

California State University, Bakersfield Foundation

Financial Statements and Supplemental Information

Years Ended June 30, 2017 and 2016 (Restated)



CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Financial Statements and Supplemental Information

Years Ended June 30, 2017 and 2016 (Restated)

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Aldrich CPAs + Advisors LLP

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
California State University, Bakersfield Foundation

We have audited the accompanying financial statements of California State University, Bakersfield Foundation (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and cash flows for the years 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of California State University, Bakersfield Foundation as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of California State University, Bakersfield Foundation as of June 30, 2016 have been restated. As discussed in Note 15 to the financial statements, the California State University, Bakersfield Foundation has adjusted the 2016 financial statements to recognize contributions previously recorded as deferred revenue in the prior periods.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included on pages 21 – 29 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Aldrich CPAs + Advisors LLP

San Diego, California
October 5, 2017

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION**Statements of Financial Position**

June 30, 2017 and 2016 (Restated)

	<u>2017</u>	<u>2016</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 5,348,020	\$ 5,469,477
Promises to give	483,172	1,031,699
Accounts receivable, net of allowance for doubtful accounts of \$17,742 (2017 and 2016)	57,034	40,679
Due from related parties	<u>63,157</u>	<u>308,121</u>
Total Current Assets	5,951,383	6,849,976
Non-Current Assets:		
Investments	32,721,488	28,344,275
Promises to give, net of allowance for doubtful promises and discount	1,874,283	2,403,659
Property and equipment, net of accumulated depreciation	880,477	1,448,925
Collections	<u>91,670</u>	<u>91,670</u>
Total Non-Current Assets	<u>35,567,918</u>	<u>32,288,529</u>
Total Assets	<u>\$ 41,519,301</u>	<u>\$ 39,138,505</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 49,815	\$ 121,324
Accrued expenses	-	56,972
Due to related parties	652,762	376,985
Current portion of accrued post-employment benefits other than pensions	82,882	88,400
Receipts in excess of expenditures on sponsored programs	168,918	261,244
Deposits in excess of withdrawals for agency accounts	<u>175,988</u>	<u>195,939</u>
Total Current Liabilities	1,130,365	1,100,864
Non-Current Liabilities:		
Accrued post-employment benefits other than pensions, net of current portion	<u>1,237,339</u>	<u>1,916,366</u>
Total Liabilities	2,367,704	3,017,230
Net Assets:		
Unrestricted:		
Operating	5,087,313	4,203,121
Board designated endowment	<u>3,541,345</u>	<u>3,274,395</u>
	8,628,658	7,477,516
Temporarily restricted	14,489,545	13,188,895
Permanently restricted	<u>16,033,394</u>	<u>15,454,864</u>
Total Net Assets	<u>39,151,597</u>	<u>36,121,275</u>
Total Liabilities and Net Assets	<u>\$ 41,519,301</u>	<u>\$ 39,138,505</u>

See accompanying notes to financial statements.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION**Statements of Activities**

Years Ended June 30, 2017 and 2016 (Restated)

	<u>2017</u>	<u>2016</u>
Revenue and Other Support:		
Athletics	\$ 1,765,616	\$ 2,043,342
Children's Center	-	558,897
Contributions	2,616,737	4,790,799
Gifts in-kind	2,272	475,850
Interest	320,398	395,928
Net realized and unrealized gains (losses) on investments	3,208,488	(1,739,249)
Other	<u>858,245</u>	<u>1,711,966</u>
Total Revenue and Other Support	8,771,756	8,237,533
Expenses:		
Program services:		
Athletics	1,556,931	1,284,315
Children's Center	-	759,761
Donations to CSUB	806,030	647,484
Grants and contracts	-	840,337
Scholarships	1,046,877	1,048,818
Supporting services:		
General and administrative	2,177,367	2,637,157
Fundraising	<u>317,810</u>	<u>358,807</u>
Total Expenses	<u>5,905,015</u>	<u>7,576,679</u>
Change in operations before transfer	2,866,741	660,854
Transfer of Net Deficit, Children's Center (Note 14)	<u>163,581</u>	<u>-</u>
Change in Net Assets	3,030,322	660,854
Net Assets, beginning (as originally stated)	36,121,275	34,571,538
Restatement (Note 15)	<u>-</u>	<u>888,883</u>
Net Assets, beginning (as restated)	<u>36,121,275</u>	<u>35,460,421</u>
Net Assets, ending	<u>\$ 39,151,597</u>	<u>\$ 36,121,275</u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Statement of Activities

Year Ended June 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenue and Other Support:				
Athletics	\$ -	\$ 1,765,616	\$ -	\$ 1,765,616
Contributions	57,744	1,980,463	578,530	2,616,737
Gifts in-kind	2,272	-	-	2,272
Interest	30,445	289,953	-	320,398
Net realized and unrealized gains on investments	765,970	2,442,518	-	3,208,488
Other	670,893	187,352	-	858,245
Net assets released from restriction satisfaction of program restrictions	<u>5,365,252</u>	<u>(5,365,252)</u>	<u>-</u>	<u>-</u>
Total Revenue and Other Support	6,892,576	1,300,650	578,530	8,771,756
Expenses:				
Program services:				
Athletics	1,556,931	-	-	1,556,931
Donations to CSUB	806,030	-	-	806,030
Scholarships	1,046,877	-	-	1,046,877
Supporting services:				
General and administrative	2,177,367	-	-	2,177,367
Fundraising	<u>317,810</u>	<u>-</u>	<u>-</u>	<u>317,810</u>
Total Expenses	<u>5,905,015</u>	<u>-</u>	<u>-</u>	<u>5,905,015</u>
Change in Operations Before Transfer	987,561	1,300,650	578,530	2,866,741
Transfer of Net Deficit, Children's Center (Note 14)	<u>163,581</u>	<u>-</u>	<u>-</u>	<u>163,581</u>
Change in Net Assets	1,151,142	1,300,650	578,530	3,030,322
Net Assets, beginning	<u>7,477,516</u>	<u>13,188,895</u>	<u>15,454,864</u>	<u>36,121,275</u>
Net Assets, ending	<u>\$ 8,628,658</u>	<u>\$ 14,489,545</u>	<u>\$ 16,033,394</u>	<u>\$ 39,151,597</u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Statement of Activities

Year Ended June 30, 2016 (Restated)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and Other Support:				
Athletics	\$ -	\$ 2,043,342	\$ -	\$ 2,043,342
Children's Center	558,897	-	-	558,897
Contributions	399,418	3,798,363	593,018	4,790,799
Gifts in-kind	475,850	-	-	475,850
Interest	76,306	319,622	-	395,928
Net realized and unrealized losses on investment:	(494,922)	(1,244,327)	-	(1,739,249)
Other	777,841	934,125	-	1,711,966
Net assets released from restriction satisfaction of program restrictions	<u>5,863,046</u>	<u>(5,863,046)</u>	<u>-</u>	<u>-</u>
Total Revenue and Other Support	7,656,436	(11,921)	593,018	8,237,533
Expenses:				
Program services:				
Athletics	1,284,315	-	-	1,284,315
Children's Center	759,761	-	-	759,761
Donations to CSUB	647,484	-	-	647,484
Grants and contracts	840,337	-	-	840,337
Scholarships	1,048,818	-	-	1,048,818
Supporting services:				
General and administrative	2,637,157	-	-	2,637,157
Fundraising	<u>358,807</u>	<u>-</u>	<u>-</u>	<u>358,807</u>
Total Expenses	<u>7,576,679</u>	<u>-</u>	<u>-</u>	<u>7,576,679</u>
Change in Net Assets	79,757	(11,921)	593,018	660,854
Net Assets, beginning (as originally stated)	7,397,759	12,311,933	14,861,846	34,571,538
Restatement (Note 15)	<u>-</u>	<u>888,883</u>	<u>-</u>	<u>888,883</u>
Net Assets, beginning (as restated)	<u>7,397,759</u>	<u>13,200,816</u>	<u>14,861,846</u>	<u>35,460,421</u>
Net Assets, ending	<u>\$ 7,477,516</u>	<u>\$ 13,188,895</u>	<u>\$ 15,454,864</u>	<u>\$ 36,121,275</u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION**Statements of Cash Flows**

Years Ended June 30, 2017 and 2016 (Restated)

	<u>2017</u>	<u>2016</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 3,030,322	\$ 660,854
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	47,932	51,297
Donated equipment	-	(416,750)
Transfer of deficit, Children's Center	(163,581)	-
Transfer of property and equipment to the University, net	533,601	-
(Gains) losses on investments, including interest income	(3,528,886)	1,343,321
Permanently restricted contributions	(578,530)	(593,018)
Changes in operating assets and liabilities:		
Receivables	1,294,453	(1,909,408)
Accounts payable and accrued expenses	64,576	(78,753)
Other liabilities	(521,045)	(685,984)
Net Cash Provided (Used) by Operating Activities	<u>178,842</u>	<u>(1,628,441)</u>
Cash Flows from Investing Activities:		
Purchases of property and equipment	(30,502)	(2,781)
Proceeds from sale of investments	6,973,058	2,621,665
Purchases of investments	<u>(7,821,385)</u>	<u>(1,662,924)</u>
Net Cash Provided (Used) by Investing Activities	<u>(878,829)</u>	<u>955,960</u>
Cash Flows from Financing Activities:		
Payments on long-term debt	-	(14,566)
Permanently restricted contributions	<u>578,530</u>	<u>593,018</u>
Net Cash Provided (Used) by Financing Activities	<u>578,530</u>	<u>578,452</u>
Net Decrease in Cash and Cash Equivalents	<u>(121,457)</u>	<u>(94,029)</u>
Cash and Cash Equivalents, beginning	<u>5,469,477</u>	<u>5,563,506</u>
Cash and Cash Equivalents, ending	<u>\$ 5,348,020</u>	<u>\$ 5,469,477</u>
Supplemental Disclosures of Cash Flow Information		
Cash payments for interest	<u>\$ -</u>	<u>\$ 5,745</u>
Transfer of Children's Center program on July 1, 2016 (Note 14):		
Accounts receivable	\$ (12,059)	\$ -
Property and equipment, net of accumulated depreciation	(17,417)	-
Outstanding checks in excess of bank balance	140,748	-
Accounts payable	43,984	-
Accrued expenses	<u>8,325</u>	<u>-</u>
Net transfer	<u>\$ 163,581</u>	<u>\$ -</u>

See accompanying notes to financial statements.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2017 and 2016 (Restated)

Note 1 – Organization and Summary of Significant Accounting Policies

Nature of Activities

The California State University, Bakersfield Foundation (Foundation), was incorporated in the State of California on February 5, 1969. The Foundation was formed and operates as a non-profit auxiliary organization of California State University, Bakersfield (CSU Bakersfield or the University), which is located in Bakersfield, California. The Foundation supports the University by advocating for the University to government and to the community, fundraising for University programs and activities, managing the finances of the Foundation and the University endowment, and advising the administrations of California State University and the University.

Basis of Presentation

The Foundation reports information regarding its financial position and activities according to the three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

- Unrestricted net assets represent expendable funds available for operations, which are not otherwise limited by donor restrictions.
- Temporarily restricted net assets consist of contributed funds subject to donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time before the Foundation may spend the funds.
- Permanently restricted net assets are subject to irrevocable donor restrictions requiring that the assets be maintained in perpetuity usually for the purpose of generating investment income to fund current operations.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

The Foundation is a qualified nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. However, the Foundation remains subject to taxes on any net income which is derived from a trade or business, regularly carried on, and unrelated to its exempt purpose.

The Foundation follows accounting standards generally accepted in the United States of America related to the recognition of uncertain tax positions. The Foundation recognizes accrued interest and penalties associated with uncertain tax positions as part of the statements of activities, when applicable. Management has determined that the Foundation has no uncertain tax positions at June 30, 2017 and 2016 and therefore no amounts have been accrued.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Promises to Give

Promises that are expected to be collected within one year are recorded at their net realizable value. Promises that are expected to be collected in future years are discounted to their estimated net present value. After promises are originally recorded, an allowance for uncollectible promises may be established based on specific circumstances.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2017 and 2016 (Restated)

Note 1 – Organization and Summary of Significant Accounting Policies, continued

Accounts Receivable

The accounts receivable arise in the normal course of operations. It is the policy of management to review the outstanding accounts receivable at year end, as well as the bad debt write-offs experienced in the past, and establish an allowance for doubtful accounts for uncollectible amounts.

Investments

The Foundation carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statements of financial position. The fair value is determined using quoted market prices. Alternative investments, for which quoted market prices are not readily available, are valued at fair value by the investment manager based on factors deemed relevant by the manager including, but not limited to, market conditions, purchase price, estimated liquidation value, restrictions on transfer and meaningful third party transactions in the private market. Because of the inherent uncertainty of valuations, the estimated fair values may differ significantly from the values that would have been used had a ready market for such investments existed or had such investments been liquidated, and those differences could be material. Unrealized gains and losses are included in the change in net assets in the statements of activities.

Property and Equipment

The Foundation capitalizes all expenditures for property and equipment in excess of \$5,000. Equipment and improvements are recorded at cost or at estimated fair value at date of gift donated. Expenditures for maintenance and repairs are charged against operations. Depreciation is provided on a straight-line basis over the estimated useful lives of the asset of three to 30 years.

Collections

The Foundation capitalizes its collections at cost if purchased and at appraised or fair value at the date of accession if donated. There were no acquisitions in 2017 or 2016. Capitalized collections are not depreciated.

Revenue Recognition

All contributions are considered available for the Foundation's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as temporarily or permanently restricted support and increase the respective class of net assets. Investment income that is limited to specific uses by donor restrictions is reported as increases in unrestricted net assets if the restrictions are met in the same reporting period as the income is recognized.

Gifts In-kind

Contributions of tangible assets are recognized at fair market value when received. In-kind contributions are recognized as unrestricted net assets, unless donor stipulation requires them to be recognized as temporarily restricted net assets.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Fair Value Measurements

The Foundation defines fair value as the exchange price that would be received for an asset or paid for a liability in the principal or most advantageous market. The Foundation applies fair value measurements to assets and liabilities that are required to be recorded at fair value under generally accepted accounting principles. Fair value measurement techniques maximize the use of observable inputs and minimize the use of unobservable inputs, and are categorized in a fair value hierarchy based on the transparency of inputs. In addition, the Foundation reports certain investments using the net asset value per share as determined by investment managers, allowing the net asset value per share to represent fair value for reporting purposes when the criteria for using this method are met.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2017 and 2016 (Restated)

Note 1 – Organization and Summary of Significant Accounting Policies, continued

Fair Value Measurements, continued

The three levels are defined as follows:

Level 1 - Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the same term of the financial instrument.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2017 and 2016.

Mutual funds, bonds and equity securities: Valued at the closing price reported on the active market on which the individual securities are traded.

Hedge funds: Valued at the partner's reported capital account balance, which approximates fair value.

Subsequent Events

The Foundation has evaluated subsequent events through October 5, 2017, which is the date the financial statements were available to be issued.

Note 2 – Concentrations of Credit Risk

The Foundation maintains its cash in bank deposit accounts that are insured by the Federal Deposit Insurance Corporation up to a limit of \$250,000 per depositor. As of June 30, 2017, the Foundation's uninsured cash balance was \$3,483,546. The Foundation manages this risk by using high quality financial institutions.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2017 and 2016 (Restated)

Note 3 – Investments and Fair Value Measurement

Investments consist of the following as of June 30, 2017:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common stock	\$ 1,491,126	\$ -	\$ -	\$ 1,491,126
Certificates of deposit	-	1,192,712	-	1,192,712
Mutual funds:				
Large cap	3,793,864	-	-	3,793,864
International	3,753,512	-	-	3,753,512
Mid cap	1,587,912	-	-	1,587,912
Nontraditional	1,563,720	-	-	1,563,720
Emerging markets	1,072,306	-	-	1,072,306
Strategic investment group equity	-	7,907,179	-	7,907,179
Strategic investment group bonds	-	3,474,787	-	3,474,787
Alternative investments:				
Hedge funds	-	-	6,402,935	6,402,935
Real assets	-	-	481,435	481,435
	<u>\$ 13,262,440</u>	<u>\$ 12,574,678</u>	<u>\$ 6,884,370</u>	<u>\$ 32,721,488</u>

Investments consist of the following as of June 30, 2016:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common stock	\$ 1,904,710	\$ -	\$ -	\$ 1,904,710
Mutual funds:				
Large cap	1,166,192	-	-	1,166,192
International	5,215,591	-	-	5,215,591
Mid cap	1,446,674	-	-	1,446,674
Nontraditional	911,813	-	-	911,813
Emerging markets	786,168	-	-	786,168
Strategic investment group equity	-	7,555,128	-	7,555,128
Strategic investment group bonds	-	2,720,385	-	2,720,385
Alternative investments:				
Hedge funds	-	-	6,308,438	6,308,438
Real assets	-	-	329,176	329,176
	<u>\$ 11,431,148</u>	<u>\$ 10,275,513</u>	<u>\$ 6,637,614</u>	<u>\$ 28,344,275</u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2017 and 2016 (Restated)

Note 3 – Investments and Fair Value Measurement, continued

Changes in the fair value of level 3 investments are as follows:

	<u>2017</u>	<u>2016</u>
Fair value, beginning	\$ 6,637,614	\$ 6,560,778
Contributions	501,452	960,206
Withdrawals	(571,608)	(689,295)
Unrealized gains (losses)	<u>316,912</u>	<u>(194,075)</u>
Fair value, ending	<u>\$ 6,884,370</u>	<u>\$ 6,637,614</u>

Commitments and redemptions schedule for those investments valued based on net asset values are as follows:

	<u>Fair value at June 30, 2017</u>	<u>Unfunded commitment</u>	<u>Redemption frequency</u>	<u>Redemption notice period</u>
Ironwood Inst MS Hedge Fund [a]	\$ 1,268,938	none	semi-annually	120 days
Skybridge Multi-advisor Hedge Fund [b]	1,004,808	none	quarterly	60 days
ACL ALT LTD USD A [c]	253,166	none	daily	1 day
Strategic Funds Alpha Portfolio [d]	3,876,023	none	monthly	1 month
Real Assets [d]	481,435	none	monthly	1 month

[a] Ironwood Inst MS Hedge Fund are fund of hedge funds which are relative value and event driven, equity market neutral, distressed securities and credit opportunities

[b] Skybridge Multi-advisor Hedge Funds are fund of hedge funds which are relative value and event driven

[c] ACL ALT LTD USD A Funds are fund of hedge funds focused on managed futures and foreign exchange

[d] Strategic Funds Alpha Portfolio are fund of funds which are relative value and event driven, focused on equities, hedge funds, fixed income, and real assets

	<u>Fair value at June 30, 2016</u>	<u>Unfunded commitment</u>	<u>Redemption frequency</u>	<u>Redemption notice period</u>
Ironwood Inst MS Hedge Fund [a]	\$ 1,320,354	none	semi-annually	95 days
Skybridge Multi-advisor Hedge Fund [b]	1,249,987	none	quarterly	65 days
ACL ALT LTD USD A [c]	272,628	none	daily	1 day
Strategic Funds Alpha Portfolio [d]	3,465,469	none	monthly	1 month
Real Assets [d]	329,176	none	monthly	1 month

[a] Ironwood Inst MS Hedge Fund are fund of hedge funds which are relative value and event driven, equity market neutral, distressed securities and credit opportunities

[b] Skybridge Multi-advisor Hedge Funds are fund of hedge funds which are relative value and event driven

[c] ACL ALT LTD USD A Funds are fund of hedge funds focused on managed futures and foreign exchange

[d] Strategic Funds Alpha Portfolio are fund of funds which are relative value and event driven, focused on equities, hedge funds, fixed income, and real assets

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2017 and 2016 (Restated)

Note 4 – Promises to Give

Promises to give consist of the following:

	<u>2017</u>		<u>2016</u>
Due in less than one year	\$ 483,172	\$	1,031,699
Due in one to five years	2,148,726		1,240,979
Due in more than five years	-		1,547,416
	<u>2,631,898</u>		<u>3,820,094</u>
Gross promises to give			
Less:			
Allowance for doubtful promises to give	(240,240)		(307,087)
Discount on promises to give	<u>(34,203)</u>		<u>(77,649)</u>
Promises to give, net	<u>\$ 2,357,455</u>	\$	<u>3,435,358</u>

Promises to give are discounted using an average imputed interest rate of 3%.

Note 5 – Property and Equipment

Property and equipment consist of the following:

	<u>2017</u>		<u>2016</u>
Equipment	\$ 1,598,724	\$	2,050,582
Buildings and improvements	1,588,494		2,014,294
Leasehold improvements	72,963		112,963
Computer software	-		10,361
	<u>3,260,181</u>		<u>4,188,200</u>
Less accumulated depreciation	<u>(2,382,843)</u>		<u>(2,764,085)</u>
	877,338		1,424,115
Land	3,139		3,139
Construction in progress	-		21,671
	<u>\$ 880,477</u>	\$	<u>1,448,925</u>

Note 6 – Defined Benefit Pension Plan

The Foundation contributes to the Public Employees' Retirement System of the State of California (PERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating public agencies in California. The Foundation's payroll for employees covered by PERS for the years ended June 30, 2017 and 2016 was \$298,385 and \$587,856, respectively. The total payroll for all Foundation employees for the years ended June 30, 2017 and 2016 was \$507,254 and \$789,824, respectively.

PERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the PERS annual financial report may be obtained from the PERS Executive Office, 400 P Street, Sacramento, California 95814.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2017 and 2016 (Restated)

Note 6 – Defined Benefit Pension Plan, continued

All full-time employees are eligible to participate in PERS. Benefits vest after five years of service. As of June 30, 2017 and 2016 the Foundation employed 8 full-time employees and 7 full-time employees, respectively, participating in PERS.

Funding policy: Active plan members are required to contribute 5 percent of their salary to PERS and the Foundation is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the PERS Board of Administration. Significant actuarial assumptions used to compute the PERS pension benefit obligation includes an actuarial interest rate of 6 percent per annum and varying projected salary increases based on duration of service and including a 4.5 percent for inflation factor.

For the fiscal year ended June 30, 2017, the required employer contribution rate for employees hired prior to 2013 was 9.159% of annual payroll and the required employer contribution rate for employees hired after 2013 was 6.555% of annual payroll. For the fiscal year ended June 30, 2016, the required employer contribution rate for employees hired prior to 2013 was 8.709% of annual payroll and the required employer contribution rate for employees hired after 2013 was 6.237% of annual payroll. The Foundation's annual PERS pension costs for the fiscal years ending June 30, 2017 and 2016 were \$35,531 and \$36,382, respectively.

Actuarially Determined Contribution Requirements and Contribution Made: PERS uses the Entry Age Normal Actuarial Cost Method, which is a projected benefit cost method. That is, it takes into account those benefits that are expected to be earned in the future as well as those already accrued.

According to this cost method, the normal cost for an employee is the level amount which would fund the projected benefit if it were paid annually from date of employment until retirement. PERS uses a modification of the Entry Age Cost method in which the employer's total normal cost is expressed as a level of percentage of payroll. PERS also uses the level of percentage of payroll method to amortize any unfunded actuarial liabilities. The amortization period of the unfunded actuarial liability ended on June 30, 2000. The significant assumptions used to compute the actuarially determined contribution requirement were determined based on an actuarial valuation performed as of June 30, 2017.

Note 7 – Post-Employment Benefits Other Than Pension Benefits

In addition to the pension benefits described in Note 6, the Foundation provides postretirement health care benefits through PERS to full-time employees who retire from the Foundation on or after attaining age 50 with at least 5 years of service. Continued participation in the existing health and dental plans is offered. Once the individual is eligible for Medicare, coverage may be continued in the PERS health plan by enrolling in a supplement to Medicare or a Managed Medicare Plan. The following information is based on an actuarial study performed as of June 30, 2017:

Net periodic postretirement benefit cost included the following components for the years ended June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Service cost	\$ 3,010	\$ 56,833
Interest cost	73,521	115,806
Amortization prior service costs	<u>(103,151)</u>	<u>(26,960)</u>
Net periodic postretirement benefit cost	<u>\$ (26,620)</u>	<u>\$ 145,679</u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2017 and 2016 (Restated)

Note 7 – Post-Employment Benefits Other Than Pension Benefits, continued

The net periodic postretirement benefit cost was determined using the following weighted average assumptions:

	<u>2017</u>	<u>2016</u>
Discount rate	3.75%	4.50%
Expected long-term rate of return	N/A	N/A
Health care cost trend rate:		
Present rate before 65	6.75%	7.25%
Present rate 65 and older	6.75%	7.25%
Ultimate rate before age 65 (year reached)	5.00%	5.00%
Ultimate rate age 65 and older (year reached)	5.00%	5.00%

Accumulated postretirement and projected benefit obligation:

	<u>2017</u>	<u>2016</u>
Retirees	\$ 1,320,221	\$ 1,445,247
Other fully eligible plan participants	-	554,188
Other active participants	-	5,331
	<u>\$ 1,320,221</u>	<u>\$ 2,004,766</u>

Funded status:

	<u>2017</u>	<u>2016</u>
Beginning accrued postretirement benefit obligation	\$ 2,004,766	\$ 2,625,705
Actuarial loss	(571,256)	(668,964)
Retiree contributions:		
Net periodic postretirement benefit (cost)	(26,620)	145,679
Estimated benefit payments	(86,669)	(97,654)
Ending accrued postretirement benefit obligation	<u>\$ 1,320,221</u>	<u>\$ 2,004,766</u>

The projected accrued postretirement benefit obligation was determined using the following weighted average assumptions:

	<u>2017</u>	<u>2016</u>
Discount rate	3.75%	3.75%
Health care cost trend rate:		
Present rate before 65	6.25%	6.75%
Present rate 65 and older	6.25%	6.75%
Ultimate rate before age 65 (year reached)	5.00%	5.00%
Ultimate rate age 65 and older (year reached)	5.00%	5.00%

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2017 and 2016 (Restated)

Note 7 – Post-Employment Benefits Other Than Pension Benefits, continued

The expected net periodic post-retirement benefit cost for fiscal year 2018:

Service cost	\$	-
Interest cost		47,954
Amortization of unrecognized net gain		(120,693)
Net periodic postretirement benefit costs	\$	<u>(72,739)</u>

The expected contribution for the next 10 years:

2018	82,882
2019	83,682
2020	84,273
2021	84,624
2022	84,844
2023-2027	408,409

An actuarial study is completed annually. The schedule presented above is based on the study completed on August 30, 2017 as of and for the year then ended June 30, 2017.

Note 8 – Restricted Net Assets

Temporarily restricted net assets consist of the following:

	<u>2017</u>	<u>2016</u>
Time restriction - promises to give	\$ 1,281,930	\$ 2,611,591
Academic programs	5,228,820	4,768,483
Scholarships	6,486,460	4,642,172
Athletic programs	<u>1,492,335</u>	<u>1,166,649</u>
	<u>\$ 14,489,545</u>	<u>\$ 13,188,895</u>

Permanently restricted net assets consist of the following:

	<u>2017</u>	<u>2016</u>
Contributions restricted in perpetuity	\$ <u>16,033,394</u>	\$ <u>15,454,864</u>

Note 9 – Endowment

The Foundation has adopted the guidance on net classification of donor restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the State Prudent Management of Institutional Funds Act (SPMIFA) and also requires disclosures about endowment funds, both donor-restricted endowment funds and institution-designated endowment funds.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2017 and 2016 (Restated)

Note 9 – Endowment, continued

The Foundation's endowments consist of funds established for a variety of purposes. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation has interpreted 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 permanently restricted net assets (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 that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner that is consistent with the standard of prudence prescribed by SPMIFA.

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

Spending policy: The Foundation's spending policy allocates total earnings from the portfolio between current spending and reinvestment for future earnings and has been designed with three objectives in mind: (a) provide current programs with a predictable, stable stream of revenues; (b) ensure that the purchasing power of real value of this revenue stream does not decline over time; and (c) ensure that the purchasing power or real value of the Endowment assets does not decline over time. The cost of current operating programs will likely increase over time at least as fast as inflation. If the endowment is to cover a reasonably constant portion of current operating expenses, endowment spending must increase at least as fast as inflation. The Foundation's policy is designed to preserve both the purchasing power of their endowments and of their endowment withdrawals. Such a policy also ensures that the competing needs of current and future generations of students and faculty are in financial equilibrium. Lastly the Foundation has adopted an annual spending rate target of 4% of the Endowment's Fair Market Value (FMV), computed based on the December 31 FMV and available for the next academic year commencing July 1.

Investment policy: The objective is to promote growth in the investment funds sufficient to offset normal inflation plus reasonable spending, thereby preserving the constant-dollar value and purchasing power of the funds for future generations, and to preserve the principal of operating cash and reserves while producing market-level income. The minimum total-return objective for the full portfolio shall be inflation plus 5%.

At times, the fair value of assets associated with these endowment funds may fall below the level that the donors require the Foundation to retain as funds of perpetual duration. These deficiencies results from unfavorable market fluctuations. In accordance with generally accepting accounting principles deficits of this nature are reported as unrestricted net assets.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2017 and 2016 (Restated)

Note 9 – Endowment, continued

As of June 30, 2017, the endowment net assets composition by type of fund consisted of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Perm restricted donor endowment funds	\$ -	\$ 4,364,801	\$ 16,033,394	\$ 20,398,195
Board designated endowment funds	<u>3,541,345</u>	<u>-</u>	<u>-</u>	<u>3,541,345</u>
	<u>\$ 3,541,345</u>	<u>\$ 4,364,801</u>	<u>\$ 16,033,394</u>	<u>\$ 23,939,540</u>

As of June 30, 2016, the endowment net assets composition by type of fund consisted of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Perm restricted donor endowment funds	\$ -	\$ 2,899,850	\$ 15,454,864	\$ 18,354,714
Board designated endowment funds	<u>3,274,395</u>	<u>-</u>	<u>-</u>	<u>3,274,395</u>
	<u>\$ 3,274,395</u>	<u>\$ 2,899,850</u>	<u>\$ 15,454,864</u>	<u>\$ 21,629,109</u>

The changes in endowment net assets for the year ended June 30, 2017, consisted of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 3,274,395	\$ 2,899,850	\$ 15,454,864	\$ 21,629,109
Contributions	-	-	578,530	578,530
Appropriations of endowment assets for expenditures	(151,742)	(855,932)	-	(1,007,674)
Investment return	<u>418,692</u>	<u>2,320,883</u>	<u>-</u>	<u>2,739,575</u>
Endowment net assets, end of year	<u>\$ 3,541,345</u>	<u>\$ 4,364,801</u>	<u>\$ 16,033,394</u>	<u>\$ 23,939,540</u>

The changes in endowment net assets for the year ended June 30, 2016, consisted of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 3,617,730	\$ 4,911,994	\$ 14,861,846	\$ 23,391,570
Contributions	-	-	593,018	593,018
Appropriations of endowment assets for expenditures	(170,027)	(1,087,440)	-	(1,257,467)
Investment return	<u>(173,308)</u>	<u>(924,704)</u>	<u>-</u>	<u>(1,098,012)</u>
Endowment net assets, end of year	<u>\$ 3,274,395</u>	<u>\$ 2,899,850</u>	<u>\$ 15,454,864</u>	<u>\$ 21,629,109</u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2017 and 2016 (Restated)

Note 10 – Transactions with Related Parties

The Foundation functions to benefit the California State University, Bakersfield (the University) by operating various campus programs. The Foundation purchases various services such as printing, utilities, telephone, mail service, etc. from the University. The Foundation also reimburses the University for the cost of faculty payroll.

Transactions for the years ended June 30, 2017 and 2016 with related parties are reflected in the accompanying financial statements as follows:

	<u>2017</u>	<u>2016</u>
Revenue:		
University:		
Student services	\$ 529,333	\$ 1,185,246
Program fees	84,310	52,064
	<u>\$ 613,643</u>	<u>\$ 1,237,310</u>
Expenses:		
University:		
Administrative services	\$ 3,091,290	\$ 3,551,720
Interest	-	524
	<u>\$ 3,091,290</u>	<u>\$ 3,552,244</u>
Due from:		
University	\$ 61,082	\$ 260,388
Other	2,075	47,733
	<u>\$ 63,157</u>	<u>\$ 308,121</u>
Due to:		
University	\$ 536,856	\$ 183,126
Other	115,906	193,859
	<u>\$ 652,762</u>	<u>\$ 376,985</u>

Note 11 – Reclassifications

Certain items in the 2016 financial statements have been reclassified to conform to current year classifications including the change in scholarship expenses being reclassified from general and administrative to the scholarship line on the statement of activities. Such reclassifications had no effect on previously reported changes in net assets.

Note 12 – Contracted Commercial Activities

As required by the California State University Auxiliary and Business Services, the following are the terms of contracted commercial activities:

Vending drinks/snacks

Length of contract

5 years (ending June 30, 2020)

Commission structure

Coffee, drink, and snack sales: 35% of gross sales

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2017 and 2016 (Restated)

Note 13 – Risks and Uncertainties

The Foundation invests in various 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 account balance and the amounts reported on the statements of net activities.

Note 14 – Transfer of Children’s Center

In fiscal year 2016, the California Department Education approved the transfer of the California State University, Bakersfield Foundation Children’s Center contracts for both preschool and child care and development to the California State University, Bakersfield, Auxiliary for Sponsored Programs Administration. The effective date of this transfer was July 1, 2016.

Note 15 – Prior Period Restatement

During 2017, it was noted that funds received in prior years that had been recorded as receipts in excess of expenditures on sponsored programs met the requirements of a contribution and should have been recognized at the time the contribution was made. The adjustment to make the correction had no effect on total assets or total expenses.

The following summarizes the changes to the statement of financial position as of June 30, 2016:

Receipts in excess of expenditures on sponsored programs (as previously stated)	\$	962,684
Restatement		<u>(701,440)</u>
Receipts in excess of expenditures on sponsored programs (as restated)	\$	<u>261,244</u>
Net assets: temporarily restricted (as previously stated)	\$	12,487,455
Restatement		<u>701,440</u>
Net assets: temporarily restricted (as restated)	\$	<u>13,188,895</u>

The following summarizes the changes to the statement of activities for the year ended June 30, 2016:

		Temporarily Restricted
Athletics (as previously stated)	\$	<u>2,230,785</u>
Restatement		<u>(187,443)</u>
Other (as restated)	\$	<u>2,043,342</u>
		Temporarily Restricted
Change in net assets (as previously stated)	\$	12,311,933
Restatement		<u>888,883</u>
Change in net assets (as restated)	\$	<u>13,200,816</u>

SUPPLEMENTAL INFORMATION

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Schedule of Net Position

June 30, 2017

(for inclusion in the California State University)

Assets:	
Current assets:	
Cash and cash equivalents	\$ 5,348,020
Short-term investments	—
Accounts receivable, net	120,191
Leases receivable, current portion	—
Notes receivable, current portion	—
Pledges receivable, net	483,172
Prepaid expenses and other current assets	—
Total current assets	<u>5,951,383</u>
Noncurrent assets:	
Restricted cash and cash equivalents	—
Accounts receivable, net	—
Leases receivable, net of current portion	—
Notes receivable, net of current portion	—
Student loans receivable, net	—
Pledges receivable, net	1,874,283
Endowment investments	20,398,195
Other long-term investments	12,323,293
Capital assets, net	972,147
Other assets	—
Total noncurrent assets	<u>35,567,918</u>
Total assets	<u>41,519,301</u>
Deferred outflows of resources:	
Unamortized loss on debt refunding	—
Net pension liability	—
Others	—
Total deferred outflows of resources	<u>—</u>
Liabilities:	
Current liabilities:	
Accounts payable	49,815
Accrued salaries and benefits	—
Accrued compensated absences, current portion	—
Unearned revenue	168,918
Capitalized lease obligations, current portion	—
Long-term debt obligations, current portion	—
Claims liability for losses and loss adjustment expenses, current portion	—
Depository accounts	—
Other liabilities	911,632
Total current liabilities	<u>1,130,365</u>
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	—
Unearned revenue	—
Grants refundable	—
Capitalized 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	—
Other postemployment benefits obligations	1,237,339
Net pension liability	—
Other liabilities	—
Total noncurrent liabilities	<u>1,237,339</u>
Total liabilities	<u>2,367,704</u>
Deferred inflows of resources:	
Service concession arrangements	—
Net pension liability	—
Unamortized gain on debt refunding	—
Nonexchange transactions	—
Others	—
Total deferred inflows of resources	<u>—</u>
Net Position:	
Net investment in capital assets	972,147
Restricted for:	
Nonexpendable – endowments	16,033,394
Expendable:	
Scholarships and fellowships	6,486,460
Research	—
Loans	—
Capital projects	—
Debt service	—
Others	8,003,085
Unrestricted	<u>7,656,511</u>
Total net position	<u>\$ 39,151,597</u>

See independent auditors' report.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION**Schedule of Revenues, Expenses, and Changes in Net Position**

Year Ended June 30, 2017

(for inclusion in the California State University)

Revenues:		
Operating revenues:		
Student tuition and fees (net of scholarship allowances of \$0)	\$	—
Grants and contracts, noncapital:		
Federal		—
State		—
Local		—
Nongovernmental		—
Sales and services of educational activities		—
Sales and services of auxiliary enterprises (net of scholarship allowances of \$0)		—
Other operating revenues		2,454,898
Total operating revenues		<u>2,454,898</u>
Expenses:		
Operating expenses:		
Instruction		53,945
Research		—
Public service		—
Academic support		—
Student services		1,556,931
Institutional support		3,765,869
Operation and maintenance of plant		385,071
Student grants and scholarships		95,267
Auxiliary enterprise expenses		—
Depreciation and amortization		47,932
Total operating expenses		<u>5,905,015</u>
Operating income (loss)		<u>(3,450,117)</u>
Nonoperating revenues (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		2,693,421
Investment income (loss), net		758,866
Endowment income (loss), net		2,449,622
Interest expense		—
Other nonoperating revenues (expenses)		—
Net nonoperating revenues (expenses)		<u>5,901,909</u>
Income (loss) before other revenues (expenses)		2,451,792
State appropriations, capital		—
Grants and gifts, capital		—
Additions (reductions) to permanent endowments		578,530
Increase (decrease) in net position		<u>3,030,322</u>
Net position:		
Net position at beginning of year, as previously reported		35,419,835
Restatements		701,440
Net position at beginning of year, as restated		<u>36,121,275</u>
Net position at end of year	\$	<u><u>39,151,597</u></u>

See independent auditors' report.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Other Information

June 30, 2017

(for inclusion in the California State University)

2.3 Restricted current investments at June 30, 2017 related to:	Amount
Add description	\$ —
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—

Total restricted current investments at June 30, 2017 **\$ —**

2.4 Restricted noncurrent investments at June 30, 2017 related to:	Amount
Endowment investment	\$ 20,398,195
Add description	—

Total restricted noncurrent investments at June 30, 2017 **\$ 20,398,195**

2.5 Fair value hierarchy in investments at June 30, 2017:

	Total	Fair Value Measurements Using			Net Asset Value (NAV)
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
State of California Surplus Money Investment Fund (SMIF)	\$ —	—	—	—	—
State of California Local Agency Investment Fund (LAIF)	—	—	—	—	—
Corporate bonds	3,474,787	—	3,474,787	—	—
Certificates of deposit	1,192,712	—	1,192,712	—	—
Mutual funds	11,771,314	11,771,314	—	—	—
Money Market funds	—	—	—	—	—
Repurchase agreements	—	—	—	—	—
Commercial paper	—	—	—	—	—
Asset backed securities	—	—	—	—	—
Mortgage backed securities	—	—	—	—	—
Municipal bonds	—	—	—	—	—
U.S. agency securities	—	—	—	—	—
U.S. treasury securities	—	—	—	—	—
Equity securities	9,398,305	1,491,126	7,907,179	—	—
Exchange traded funds (ETFs)	—	—	—	—	—
Alternative investments:					
Private equity (including limited partnerships)	—	—	—	—	—
Hedge funds	6,402,935	—	—	6,402,935	—
Managed futures	—	—	—	—	—
Real estate investments (including REITs)	—	—	—	—	—
Commodities	—	—	—	—	—
Derivatives	—	—	—	—	—
Other alternative investment types	481,435	—	—	481,435	—
Other external investment pools (excluding SWIFT)					
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Other major investments:					
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Total investments	32,721,488	13,262,440	12,574,678	6,884,370	—

See independent auditors' report.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Other Information

June 30, 2017

(for inclusion in the California State University)

3.1 Composition of capital assets at June 30, 2017:

	Balance June 30, 2016	Prior period Adjustments	Reclassifications	Balance June 30, 2016 (restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2017
Nondepreciable/nonamortizable capital assets:								
Land and land improvements	\$ 3,139	—	—	3,139	—	—	—	3,139
Works of art and historical treasures	205,263	—	—	205,263	—	—	—	205,263
Construction work in progress (CWIP)	21,671	—	—	21,671	—	(438,421)	416,750	—
Intangible assets:								
Rights and easements	—	—	—	—	—	—	—	—
Patents, copyrights and trademarks	—	—	—	—	—	—	—	—
Internally generated intangible assets in progress	—	—	—	—	—	—	—	—
Licenses and permits	—	—	—	—	—	—	—	—
Other intangible assets:								
Other intangible assets	15,500	—	—	15,500	—	—	—	15,500
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Total intangible assets	15,500	—	—	15,500	—	—	—	15,500
Total nondepreciable/nonamortizable capital assets	245,573	—	—	245,573	—	(438,421)	416,750	223,902
Depreciable/amortizable capital assets:								
Buildings and building improvements	1,426,711	—	—	1,426,711	—	(70,540)	—	1,356,171
Improvements, other than buildings	112,963	—	—	112,963	—	(40,000)	—	72,963
Infrastructure	—	—	—	—	—	—	—	—
Leasehold improvements	587,583	—	—	587,583	—	(355,260)	—	232,323
Personal property:								
Equipment	2,050,582	—	—	2,050,582	30,502	(65,610)	(416,750)	1,598,724
Library books and materials	—	—	—	—	—	—	—	—
Intangible assets:								
Software and websites	10,361	—	—	10,361	—	(10,361)	—	—
Rights and easements	—	—	—	—	—	—	—	—
Patents, copyright and trademarks	—	—	—	—	—	—	—	—
Licenses and permits	—	—	—	—	—	—	—	—
Other intangible assets:								
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Total intangible assets	10,361	—	—	10,361	—	(10,361)	—	—
Total depreciable/amortizable capital assets	4,188,200	—	—	4,188,200	30,502	(541,771)	(416,750)	3,260,181
Total capital assets	4,433,773	—	—	4,433,773	30,502	(980,192)	—	3,484,083
Less accumulated depreciation/amortization:								
Buildings and building improvements	(540,982)	—	—	(540,982)	(37,132)	23,514	—	(554,600)
Improvements, other than buildings	(37,255)	—	—	(37,255)	(3,994)	11,000	—	(30,249)
Infrastructure	—	—	—	—	—	—	—	—
Leasehold improvements	(570,166)	—	—	(570,166)	—	337,843	—	(232,323)
Personal property:								
Equipment	(1,742,314)	—	—	(1,742,314)	(6,763)	54,313	—	(1,694,764)
Library books and materials	—	—	—	—	—	—	—	—
Intangible assets:								
Software and websites	(2,461)	—	—	(2,461)	(43)	2,504	—	—
Rights and easements	—	—	—	—	—	—	—	—
Patents, copyright and trademarks	—	—	—	—	—	—	—	—
Licenses and permits	—	—	—	—	—	—	—	—
Other intangible assets:								
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Total intangible assets	(2,461)	—	—	(2,461)	(43)	2,504	—	—
Total accumulated depreciation/amortization	(2,893,178)	—	—	(2,893,178)	(47,932)	429,174	—	(2,511,936)
Total capital assets, net	\$ 1,540,595	—	—	1,540,595	(17,430)	(551,018)	—	972,147

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3.2 Detail of depreciation and amortization expense for the year ended June 30, 2017:

Depreciation and amortization expense related to capital assets	\$ 47,932
Amortization expense related to other assets	—
Total depreciation and amortization	<u>\$ 47,932</u>

4 Long-term liabilities activity schedule:

	Balance June 30, 2016	Prior period adjustments	Reclassifications	Balance June 30, 2016 (restated)	Additions	Reductions	Balance June 30, 2017	Current portion	Long-term portion
Accrued compensated absences	\$ 27,109	—	—	27,109	—	(27,109)	—	—	—
Claims liability for losses and loss adjustment expenses	—	—	—	—	—	—	—	—	—
Capitalized lease obligations:									
Gross balance	—	—	—	—	—	—	—	—	—
Unamortized premium / (discount) on capitalized lease obligations	—	—	—	—	—	—	—	—	—
Total capitalized lease obligations	—	—	—	—	—	—	—	—	—
Long-term debt obligations:									
Auxiliary revenue bonds	—	—	—	—	—	—	—	—	—
Commercial paper	—	—	—	—	—	—	—	—	—
Notes payable related to SRB	—	—	—	—	—	—	—	—	—
Others: (list by type)									
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Total long-term debt obligations	—	—	—	—	—	—	—	—	—
Unamortized bond premium / (discount)	—	—	—	—	—	—	—	—	—
Total long-term debt obligations, net	—	—	—	—	—	—	—	—	—
Total long-term liabilities	\$ 27,109	—	—	27,109	—	(27,109)	—	—	—

5 Future minimum lease payments - capitalized lease obligations:

	Capitalized lease obligations related to SRB			All other capitalized lease obligations			Total capitalized lease obligations		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
Year ending June 30:									
2018	—	—	—	—	—	—	—	—	—
2019	—	—	—	—	—	—	—	—	—
2020	—	—	—	—	—	—	—	—	—
2021	—	—	—	—	—	—	—	—	—
2022	—	—	—	—	—	—	—	—	—
2023 - 2027	—	—	—	—	—	—	—	—	—
2028 - 2032	—	—	—	—	—	—	—	—	—
2033 - 2037	—	—	—	—	—	—	—	—	—
2038 - 2042	—	—	—	—	—	—	—	—	—
2043 - 2047	—	—	—	—	—	—	—	—	—
2048 - 2052	—	—	—	—	—	—	—	—	—
2053 - 2057	—	—	—	—	—	—	—	—	—
2058 - 2062	—	—	—	—	—	—	—	—	—
2063 - 2067	—	—	—	—	—	—	—	—	—
Total minimum lease payments	—	—	—	—	—	—	—	—	—
Less amounts representing interest									—
Present value of future minimum lease payments									—
Unamortized net premium (discount)									—
Total capitalized lease obligations									—
Less: current portion									—
Capitalized lease obligation, net of current portion									<u>\$ —</u>

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6 Long-term debt obligation schedule

	Auxiliary revenue bonds			All other long-term debt obligations			Total long-term debt obligations		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
Year ending June 30:									
2018	\$ —	—	—	—	—	—	—	—	—
2019	—	—	—	—	—	—	—	—	—
2020	—	—	—	—	—	—	—	—	—
2021	—	—	—	—	—	—	—	—	—
2022	—	—	—	—	—	—	—	—	—
2023 - 2027	—	—	—	—	—	—	—	—	—
2028 - 2032	—	—	—	—	—	—	—	—	—
2033 - 2037	—	—	—	—	—	—	—	—	—
2038 - 2042	—	—	—	—	—	—	—	—	—
2043 - 2047	—	—	—	—	—	—	—	—	—
2048 - 2052	—	—	—	—	—	—	—	—	—
2053 - 2057	—	—	—	—	—	—	—	—	—
2058 - 2062	—	—	—	—	—	—	—	—	—
2063 - 2067	—	—	—	—	—	—	—	—	—
Total minimum payments	—	—	—	—	—	—	—	—	—
Less amounts representing interest									—
Present value of future minimum payments									—
Unamortized net premium (discount)									—
Total long-term debt obligations									—
Less: current portion									—
Long-term debt obligations, net of current portion									\$ —

7 Calculation of net position

7.1 Calculation of net position - net investment in capital assets

Capital assets, net of accumulated depreciation	\$ 972,147
Capitalized lease obligations, current portion	—
Capitalized lease obligations, net of current portion	—
Long-term debt obligations, current portion	—
Long-term debt obligations, net of current portion	—
Portion of outstanding debt that is unspent at year-end	—
Other adjustments: (please list)	
Add description	—
Net position - net investment in capital asset	\$ 972,147

7.2 Calculation of net position - restricted for nonexpendable - endowments

Portion of restricted cash and cash equivalents related to endowments	\$ —
Endowment investments	20,398,195
Other adjustments: (please list)	
Unrealized gain on investments	(4,364,801)
Add description	—
Net position - Restricted for nonexpendable - endowments per SNP	\$ 16,033,394

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8 Transactions with related entities

	<u>Amount</u>
Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$ 226,219
Payments to University for other than salaries of University personnel	2,865,071
Payments received from University for services, space, and programs	613,643
Gifts-in-kind to the University from discretely presented component units	—
Gifts (cash or assets) to the University from discretely presented component units	—
Accounts (payable to) University (enter as negative number)	(536,856)
Other amounts (payable to) University (enter as negative number)	—
Accounts receivable from University	61,082
Other amounts receivable from University	—

9 Other postemployment benefits obligation (OPEB)

Annual required contribution (ARC)	\$ (26,620)
Contributions during the year	<u>—</u>
Increase (decrease) in net OPEB obligation (NOO)	(26,620)
Other adjustments	(657,925)
NOO - beginning of year	2,004,766
NOO - end of year	<u>\$ 1,320,221</u>

10 Pollution remediation liabilities under GASB Statement No. 49:

<u>Description</u>	<u>Amount</u>
Add description	\$ —
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Total pollution remediation liabilities	<u>\$ —</u>
Less: current portion	<u>—</u>
Pollution remediation liabilities, net of current portion	<u>—</u>

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11 The nature and amount of the prior period adjustment(s) recorded to beginning net position

	Net Position Class	Amount Dr. (Cr.)
Net position as of June 30, 2016, as previously reported		\$ 35,419,835
Prior period adjustments:		
1 To recognize contributions previously recorded as deferred revenue.		701,440
2 (list description of each adjustment)		—
3 (list description of each adjustment)		—
4 (list description of each adjustment)		—
5 (list description of each adjustment)		—
6 (list description of each adjustment)		—
7 (list description of each adjustment)		—
8 (list description of each adjustment)		—
9 (list description of each adjustment)		—
10 (list description of each adjustment)		—
Net position as of June 30, 2016, as restated		<u>\$ 36,121,275</u>

Provide a detailed breakdown of the journal entries (at the financial statement line item level) booked to record each prior period adjustment:

	Debit	Credit
Net position class: <u>Unrestricted</u>		
1 (breakdown of adjusting journal entry)		
Operating Rev Collected in Adv	\$ 701,440	
Fund Balance		701,440
Net position class: _____		
2 (breakdown of adjusting journal entry)	—	—
Net position class: _____		
3 (breakdown of adjusting journal entry)	—	—
Net position class: _____		
4 (breakdown of adjusting journal entry)	—	—
Net position class: _____		
5 (breakdown of adjusting journal entry)	—	—
Net position class: _____		
6 (breakdown of adjusting journal entry)	—	—
Net position class: _____		
7 (breakdown of adjusting journal entry)	—	—
Net position class: _____		
8 (breakdown of adjusting journal entry)	—	—
Net position class: _____		
9 (breakdown of adjusting journal entry)	—	—
Net position class: _____		
10 (breakdown of adjusting journal entry)	—	—

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