (expenses) **\$** 13,634,273