



**CALIFORNIA STATE UNIVERSITY,
BAKERSFIELD FOUNDATION**

Financial Statements and Supplemental Information

Years Ended June 30, 2014 and 2013



CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Financial Statements and Supplemental Information

Years Ended June 30, 2014 and 2013

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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 statement of financial position as of June 30, 2014, and the related statements of activities 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 2014 financial statements referred to above present fairly, in all material respects, the financial position of California State University, Bakersfield Foundation as of June 30, 2014, and the changes in its net assets and its cash flows for the year 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, 2013 were audited by other auditors whose report dated September 19, 2013 expressed an unmodified opinion on those statements. As discussed in Note 15 to the financial statements, California State University, Bakersfield Foundation has adjusted the 2013 financial statement to correct classifications errors within net assets. The other auditors reported on the financial statements before the reclassifications.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included on pages 18 – 25 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.

Correction of Errors

As discussed in Note 15 to the financial statements, classification errors resulting in the understatement of amounts previously reported for temporarily restricted net assets and overstatement of permanently restricted net assets were discovered during the current year. Accordingly, amounts reported for unrestricted, temporarily restricted and permanently restricted net assets have been adjusted to correct the errors.

As part of our audit of the 2014 financial statements, we also audited the adjustments described in Note 15 that were applied to restate the 2013 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to California State University, Bakersfield Foundation's 2013 financial statements other than with respect to the adjustments and accordingly, we do not express an opinion or any other form of assurance on the 2013 financial statements.

AKT LLP

San Diego, California
September 18, 2014

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

June 30, 2014 and 2013 (Reclassified)

	2014	(Reclassified) 2013
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 3,841,781	\$ 2,486,943
Pledges receivable, net of allowance for doubtful pledges and discount	41,154	316,580
Other receivables, net of allowance for doubtful accounts of \$17,742 (2014) and \$17,622 (2013)	116,251	10,023
Due from related parties	103,385	303,127
Other current assets	500	-
Total Current Assets	<u>4,103,071</u>	<u>3,116,673</u>
Non-Current Assets:		
Investments	31,207,762	26,304,014
Pledges receivable, net of allowance for doubtful pledges and discount	1,564,223	455,433
Property and equipment, net of accumulated depreciation	1,098,789	4,160,927
Collections	91,670	91,670
Total Non-Current Assets	<u>33,962,444</u>	<u>31,012,044</u>
Total Assets	<u>\$ 38,065,515</u>	<u>\$ 34,128,717</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 98,207	\$ 136,089
Accrued expenses	122,242	90,862
Due to related parties	323,872	340,952
Current portion of long-term debt	28,864	27,862
Current portion of accrued postretirement cost	97,670	124,733
Receipts in excess of expenditures on sponsored programs	566,881	452,763
Deposits in excess of withdrawals for agency accounts	160,864	195,030
Total Current Liabilities	<u>1,398,600</u>	<u>1,368,291</u>
Non-Current Liabilities:		
Long-term debt, net of current portion	14,566	43,430
Accrued postretirement cost, net of current portion	2,395,336	2,260,966
Total Non-Current Liabilities	<u>2,409,902</u>	<u>2,304,396</u>
Total Liabilities	<u>3,808,502</u>	<u>3,672,687</u>
Net Assets:		
Unrestricted:		
Operating	4,038,030	4,732,418
Board designated endowment	3,945,723	3,242,072
	<u>7,983,753</u>	<u>7,974,490</u>
Temporarily restricted	12,596,567	9,168,082
Permanently restricted	13,676,693	13,313,458
Total Net Assets	<u>34,257,013</u>	<u>30,456,030</u>
Total Liabilities and Net Assets	<u>\$ 38,065,515</u>	<u>\$ 34,128,717</u>

See accompanying notes to financial statements.

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

Year Ended June 30, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenue and Other Support:				
Contributions	\$ 323,948	\$ 4,463,944	\$ 363,235	\$ 5,151,127
Net realized and unrealized gain on investments	1,372,642	2,158,187	-	3,530,829
Other	1,550,807	42,515	-	1,593,322
Athletics	-	1,467,681	-	1,467,681
Children's Center	1,078,907	-	-	1,078,907
Interest	125,270	489,018	-	614,288
Scholarships	-	132,441	-	132,441
Grants and contracts	74,657	-	-	74,657
Gifts in-kind	59,100	-	-	59,100
Net assets released from restriction, satisfaction of program restrictions	<u>5,325,301</u>	<u>(5,325,301)</u>	<u>-</u>	<u>-</u>
Total Revenue and Other Support	9,910,632	3,428,485	363,235	13,702,352
Expenses:				
Program services:				
Scholarships	163,960	-	-	163,960
Grants and contracts	88,608	-	-	88,608
Athletics	1,346,862	-	-	1,346,862
Children's Center	691,123	-	-	691,123
Donation to CSUB	3,045,797	-	-	3,045,797
Supporting services:				
General and administrative	4,260,962	-	-	4,260,962
Fundraising	<u>304,057</u>	<u>-</u>	<u>-</u>	<u>304,057</u>
Total Expenses	<u>9,901,369</u>	<u>-</u>	<u>-</u>	<u>9,901,369</u>
Change in Net Assets	9,263	3,428,485	363,235	3,800,983
Net Assets, beginning	<u>7,974,490</u>	<u>9,168,082</u>	<u>13,313,458</u>	<u>30,456,030</u>
Net Assets, ending	<u>\$ 7,983,753</u>	<u>\$ 12,596,567</u>	<u>\$ 13,676,693</u>	<u>\$ 34,257,013</u>

See accompanying notes to financial statements.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Statement of Activities

Year Ended June 30, 2013 (Reclassified)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and Other Support:				
Contributions	\$ 1,561,406	\$ 1,495,307	\$ 812,866	\$ 3,869,579
Net realized and unrealized gain on investments	1,081,595	1,572,708	-	2,654,303
Other	717,656	301,524	-	1,019,180
Athletics	-	948,884	-	948,884
Interest	124,955	528,967	-	653,922
Children's Center	567,152	-	-	567,152
Scholarships	-	210,105	-	210,105
Grants and contracts	122,098	-	-	122,098
Gifts in kind	59,100	-	-	59,100
Net assets released from restriction satisfaction of program restrictions	<u>3,216,949</u>	<u>(3,216,949)</u>	<u>-</u>	<u>-</u>
Total Revenue and Other Support	7,450,911	1,840,546	812,866	10,104,323
Expenses:				
Program services:				
Scholarships	189,148	-	-	189,148
Grants and contracts	116,247	-	-	116,247
Athletics	1,222,723	-	-	1,222,723
Children's Center	840,495	-	-	840,495
Supporting services:				
General and administrative	3,523,953	-	-	3,523,953
Fundraising	<u>276,025</u>	<u>-</u>	<u>-</u>	<u>276,025</u>
Total Expenses	<u>6,168,591</u>	<u>-</u>	<u>-</u>	<u>6,168,591</u>
Change in Net Assets	1,282,320	1,840,546	812,866	3,935,732
Net Assets, beginning (as previously classified)	7,085,765	4,851,826	14,582,707	26,520,298
Restatement (Note 15)	<u>(393,595)</u>	<u>2,475,710</u>	<u>(2,082,115)</u>	<u>-</u>
Net Assets, beginning	<u>6,692,170</u>	<u>7,327,536</u>	<u>12,500,592</u>	<u>26,520,298</u>
Net Assets, ending	<u>\$ 7,974,490</u>	<u>\$ 9,168,082</u>	<u>\$ 13,313,458</u>	<u>\$ 30,456,030</u>

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

Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 3,800,983	\$ 3,935,732
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	150,949	174,197
Transfer of property and equipment to the University	2,952,454	-
Gains on investments	(3,539,592)	(2,654,303)
Permanently restricted contributions	(363,235)	(812,866)
Changes in operating assets and liabilities:		
Receivables	(739,850)	164,948
Other current assets	(500)	-
Accounts payable and accrued expenses	(6,502)	85,192
Other liabilities	170,179	248,025
Net Cash Provided by Operating Activities	<u>2,424,886</u>	<u>1,140,925</u>
Cash Flows from Investing Activities:		
Purchases of property and equipment	(41,265)	(587,212)
Proceeds from sale of investments	10,454,186	116,823
Purchases of investments	<u>(11,818,342)</u>	<u>(434,221)</u>
Net Cash Used by Investing Activities	(1,405,421)	(904,610)
Cash Flows from Financing Activities:		
Payments on long-term debt	(27,862)	(26,894)
Permanently restricted contributions	<u>363,235</u>	<u>812,866</u>
Net Cash Provided by Financing Activities	<u>335,373</u>	<u>785,972</u>
Net Increase in Cash and Cash Equivalents	1,354,838	1,022,287
Cash and Cash Equivalents, beginning	<u>2,486,943</u>	<u>1,464,656</u>
Cash and Cash Equivalents, ending	\$ <u><u>3,841,781</u></u>	\$ <u><u>2,486,943</u></u>
Supplemental Disclosures of Cash Flow Information		
Cash payments for interest	\$ <u><u>16,887</u></u>	\$ <u><u>3,535</u></u>

See accompanying notes to financial statements.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2014 and 2013

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 statement of activities, when applicable. Management has determined that the Foundation has no uncertain tax positions at June 30, 2014 and 2013 and therefore no amounts have been accrued.

The Foundation files informational and income tax returns in the United States, California, and in local jurisdictions. With few exceptions, the Foundation's federal income tax returns for the years prior to 2010 are closed. State and local jurisdictions have statutes of limitations that generally range from three to five years.

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.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2014 and 2013

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

Pledges Receivable

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

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 2014 or 2013. 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.

In-kind Contributions

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.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2014 and 2013

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

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. 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, 2014 and 2013.

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 September 18, 2014, 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 (FDIC) up to a limit of \$250,000 per depositor. The Foundation manages this risk by using high quality financial institutions.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2014 and 2013

Note 3 – Investments and Fair Value Measurement

Investments consist of the following as of June 30, 2014:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common stock	\$ 1,439,048	\$ -	\$ -	\$ 1,439,048
Certificates of deposit	941,096			941,096
Mutual funds:				
Large cap	1,288,706	-	-	1,288,706
International	4,566,406	-	-	4,566,406
Mid cap	910,655	-	-	910,655
High yield	534,701	-	-	534,701
Small cap	300,761	-	-	300,761
Nontraditional	1,503,270	-	-	1,503,270
Emerging Markets	897,229	-	-	897,229
Natural resources	768,170	-	-	768,170
Commonfund equity	-	8,443,023	-	8,443,023
Commonfund bonds	-	3,217,109	-	3,217,109
Commonfund global multi asset	-	3,443,666	-	3,443,666
Alternative investments:				
Hedge funds	-	-	2,953,922	2,953,922
	<u>\$ 13,150,042</u>	<u>\$ 15,103,798</u>	<u>\$ 2,953,922</u>	<u>\$ 31,207,762</u>

Investments consist of the following as of June 30, 2013:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common stock	\$ 2,312,047	\$ -	\$ -	\$ 2,312,047
Mutual funds:				
Large cap	758,930	-	-	758,930
International	3,527,923	-	-	3,527,923
Mid cap	1,430,205	-	-	1,430,205
High yield	21,935	-	-	21,935
Small cap	611,503	-	-	611,503
Nontraditional	866,926	-	-	866,926
Emerging Markets	782,300	-	-	782,300
Commonfund equity	-	3,869,439	-	3,869,439
Commonfund bonds	-	2,182,051	-	2,182,051
Commonfund global multi asset	-	7,019,238	-	7,019,238
Alternative investments:				
Hedge funds	-	-	2,921,517	2,921,517
	<u>\$ 10,311,769</u>	<u>\$ 13,070,728</u>	<u>\$ 2,921,517</u>	<u>\$ 26,304,014</u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2014 and 2013

Note 3 – Investments and Fair Value Measurement, Continued

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

	<u>2014</u>	<u>2013</u>
Fair value, beginning	\$ 2,921,517	\$ 2,609,167
Withdrawals	(92,000)	-
Unrealized gains	<u>124,405</u>	<u>312,350</u>
Fair value, ending	<u>\$ 2,953,922</u>	<u>\$ 2,921,517</u>

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

	<u>June 30, 2014</u>	<u>commitment</u>	<u>frequency</u>	<u>notice period</u>
Ironwood Inst MS Hedge Fund [a]	\$ 1,314,571	none	semi-annually	95 days
Skybridge Multi-advisor Hedge Fund [b]	1,361,588	none	quarterly	65 days
Abbey Cap-Mgd Funds [c]	277,763	none	daily	1 day

[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] Abbey Cap-Mgd Funds are fund of hedge funds focused on Managed Futures and Foreign exchange

	<u>Fair value at June 30, 2013</u>	<u>Unfunded commitment</u>	<u>Redemption frequency</u>	<u>Redemption notice period</u>
Ironwood Inst MS Hedge Fund [a]	\$ 1,066,522	none	semi-annually	95 days
Skybridge Multi-advisor Hedge Fund [b]	1,302,927	none	quarterly	65 days
Abbey Cap-Mgd Funds [c]	552,068	none	daily	1 day

[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] Abbey Cap-Mgd Funds are fund of hedge funds focused on Managed Futures and Foreign exchange

Note 4 – Pledges Receivable

Pledges receivable consist of the following:

	<u>2014</u>	<u>2013</u>
Due in less than one year	\$ 41,154	\$ 391,089
Due in one to five years	1,782,244	562,610
Due in more than five years	<u>85,400</u>	<u>-</u>
Gross pledges receivable	1,908,798	953,699
Less allowance for doubtful pledges	<u>(303,422)</u>	<u>(181,686)</u>
Pledges receivable, net	<u>\$ 1,605,376</u>	<u>\$ 772,013</u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2014 and 2013

Note 5 – Property and Equipment

Property and equipment consist of the following:

	<u>2014</u>	<u>2013</u>
Equipment	\$ 1,647,832	\$ 1,776,928
Buildings and improvements	1,994,294	4,313,564
Leasehold improvements	112,963	1,062,166
Computer software	10,361	-
	<u>3,765,450</u>	<u>7,152,658</u>
Less accumulated depreciation	<u>(2,669,800)</u>	<u>(3,567,896)</u>
Land	3,139	3,139
Construction in progress	-	573,026
	<u>\$ 1,098,789</u>	<u>\$ 4,160,927</u>

During the year ended June 30, 2014, the Foundation transferred assets with a net book value of \$2,952,454 to the University.

Note 6 – Long-Term Debt

Long-term debt consists of the following:

	<u>2014</u>	<u>2013</u>
Note payable to the University, secured by equipment, due in annual installments of \$30,428 including interest at 3.6%, due in November 2015	\$ 43,430	\$ 71,292
Less current portion	<u>(28,864)</u>	<u>(27,862)</u>
	<u>\$ 14,566</u>	<u>\$ 43,430</u>

Future minimum principal payments as of June 30, 2014 are due as follows:

Year Ending June 30,	
<u>2015</u>	\$ 28,864
2016	<u>14,566</u>
	<u>\$ 43,430</u>

Note 7 – 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

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2014 and 2013

Note 7 – Defined Benefit Pension Plan, continued

the years ended June 30, 2014 and 2013 was \$727,567 and \$827,082, respectively. The total payroll for all Foundation employees for the years ended June 30, 2014 and 2013 was \$1,420,657 and \$1,310,202, 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.

All full-time employees are eligible to participate in PERS. Benefits vest after five years of service. As of June 30, 2014 and 2013 the Foundation employed 20 full-time employees for both years, 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.

The required employer contribution rate for fiscal year 2013-2014 was 10.049% of annual payroll. The Foundation's annual PERS pension costs for the fiscal years ending June 30, 2014 and 2013 were \$71,062 and \$80,420, 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, 2014.

Note 8 – Post-Employment Benefits Other Than Pension Benefits

In addition to the pension benefits described in Note 7, 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, 2014:

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2014 and 2013

Note 8 – Post-Employment Benefits Other Than Pension Benefits, continued

Net periodic postretirement benefit cost included the following components for the years ended June 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Service cost	\$ 48,721	\$ 137,460
Interest cost	116,460	84,159
Amortization prior service costs	<u>(40,448)</u>	<u>(49,864)</u>
Net periodic postretirement benefit cost	<u>\$ 124,733</u>	<u>\$ 171,755</u>

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

	<u>2014</u>	<u>2013</u>
Discount rate	4.50%	5.00%
Expected long-term rate of return	N/A	N/A
Health care cost trend rate:		
Present rate before 65	7.75%	8.25%
Present rate 65 and older	7.75%	8.25%
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>2014</u>	<u>2013</u>
Retirees	\$ 1,454,303	\$ 1,640,945
Other fully eligible plan participants	709,105	359,646
Other active participants	<u>329,598</u>	<u>385,108</u>
	<u>\$ 2,493,006</u>	<u>\$ 2,385,699</u>

Funded status:

	<u>2014</u>	<u>2013</u>
Beginning accrued postretirement benefit cost	\$ 2,385,699	\$ 2,137,673
Actuarial gain (loss)	78,927	178,000
Retiree contributions:		
Net periodic postretirement benefit cost	124,733	171,755
Estimated benefit payments	<u>(96,353)</u>	<u>(101,729)</u>
Ending accrued postretirement benefit cost	<u>\$ 2,493,006</u>	<u>\$ 2,385,699</u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2014 and 2013

Note 8 – Post-Employment Benefits Other Than Pension Benefits, continued

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

	<u>2014</u>	<u>2013</u>
Discount rate	5.00%	4.00%
Health care cost trend rate:		
Present rate before 65	8.25%	9.00%
Present rate 65 and older	8.25%	9.00%
Ultimate rate before age 65 (year reached)	5.00%	5.00%
Ultimate rate age 65 and older (year reached)	5.00%	5.00%

The expected net periodic post retirement benefit cost for fiscal year 2015:

Service cost	\$	47,067
Interest cost		109,988
Amortization of unrecognized net (gain) loss		<u>(36,302)</u>
Net periodic postretirement benefit costs	\$	<u><u>120,753</u></u>

The expected contribution for the next 10 years:

2015	97,670
2016	102,567
2017	94,937
2018	94,236
2019	98,478
2020-2024	561,924

An actuarial study is completed annually. The schedule presented above is based on the study completed on July 22, 2014 as of and for the year then ended June 30, 2014.

Note 9 – Restricted Net Assets

Temporarily restricted net assets consist of the following:

	<u>2014</u>	(Reclassified)	<u>2013</u>
Time and performance restriction - pledges receivable	\$ 1,402,446	\$	482,983
Academic programs	3,979,579		3,368,498
Scholarships	6,933,442		5,001,991
Athletic programs	<u>281,100</u>		<u>314,611</u>
	\$ <u><u>12,596,567</u></u>	\$	<u><u>9,168,082</u></u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2014 and 2013

Note 9 – Restricted Net Assets, continued

Permanently restricted net assets consist of the following:

	2014	(Reclassified) 2013
Contributions restricted in perpetuity	\$ 13,676,693	\$ 13,313,458

Note 10 – 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.

The Foundation's endowments consist of funds established for a variety of purposes. As required by account 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 on the December 31 FMV and available for the next academic year commencing July 1.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2014 and 2013

Note 10 – Endowment, continued

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.

At June 30, 2014, 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	\$ -	\$ 5,875,692	\$ 13,676,693	\$ 19,552,385
Board designated endowment funds	3,945,723	-	-	3,945,723
	<u>\$ 3,945,723</u>	<u>\$ 5,875,692</u>	<u>\$ 13,676,693</u>	<u>\$ 23,498,108</u>

At June 30, 2013, the endowment net assets composition by type of fund consisted of the following (reclassified):

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Perm restricted donor endowment funds	\$ -	\$ 4,239,857	\$ 13,313,458	\$ 17,553,315
Board designated endowment funds	3,242,072	-	-	3,242,072
	<u>\$ 3,242,072</u>	<u>\$ 4,239,857</u>	<u>\$ 13,313,458</u>	<u>\$ 20,795,387</u>

The changes in endowment net assets for the year ended June 30, 2014, consisted of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 3,242,072	\$ 4,239,857	\$ 13,313,458	\$ 20,795,387
Contributions	500,000	-	363,235	863,235
Appropriations for endowment assets, for expenditures	(56,834)	(1,150,813)	-	(1,207,647)
Investment return	260,485	2,786,648	-	3,047,133
Endowment net assets, end of year	<u>\$ 3,945,723</u>	<u>\$ 5,875,692</u>	<u>\$ 13,676,693</u>	<u>\$ 23,498,108</u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2014 and 2013

Note 10 – Endowment, continued

The changes in endowment net assets for the year ended June 30, 2013, consisted of the following (reclassified):

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 2,171,598	\$ 2,691,285	\$ 12,500,592	\$ 17,363,475
Contributions	816,257	(37,602)	812,866	1,591,521
Appropriations for endowment assets, for expenditures	-	(573,363)	-	(573,363)
Investment return	254,217	2,159,537	-	2,413,754
Endowment net assets, end of year	<u>\$ 3,242,072</u>	<u>\$ 4,239,857</u>	<u>\$ 13,313,458</u>	<u>\$ 20,795,387</u>

Note 11 – 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. The University has made a long-term loan to the Foundation. See Note 6 for further details.

Transactions for the years ended June 30, 2014 and 2013 with related parties are reflected in the accompanying financial statements as follows:

	2014	2013
Revenue:		
Student services	\$ 1,282,912	\$ 102,159
Academic support	773,000	-
Program fees	124,620	-
Expenses:		
Administrative services	3,833,006	1,851,488
Interest	2,567	3,535
Due from:		
University	31,765	297,239
Other	71,620	5,888
Note payable	43,431	71,292
Due to:		
University	200,420	338,533
Other	123,455	2,419

Note 12 – Reclassifications

Certain items in the 2013 financial statement have been reclassified to conform to current year classifications. Such reclassifications had no effect on previously reported changes in net assets.

SUPPLEMENTAL INFORMATION

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION
Schedule of Net Position
June 30, 2014
(for inclusion in the California State University)

Assets:	
Current assets:	
Cash and cash equivalents	\$ 3,841,781
Short-term investments	—
Accounts receivable, net	219,636
Leases receivable, current portion	—
Notes receivable, current portion	—
Pledges receivable, net	41,154
Prepaid expenses and other assets	500
Total current assets	<u>4,103,071</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	1,564,223
Endowment investments	19,552,385
Other long-term investments	11,655,377
Capital assets, net	1,190,459
Other assets	—
Total noncurrent assets	<u>33,962,444</u>
Total assets	<u>38,065,515</u>
Deferred outflows of resources:	
Unamortized loss on refunding(s)	—
Total deferred outflows of resources	<u>—</u>
Liabilities:	
Current liabilities:	
Accounts payable	98,207
Accrued salaries and benefits payable	26,619
Accrued compensated absences— current portion	70,083
Unearned revenue	566,881
Capitalized lease obligations – current portion	—
Long-term debt obligations – current portion	28,864
Claims Liability for losses and LAE - current portion	—
Depository accounts	—
Other liabilities	607,946
Total current liabilities	<u>1,398,600</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	14,566
Claims Liability for losses and LAE, net of current portion	—
Depository accounts	—
Other postemployment benefits obligation	2,395,336
Other liabilities	—
Total noncurrent liabilities	<u>2,409,902</u>
Total liabilities	<u>3,808,502</u>
Deferred inflows of resources:	
Deferred inflows from SCAs, grants, and others	—
Total deferred inflows of resources	<u>—</u>
Net Position:	
Net investment in capital assets	1,147,029
Restricted for:	
Nonexpendable – endowments	13,676,693
Expendable:	
Scholarships and fellowships	6,933,442
Research	—
Loans	—
Capital projects	—
Debt service	—
Other	5,613,499
Unrestricted	6,886,350
Total net position	<u>\$ 34,257,013</u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION
Schedule of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2014
(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	140,087
State	—
Local	—
Nongovernmental	—
Sales and services of educational activities	—
Sales and services of auxiliary enterprises (net of scholarship allowances of \$_____)	—
Other operating revenues	2,817,131
Total operating revenues	<u>2,957,218</u>
Expenses:	
Operating expenses:	
Instruction	52,052
Research	60
Public service	689,073
Academic support	—
Student services	1,346,862
Institutional support	4,342,535
Operation and maintenance of plant	3,153,306
Student grants and scholarships	163,960
Auxiliary enterprise expenses	—
Depreciation and amortization	150,949
Total operating expenses	<u>9,898,797</u>
Operating income (loss)	<u>(6,941,579)</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	5,728,017
Investment income (loss), net	1,015,405
Endowment income (loss), net	3,138,474
Interest Expenses	—
Other nonoperating revenues (expenses)	(2,569)
Net nonoperating revenues (expenses)	<u>9,879,327</u>
Income (loss) before other additions	2,937,748
State appropriations, capital	—
Grants and gifts, capital	—
Additions (reductions) to permanent endowments	863,235
Increase (decrease) in net position	3,800,983
Net position:	
Net position at beginning of year, as previously reported	30,456,030
Restatements	—
Net position at beginning of year, as restated	<u>30,456,030</u>
Net position at end of year	<u>\$ 34,257,013</u>

See independent auditors' report.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Other Information

June 30, 2014

(for inclusion in the California State University)

1 Restricted cash and cash equivalents at June 30, 2014:

Portion of restricted cash and cash equivalents related to endowments	\$	<u> -</u>
All other restricted cash and cash equivalents		<u> -</u>
Total restricted cash and cash equivalents	\$	<u><u> -</u></u>

2.1 Composition of investments at June 30, 2014:

	Current Unrestricted	Current Restricted	Total Current	Noncurrent Unrestricted	Noncurrent Restricted	Total Noncurrent	Total
State of California Surplus Money Investment Fund (SMIF)	\$ -	-	-	-	-	-	-
State of California Local Agency Investment Fund (LAIF)	-	-	-	-	-	-	-
Wachovia Short Term Fund	-	-	-	-	-	-	-
Wachovia Medium Term Fund	-	-	-	-	-	-	-
Wachovia Equity Fund	-	-	-	-	-	-	-
CSU Consolidated Investment Pool (includes SWIFT and 0948 SMIF)	-	-	-	-	-	-	-
Common Fund - Short Term Fund	-	-	-	-	-	-	-
Common Fund - Others	-	-	-	-	15,103,798	15,103,798	15,103,798
Debt securities	-	-	-	-	-	-	-
Equity securities	-	-	-	1,439,048	-	1,439,048	1,439,048
Fixed income securities (Treasury notes, GNMA's)	-	-	-	-	-	-	-
Land and other real estate	-	-	-	-	-	-	-
Certificates of deposit	-	-	-	941,096	-	941,096	941,096
Notes receivable	-	-	-	-	-	-	-
Mutual funds	-	-	-	6,321,311	4,448,587	10,769,898	10,769,898
Money Market funds	-	-	-	-	-	-	-
Collateralized mortgage obligations:	-	-	-	-	-	-	-
Inverse floaters	-	-	-	-	-	-	-
Interest-only strips	-	-	-	-	-	-	-
Agency pass-through	-	-	-	-	-	-	-
Partnership interests (includes private pass-through)	-	-	-	-	-	-	-
Alternative investments	-	-	-	-	-	-	-
Hedge funds	-	-	-	2,953,922	-	2,953,922	2,953,922
Other major investments:	-	-	-	-	-	-	-
Total investments	<u> -</u>	<u> -</u>	<u> -</u>	<u>11,655,377</u>	<u>19,552,385</u>	<u>31,207,762</u>	<u>31,207,762</u>
Less endowment investments (enter as negative number)				<u> -</u>	<u>(19,552,385)</u>	<u>(19,552,385)</u>	<u>(19,552,385)</u>
Total investments	<u><u> -</u></u>	<u><u> -</u></u>	<u><u> -</u></u>	<u><u>11,655,377</u></u>	<u><u> -</u></u>	<u><u>11,655,377</u></u>	<u><u>11,655,377</u></u>

2.2 Investments held by the University under contractual agreements at June 30, 2014:

Portion of investments in note 2.1 held by the University under contractual agreements at June 30, 2014:	-	-	-	-	-	-	-
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2.3 Restricted current investments at June 30, 2014 related to:

Add description	\$	<u> -</u>
Total restricted current investments at June 30, 2014	\$	<u><u> -</u></u>

2.4 Restricted noncurrent investments at June 30, 2014 related to:

Endowment investment	\$	<u>19,552,385</u>
Add description		<u> -</u>
Total restricted noncurrent investments at June 30, 2014	\$	<u><u>19,552,385</u></u>

See independent auditors' report.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Other Information

June 30, 2014

(for inclusion in the California State University)

3.1 Composition of capital assets at June 30, 2014:

	Balance June 30, 2013	Prior period Adjustments	Reclassifications	Balance June 30, 2013 (restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2014
Nondepreciable/nonamortizable capital assets:								
Land and land improvements	\$ 3,139	-	-	3,139	-	-	-	3,139
Works of art and historical treasures	-	-	91,670	91,670	-	-	-	91,670
Construction work in progress (CWIP)	573,026	-	-	573,026	-	(573,026)	-	-
Intangible assets:								
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-
Internally generated intangible assets in progress	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets:								
Total intangible assets	-	-	-	-	-	-	-	-
Total nondepreciable/nonamortizable capital assets	576,165	-	91,670	667,835	-	(573,026)	-	94,809
Depreciable/amortizable capital assets:								
Buildings and building improvements	4,313,564	-	-	4,313,564	-	(2,319,270)	-	1,994,294
Improvements, other than buildings	1,062,166	-	-	1,062,166	-	(949,203)	-	112,963
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	-	-	-	-	-	-	-	-
Personal property:								
Equipment	1,997,691	-	(91,670)	1,906,021	30,904	(160,001)	-	1,776,924
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets:								
Software and websites	-	-	-	-	10,361	-	-	10,361
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyright and trademarks	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets:								
Total intangible assets	-	-	-	-	10,361	-	-	10,361
Total depreciable/amortizable capital assets	7,373,421	-	(91,670)	7,281,751	41,265	(3,428,474)	-	3,894,542
Total capital assets	7,949,586	-	-	7,949,586	41,265	(4,001,500)	-	3,989,351
Less accumulated depreciation/amortization:								
Buildings and building improvements	(1,078,116)	-	-	(1,078,116)	(91,537)	700,613	-	(469,040)
Improvements, other than buildings	(765,997)	-	-	(765,997)	(34,315)	204,770	-	(595,542)
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	-	-	-	-	-	-	-	-
Personal property:								
Equipment	(1,852,876)	-	-	(1,852,876)	(25,097)	143,663	-	(1,734,310)
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets:								
Software and websites	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyright and trademarks	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets:								
Add description	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	(3,696,989)	-	-	(3,696,989)	(150,949)	1,049,046	-	(2,798,892)
Total capital assets, net	\$ 4,252,597	-	-	4,252,597	(109,684)	(2,952,454)	-	1,190,459

See independent auditors' report.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Other Information

June 30, 2014

(for inclusion in the California State University)

3.2 Detail of depreciation and amortization expense for the year ended June 30, 2014:

Depreciation and amortization expense related to capital assets	\$ 150,949
Amortization expense related to other assets	—
Total depreciation and amortization	<u>\$ 150,949</u>

4 Long-term liabilities activity schedule:

	Balance June 30, 2013	Prior period adjustments	Reclassifications	Balance June 30, 2013 (restated)	Additions	Reductions	Balance June 30, 2014	Current portion	Long-term portion
Accrued compensated absences	\$ 53,675	—	—	53,675	59,870	(43,462)	70,083	70,083	—
Capitalized lease obligations:									
Gross balance	—	—	—	—	—	—	—	—	—
Unamortized premium / (discount) on capitalized lease obligations	—	—	—	—	—	—	—	—	—
Total capitalized lease obligations	—	—	—	—	—	—	—	—	—
Long-term debt obligations:									
Revenue Bonds	—	—	—	—	—	—	—	—	—
Other bonds (non-Revenue Bonds)	—	—	—	—	—	—	—	—	—
Commercial Paper	—	—	—	—	—	—	—	—	—
Note Payable related to SRB	—	—	—	—	—	—	—	—	—
Other:									
Note Payable	71,292	—	—	71,292	-	(27,862)	43,430	28,864	14,566
Add description	—	—	—	—	-	-	—	—	—
Total long-term debt obligations	71,292	—	—	71,292	-	(27,862)	43,430	28,864	14,566
Unamortized bond premium / (discount)	—	—	—	—	-	-	—	—	—
Total long-term debt obligations, net	71,292	—	—	71,292	—	(27,862)	43,430	28,864	14,566
Total long-term liabilities	<u>\$ 124,967</u>	<u>—</u>	<u>—</u>	<u>124,967</u>	<u>59,870</u>	<u>(71,324)</u>	<u>113,513</u>	<u>98,947</u>	<u>14,566</u>

5 Future minimum lease payments - capital lease obligations:

	Principal	Interest	Principal and Interest
Year ending June 30:			
2015	—	—	—
2016	—	—	—
2017	—	—	—
2018	—	—	—
2019	—	—	—
2020 - 2024	—	—	—
2025 - 2029	—	—	—
2030 - 2034	—	—	—
2035 - 2039	—	—	—
2040 - 2044	—	—	—
2045 - 2049	—	—	—
2050 - 2054	—	—	—
2055 - 2059	—	—	—
2060 - 2064	—	—	—
Total minimum lease payments			—
Less amounts representing interest			—
Present value of future minimum lease payments			—
Less: current portion			—
Capitalized lease obligation, net of current portion			<u>\$ —</u>

See independent auditors' report.

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6 Long-term debt obligation schedule

	Revenue Bonds			All other long-term debt obligations			Total		
	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest
Year ending June 30:									
2015	\$ —	—	—	28,864	1,563	30,427	28,864	1,563	30,427
2016	—	—	—	14,566	524	15,090	14,566	524	15,090
2017	—	—	—	—	—	—	—	—	—
2018	—	—	—	—	—	—	—	—	—
2019	—	—	—	—	—	—	—	—	—
2020 - 2024	—	—	—	—	—	—	—	—	—
2025 - 2029	—	—	—	—	—	—	—	—	—
2030 - 2034	—	—	—	—	—	—	—	—	—
2035 - 2039	—	—	—	—	—	—	—	—	—
2040 - 2044	—	—	—	—	—	—	—	—	—
2045 - 2049	—	—	—	—	—	—	—	—	—
2050 - 2054	—	—	—	—	—	—	—	—	—
2055 - 2059	—	—	—	—	—	—	—	—	—
2060 - 2064	—	—	—	—	—	—	—	—	—
Total	\$ —	—	—	43,430	2,087	45,517	43,430	2,087	45,517

7 Calculation of net position

	Auxiliary Organizations		Total
	GASB	FASB	Auxiliaries
7.1 Calculation of net position - Net investment in capital assets			
Capital assets, net of accumulated depreciation	\$ —	1,190,459	1,190,459
Capitalized lease obligations - current portion	—	—	—
Capitalized lease obligations, net of current portion	—	—	—
Long-term debt obligations - current portion	—	(28,864)	(28,864)
Long-term debt obligations, net of current portion	—	(14,566)	(14,566)
Portion of outstanding debt that is unspent at year-end	—	—	—
Other adjustments: (please list)	—	—	—
Add description	—	—	—
Net position - net investment in capital asset	\$ —	1,147,029	1,147,029
7.2 Calculation of net position - Restricted for nonexpendable - endowments			
Portion of restricted cash and cash equivalents related to endowments	\$ —	—	—
Endowment investments	—	19,552,385	19,552,385
Other adjustments: (please list)	—	—	—
Unrealized gains on investments	—	(5,875,692)	(5,875,692)
Net position - Restricted for nonexpendable - endowments per SNP	\$ —	13,676,693	13,676,693

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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	\$ 715,922
Payments to University for other than salaries of University personnel	2,746,672
Payments received from University for services, space, and programs	—
Gifts-in-kind to the University from discretely presented component units	—
Gifts (cash or assets) to the University from discretely presented component units	—
Accounts (payable to) University (enter as negative number)	(200,420)
Other amounts (payable to) University (enter as negative number)	(43,430)
Accounts receivable from University	31,765
Other amounts receivable from University	—

9 Other Postemployment Benefits Obligation (OPEB)

Annual required contribution (ARC)	\$ 124,733
Contributions during the year	<u>(17,426)</u>
Increase (decrease) in net OPEB obligation (NOO)	107,307
NOO - beginning of year	<u>2,385,699</u>
NOO - end of year	<u>\$ 2,493,006</u>

10 Pollution remediation liabilities under GASB Statement No. 49:

<u>Description</u>	<u>Amount</u>
Add description	\$ —
Add description	—
Total pollution remediation liabilities	\$ —
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	Amount
	Class	Dr. (Cr.)
Net position as of June 30, 2013, as previously reported		\$ 30,456,030
Prior period adjustments:		
1 (list description of each adjustment)		—
2 (list description of each adjustment)		—
Net position as of June 30, 2013, as restated		<u>\$ 30,456,030</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: _____ 1 (breakdown of adjusting journal entry)	\$ —	—
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)	—	—