

# California State University, Bakersfield Foundation

Financial Statements and Supplemental Information

Year Ended June 30, 2021



# CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

## Financial Statements and Supplemental Information

Year Ended June 30, 2021

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## INDEPENDENT AUDITORS' REPORT

To the Audit Committee  
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, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 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, 2021, 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.

## INDEPENDENT AUDITORS' REPORT, CONTINUED

### **Report on Supplemental Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information included on pages 22-32 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.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2021, on our consideration of California State University, Bakersfield Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of California State University, Bakersfield Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering California State University, Bakersfield Foundation's internal control over financial reporting and compliance.

*Aldrich CPAs + Advisors LLP*

San Diego, California  
September 24, 2021

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

June 30, 2021

**ASSETS**

## Current Assets:

Cash and cash equivalents	\$ 8,776,187
Current portion of promises to give, net of allowance for doubtful promises	1,977,452
Due from related parties	<u>2,686</u>
Total Current Assets	10,756,325

## Non-Current Assets:

Investments	44,781,033
Promises to give, net of discount and current portion	3,154,973
Property and equipment, net of accumulated depreciation	716,386
Collections	91,670
Life insurance policies	<u>687,251</u>
Total Non-Current Assets	<u>49,431,313</u>
Total Assets	<u>\$ 60,187,638</u>

**LIABILITIES AND NET ASSETS**

## Current Liabilities:

Accounts payable	\$ 108,889
Accrued expenses	13,277
Due to related parties	917,475
Current portion of revenue collected in advance	152,816
Current portion of accrued post-employment benefits other than pensions	<u>59,420</u>
Total Current Liabilities	1,251,877

## Non-Current Liabilities:

Revenue collected in advance, net of current portion	2,050,658
Accrued post-employment benefits other than pensions, net of current portion	<u>755,796</u>
Total Non-Current Liabilities	<u>2,806,454</u>
Total Liabilities	4,058,331

## Net Assets:

## Without donor restrictions:

Operating	6,542,908
Board designated endowment	<u>4,179,449</u>
	10,722,357

## With donor restrictions:

Time restricted	205,371
Purpose restricted	22,455,115
Perpetual in nature	<u>22,746,464</u>
	45,406,950

Total Net Assets	<u>56,129,307</u>
Total Liabilities and Net Assets	<u>\$ 60,187,638</u>

# CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

## Statement of Activities

Year Ended June 30, 2021

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Revenue and Other Support:		
Contributions	\$	9,388,247
Investment income		9,412,741
University contract services (Note 11)		3,012,546
Other		<u>490,155</u>
Total Revenue and Other Support		22,303,689
Expenses:		
Program services:		
Alumni engagement		13,941
Athletics		1,692,661
Scholarships and academic support		1,626,943
Reserves		42,252
Supporting services:		
General and administrative		1,646,674
Fundraising		<u>2,294,935</u>
Total Operating Expenses		<u>7,317,406</u>
Income from Operations		14,986,283
Non-Operating Expenses:		
Change in post-employment benefits other than pensions		<u>(40,441)</u>
Change in Net Assets		14,945,842
Net Assets, beginning		<u>41,183,465</u>
Net Assets, ending	\$	<u><u>56,129,307</u></u>

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

Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support:			
Contributions	\$ 232,792	\$ 9,155,455	\$ 9,388,247
Investment income	1,698,655	7,714,086	9,412,741
University contract services (Note 11)	3,012,546	-	3,012,546
Other	369,792	120,363	490,155
Net assets released from restriction	<u>3,753,426</u>	<u>(3,753,426)</u>	<u>-</u>
Total Revenue and Other Support	9,067,211	13,236,478	22,303,689
Expenses:			
Program services:			
Alumni engagement	13,941	-	13,941
Athletics	1,692,661	-	1,692,661
Scholarships and academic support	1,626,943	-	1,626,943
Reserves	42,252	-	42,252
Supporting services:			
General and administrative	1,646,674	-	1,646,674
Fundraising	<u>2,294,935</u>	<u>-</u>	<u>2,294,935</u>
Total Operating Expenses	<u>7,317,406</u>	<u>-</u>	<u>7,317,406</u>
Income from Operations	1,749,805	13,236,478	14,986,283
Non-Operating Expenses:			
Change in post-employment benefits other than pensions	<u>(40,441)</u>	<u>-</u>	<u>(40,441)</u>
Change in Net Assets	1,709,364	13,236,478	14,945,842
Net Assets, beginning	<u>9,012,993</u>	<u>32,170,472</u>	<u>41,183,465</u>
Net Assets, ending	<u>\$ 10,722,357</u>	<u>\$ 45,406,950</u>	<u>\$ 56,129,307</u>

**CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION**

**Statement of Functional Expenses**

Year Ended June 30, 2021

	Program Services				Supporting Services				Total
	Alumni Engagement	Athletics	Scholarships and Academic Support	Reserves	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	
University contract expenses (Note 11)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,034,644	\$ 1,977,902	\$ 3,012,546	\$ 3,012,546
Scholarships	1,579	700,513	679,840	-	1,381,932	-	-	-	1,381,932
Transfers to CSU Bakersfield	-	434,348	465,350	-	899,698	-	-	-	899,698
Salaries and wages	-	297,286	155,569	-	452,855	10,309	-	10,309	463,164
Employee benefits	-	104,694	13,445	-	118,139	215,562	-	215,562	333,701
Supplies	5,243	17,404	109,248	180	132,075	43,956	32,189	76,145	208,220
Office expense	6,612	18,275	64,809	259	89,955	32,743	76,384	109,127	199,082
Bad debt	-	-	-	-	-	125,934	-	125,934	125,934
Information technology	-	4,800	40,685	2,695	48,180	2,062	68,730	70,792	118,972
Other professional fees	-	7,595	4,472	-	12,067	38,737	25,886	64,623	76,690
Miscellaneous	507	25,222	33,445	307	59,481	11,855	5,274	17,129	76,610
Advertising and promotion	-	193	-	97	290	36,144	36,802	72,946	73,236
Dues and subscriptions	-	2,582	30,702	-	33,284	6,041	31,164	37,205	70,489
Accounting	-	-	-	-	-	51,120	-	51,120	51,120
Minor equipment	-	8,113	29,025	-	37,138	6,554	-	6,554	43,692
Depreciation	-	3,049	-	37,664	40,713	-	-	-	40,713
Events	-	-	-	-	-	-	38,553	38,553	38,553
In-kind expenses	-	29,554	-	-	29,554	-	-	-	29,554
Travel	-	19,720	-	-	19,720	310	369	679	20,399
Payroll taxes	-	18,563	-	-	18,563	461	-	461	19,024
Legal	-	-	-	-	-	11,878	-	11,878	11,878
Insurance	-	750	-	1,050	1,800	9,241	-	9,241	11,041
Conference, conventions, and meetings	-	-	353	-	353	5,133	1,682	6,815	7,168
Occupancy	-	-	-	-	-	3,990	-	3,990	3,990
<b>Total operating expenses</b>	<b>13,941</b>	<b>1,692,661</b>	<b>1,626,943</b>	<b>42,252</b>	<b>3,375,797</b>	<b>1,646,674</b>	<b>2,294,935</b>	<b>3,941,609</b>	<b>7,317,406</b>
Change in post-employment benefits other than pensions	-	-	-	-	-	40,441	-	40,441	40,441
<b>Total expenses</b>	<b>\$ 13,941</b>	<b>\$ 1,692,661</b>	<b>\$ 1,626,943</b>	<b>\$ 42,252</b>	<b>\$ 3,375,797</b>	<b>\$ 1,687,115</b>	<b>\$ 2,294,935</b>	<b>\$ 3,982,050</b>	<b>\$ 7,357,847</b>

See accompanying notes to financial statements.



# CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

## Statement of Cash Flows

Year Ended June 30, 2021

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Cash Flows from Operating Activities:	
Change in net assets	\$ 14,945,842
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	40,713
Gains on investments	(9,329,138)
Endowment contributions	3,076,004
Changes in operating assets and liabilities:	
Promises to give	(3,937,418)
Accounts receivable	60,795
Life insurance policies	(209,723)
Accounts payable and accrued expenses	19,399
Other liabilities	1,632,821
Net Cash Provided by Operating Activities	6,299,295
Cash Flows from Investing Activities:	
Purchases of investments	(46,627,903)
Proceeds from sale of investments	44,059,207
Net Cash Used by Investing Activities	(2,568,696)
Cash Flows Used by Financing Activities:	
Endowment contributions	(3,076,004)
Net Increase in Cash and Cash Equivalents	654,595
Cash and Cash Equivalents, beginning	8,121,592
Cash and Cash Equivalents, ending	\$ 8,776,187

# CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

## Notes to Financial Statements

Year Ended June 30, 2021

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### Note 1 - Organization and Summary of Significant Accounting Policies

#### Nature of Activities

The California State University, Bakersfield Foundation (the Foundation), was incorporated in the State of California on February 5, 1969. The Foundation was formed and operates as a nonprofit 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 on behalf of the University, fundraising for University programs and activities, and managing the finances of the Foundation and the University endowment.

#### New Accounting Pronouncement

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606). This standard update, along with related subsequently issued updates, clarifies the principles for recognizing revenue and develops a common revenue standard under accounting principles generally accepted in the United States of America (US GAAP). The Foundation adopted ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606) effective July 1, 2020.

The new guidance was applied retrospectively to all contracts that were not completed as of the adoption date. Management has analyzed the provisions of the FASB's ASC Topic 606, and has concluded that no changes are necessary to conform with the new standard and the new standard has not had a significant impact on the financial statements.

#### Financial Statement Presentation

The financial statements of the Foundation have been prepared in accordance with US GAAP, which require the Foundation to report information regarding their financial position and activities according to the following net asset classifications:

- Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation's management and the board of directors.
- Net assets with donor restrictions – Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

#### Use of Estimates

The preparation of financial statements in conformity with US GAAP 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 is not a private foundation.

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, 2021 and therefore, no amounts have been accrued.

# CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

## Notes to Financial Statements

Year Ended June 30, 2021

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### Note 1 - Organization and Summary of Significant Accounting Policies, continued

#### 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.

#### Accounts Receivable

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. As of June 30, 2021, there were no accounts receivable.

#### 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. Purchases and sales of securities are recorded on the basis at which traded on that date. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses are included in the change in net assets in the statement 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 if 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 for the year ended June 30, 2021. Capitalized collections are not depreciated. The Foundation does not have a formal policy on the use of proceeds from the disposal of collection items. The California State University (CSU) systemwide policy is currently being developed and will be adopted by the Foundation for the upcoming fiscal year. In the event that the Foundation disposed of collection items in the interim, proceeds could be used for the acquisition of new collection items or direct care of existing collections. Direct care of existing collections includes, but is not limited to, costs that enhance the life, usefulness, or quality of the collection.

#### Life Insurance Policies

The Foundation receives life insurance policies as gifts. These policies are irrevocable and the Foundation is the sole beneficiary. These policies are valued at their cash surrender value discounted for life expectancy.

# CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

## Notes to Financial Statements

Year Ended June 30, 2021

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### Note 1 - Organization and Summary of Significant Accounting Policies, continued

#### Revenue Recognition

*Contributions* – Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Investment income that is limited to specific uses by donor restrictions is reported as increases in net assets without donor restrictions if the restrictions are met in the same reporting period as the income is recognized.

*Gifts In-kind* – Contributions of services and tangible assets are recognized at fair market value when received. In-kind contributions are recognized as net assets without donor restrictions, unless donor stipulation requires them to be recognized as net assets with donor restrictions.

*Other Revenue* – Other revenue is primarily composed of administrative fees charged when payments on contributions are received and sponsorships. Revenue is recognized at a point in time when the contribution is received or sponsorship is made.

#### Advertising

The Foundation follows the policy of charging the costs of advertising to expenses as incurred.

#### Functional Allocation of Expenses

The Foundation's accounting system is established to record expenses by fund, department and natural expense. Expense function is determined by either fund alone or by a combination of fund and department. One fund is used to accumulate expenses considered to be either general and administrative or fundraising in nature. Within that fund, the department determines whether the expense is general and administrative or fundraising in nature. The remaining funds accumulate expenses considered to be programmatic in nature. Certain costs initially captured within the program funds, such as investment brokerage fees and professional fundraising fees, are presented as general and administrative and fundraising costs instead of program costs.

#### 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 US GAAP. 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.

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.

# CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

## Notes to Financial Statements

Year Ended June 30, 2021

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### Note 1 - Organization and Summary of Significant Accounting Policies, continued

#### Fair Value Measurements, continued

As a practical expedient, certain financial instruments may be valued using net asset value (NAV) per share. NAV is the amount of net assets attributable to each share of outstanding capital stock at the end of the period.

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, 2021.

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

Certificates of deposit: Valued at cost plus accrued interest, which approximates fair value.

Corporate bonds and government securities: Valued using pricing models maximizing the use of observable inputs for similar securities.

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

#### Future Accounting Standards

The FASB has issued a substantial ASU, which will become effective in future years.

In February 2016, the FASB issued ASU No. 2016-02 *Leases*. The primary change in US GAAP addressed by ASU 2016-02 is the requirement for a lessee to recognize on the statement of financial position a liability to make lease payments ("lease liability") and a right-of-use asset representing its right to use the underlying asset for the lease term. ASU 2016-02 also requires qualitative and quantitative disclosures to enable users of the financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. ASU 2016-02 is effective for fiscal years beginning after December 15, 2021. Lessees must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, although there are optional practical expedients that entities may elect to apply. The Foundation is evaluating the effect that the provisions of ASU 2016-02 will have on its financial statements and related disclosures.

#### Subsequent Events

The Foundation has evaluated subsequent events through September 24, 2021, which is the date the financial statements were available to be issued.

# CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

## Notes to Financial Statements

Year Ended June 30, 2021

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### Note 2 - Liquidity and Availability

The following reflects the Foundation's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual obligations within one year of the statement of financial position date.

Cash and cash equivalents	\$ 8,776,187
Promises to give, net	5,132,425
Due from related parties	2,686
Investments	44,781,033
Anticipated distributions from endowments	<u>1,063,730</u>
Total financial assets	59,756,061
Less amounts not available to be used within one year:	
Restricted by donor with purpose or time restrictions	(45,356,490)
Board designations: quasi-endowment fund, primarily for long-term investing	<u>(4,179,449)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 10,220,122</u>

The Foundation is substantially supported by donor-restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Foundation must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Foundation invests cash in excess of daily requirements in certificates of deposit. The Foundation had a quasi-endowment of \$4,179,449 at June 30, 2021. Although the Foundation does not intend to spend from its quasi-endowment other than amounts appropriated for general expenditure as part of its annual appropriation process, amounts from its quasi-endowment could be made available if necessary. There are reserve funds established by the governing board that may be drawn upon in the event of financial distress or a liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities.

### Note 3 - 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 balances at times may exceed FDIC limits. The Foundation manages this risk by using high-quality financial institutions.

The Foundation invests in various types of money market funds, certificates of deposit, corporate bonds, and mutual funds. The Foundation has established guidelines relative to diversification and maturities that target certain safety and liquidity risk levels. These guidelines are periodically reviewed and modified.

The Foundation also invests in various investment securities. Investment securities in general are subject to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that the changes in the value of investment securities will occur in the near term and that such change could materially affect the amounts reported in the financial statements.

Two donors comprised 41% of promises to give at June 30, 2021, and one donor comprised 11% of contributions for the year ended June 30, 2021.

# CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

## Notes to Financial Statements

Year Ended June 30, 2021

### Note 4 - Investments and Fair Value Measurement

Investments consist of the following:

	Level 1	Level 2	Level 3	NAV	Total
Common stock	\$ 53,031	\$ -	\$ -	\$ -	\$ 53,031
Certificates of deposit	-	407,639	-	-	407,639
Corporate bonds	-	6,709,629	-	-	6,709,629
Government securities	-	4,087,254	-	-	4,087,254
Mutual funds:					
Large cap	10,987,160	-	-	-	10,987,160
Domestic	8,092,920	-	-	-	8,092,920
International	5,949,548	-	-	-	5,949,548
Mid cap	977,700	-	-	-	977,700
Emerging markets	2,829,282	-	-	-	2,829,282
Alternative investments:					
Hedge funds	-	-	-	4,686,870	4,686,870
	<u>\$ 28,889,641</u>	<u>\$ 11,204,522</u>	<u>\$ -</u>	<u>\$ 4,686,870</u>	<u>\$ 44,781,033</u>

Commitments and redemptions schedule for those investments valued based on NAV are as follows:

	Fair value	Unfunded commitment	Redemption frequency	Redemption notice period
Ironwood Inst MS Hedge Fund [a]	\$ 1,654,010	none	semi-annually	120 days
Skybridge Multi-advisor Hedge Fund [b]	1,146,228	none	semi-annually	90 days
Hamilton Lane PMOF I [c]	1,231,870	\$ 463,881	none	none
Blackstone BREIT [d]	654,762	none	monthly	T-3 business days

[a] Ironwood Inst MS Hedge Funds 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] Hamilton Lane PMOF I is a diversified private equity fund of funds. Liquidity occurs as underlying private equity investments are sold.

[d] Blackstone BREIT is a 1933 Act non-traded perpetual life REIT. The fund focuses on investing in stabilized, income-generating commercial real estate in the US and is diversified across property types.

## CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

### Notes to Financial Statements

Year Ended June 30, 2021

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#### Note 5 - Promises to Give

Promises to give consist of the following:

Due in less than one year	\$ 2,172,306
Due in one to five years	3,202,643
Due in more than five years	<u>238,000</u>
Gross promises to give	5,612,949
Less:	
Allowance for doubtful promises to give	(194,854)
Discount on promises to give (average imputed rate of 3%)	<u>(285,670)</u>
Promises to give, net	<u>\$ 5,132,425</u>

Promises to give consist of the following on the statement of financial position:

Current	\$ 1,977,452
Non-current	<u>3,154,973</u>
	<u>\$ 5,132,425</u>

#### Note 6 - Property and Equipment

Property and equipment consist of the following:

Equipment	\$ 1,571,775
Buildings and improvements	1,588,494
Leasehold improvements	<u>72,963</u>
	3,233,232
Less accumulated depreciation	<u>(2,519,985)</u>
	713,247
Land	<u>3,139</u>
	<u>\$ 716,386</u>

#### Note 7 - Defined Benefit Pension Plan

In previous years, the Foundation contributed to the Public Employees' Retirement System of the State of California (CalPERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating public agencies in California. During the year ended June 30, 2021, the benefit obligation contribution was made by CSU Bakersfield.



# CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

## Notes to Financial Statements

Year Ended June 30, 2021

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### Note 8 - Post-Employment Benefits Other Than Pensions

The Foundation no longer has direct employees that qualify for postretirement health care benefits through CalPERS and instead utilizes services from the University to fulfill its needs. However, these benefits are provided to previous direct employees of the Foundation who retired prior to this operational change. Continued participation in the existing health and dental plans is offered. Once the individual is eligible for Medicare, coverage may be continued in the CalPERS 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, 2021:

Net periodic postretirement benefit cost included the following components:

Service cost	\$	-
Interest cost		32,095
Amortization net gain		<u>(160,812)</u>
Net periodic postretirement benefit cost	\$	<u><u>(128,717)</u></u>

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

Discount rate	4.00%
Expected long-term rate of return	N/A
Health care cost trend rate:	
Present rate before 65	5.00%
Present rate 65 and older	5.00%
Ultimate rate before age 65 (year reached)	5.00%
Ultimate rate age 65 and older (year reached)	5.00%

Accumulated postretirement and projected benefit obligation:

Retirees	\$	<u><u>815,216</u></u>
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Funded status:

Beginning accrued postretirement benefit obligation	\$	832,863
Actuarial loss		170,082
Retiree contributions:		
Net periodic postretirement cost		(128,717)
Estimated benefit payments		<u>(59,012)</u>
Ending accrued postretirement benefit obligation	\$	<u><u>815,216</u></u>

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

Discount rate	4.00%
Health care cost trend rate:	
Present rate before 65	7.00%
Present rate 65 and older	5.00%
Ultimate rate before age 65 (year reached)	5.00%
Ultimate rate age 65 and older (year reached)	5.00%

# CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

## Notes to Financial Statements

Year Ended June 30, 2021

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### Note 8 - Post-Employment Benefits Other Than Pensions, continued

The expected net periodic postretirement benefit cost for fiscal year 2022:

Service cost	\$	-
Interest cost		31,420
Amortization of unrecognized net gain		<u>(131,166)</u>
Net periodic postretirement benefit costs	\$	<u><u>(99,746)</u></u>

The expected contribution for the next 10 years:

2022	\$	59,420
2023		60,901
2024		62,234
2025		56,562
2026		57,098
2027-2029		264,835

An actuarial study is completed annually. The schedule presented above is based on the study completed on July 21, 2021, as of and for the year then ended June 30, 2021.

### Note 9 - Restricted Net Assets

Net assets with donor restrictions consist of the following:

Purpose restrictions:	
Academic programs	\$ 11,056,409
Scholarships	6,048,112
Athletic programs	<u>423,540</u>
	17,528,061
Time and purpose restrictions:	
Academic programs	1,815,136
Athletic programs	1,611,112
Scholarships	1,500,806
General use	<u>205,371</u>
	5,132,425
Endowments:	
Subject to appropriation and expenditure when a specified event occurs:	
Academic programs	12,609,245
Scholarships	<u>10,137,219</u>
	<u>22,746,464</u>
	\$ <u><u>45,406,950</u></u>

# CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

## Notes to Financial Statements

Year Ended June 30, 2021

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### Note 9 - Restricted Net Assets, continued

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows:

Satisfaction of time and purpose restrictions:

Athletic programs	\$	1,571,909
Academic programs		1,239,423
Scholarships		<u>785,342</u>
		3,596,674

Satisfaction of time restrictions:

General use		<u>156,752</u>
	\$	<u><u>3,753,426</u></u>

### Note 10 - Endowments

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 Uniform Prudent Management of Institutional Funds Act (UPMIFA) 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 US GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation has interpreted UPMIFA 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 retains in perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the 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 retained in perpetuity is subject to appropriation for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, 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 donor-restricted endowment fund
- 2) The purposes of the Foundation and the donor-restricted endowment fund
- 3) General economic conditions
- 4) The possible effect of inflation or deflation
- 5) The expected total return from income and the appreciation of investment assets
- 6) Other resources of the Foundation
- 7) The investment policy statement 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.

# CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

## Notes to Financial Statements

Year Ended June 30, 2021

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### Note 10 - Endowments, continued

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 spend amount equal to 4.00% based upon the spend formula, in addition to the Foundation's 1.25% investment management fee. The spending formula is computed based on the historical three year rolling-average of the endowment's fiscal year-end market value, one year before the fiscal year in which the spend is available 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 total annualized rate of return objective for the full portfolio shall be, net of all investment asset expenses, 5.00% greater than the rate of inflation, as measured by the Consumer Price Index.

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 result from unfavorable market fluctuations. In accordance with US GAAP deficits of this nature are reported as net assets without donor restrictions.

The endowment net assets composition by type of fund consisted of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Board designated endowment funds	\$ 4,179,449	\$ -	\$ 4,179,449
Donor designated funds:			
Original donor-restricted gift amount required to be maintained in perpetuity by donor	-	22,746,464	22,746,464
Accumulated investment gains	-	9,308,706	9,308,706
	<u>\$ 4,179,449</u>	<u>\$ 32,055,170</u>	<u>\$ 36,234,619</u>

The changes in endowment net assets consisted of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 3,458,354	\$ 23,485,701	\$ 26,944,055
Contributions	-	3,076,004	3,076,004
Appropriated expenditures	(188,673)	(1,179,070)	(1,367,743)
Investment return, net	909,768	6,672,535	7,582,303
Endowment net assets, end of year	<u>\$ 4,179,449</u>	<u>\$ 32,055,170</u>	<u>\$ 36,234,619</u>

## **CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION**

### **Notes to Financial Statements**

Year Ended June 30, 2021

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#### **Note 10 - Endowments, continued**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. Deficiencies of this nature exist in three donor-restricted endowment funds, which together have an original gift value of \$170,100, a current fair value of \$163,466, and a deficiency of \$6,634 as of June 30, 2021.

The Foundation has interpreted UPMIFA to permit spending from underwater donor-restricted endowment funds in accordance with prudent measures required under law. The governing board appropriated for expenditure \$3,351 from underwater endowment funds during the year ended June 30, 2021.

#### **Note 11 - University Contract Services**

The Foundation entered into an operating agreement with the University to use the University employees to provide direct supporting services and indirect other services on behalf of the Foundation including human resource services, facilities management services, information technology services and other administrative services as appropriate. Services provided to the Foundation by employees of the University are recognized as revenue equal to the University's estimate of the employee cost incurred to provide those services. During the year ended June 30, 2021, the total estimated employee cost was \$2,916,246, and has been recognized as university contract services revenue and as an operating expense in the statement of activities.

The Foundation entered into an operating agreement with the University to use the University facilities to provide space for the University employees to provide direct supporting services on behalf of the Foundation. The Foundation paid no rent to the University and has recognized revenue equal to the fair market value of this rent for similar facilities. During the year ended June 30, 2021, the total estimated fair market value of this rent was \$96,300, and has been recognized as university contract services revenue and as an operating expense in the statement of activities.

#### **Note 12 - Transactions with Related Parties**

The Foundation functions to benefit the University by operating various campus programs. The Foundation purchases various services such as printing, utilities, telephone, mail service, etc. from the University.

California State University, Bakersfield Auxiliary for Sponsored Programs Administration (Sponsored Programs Administration) functions to benefit the student body of the University by operating various grant and research programs.

Associated Students, California State University, Bakersfield, Inc. (Associated Students) functions to benefit the student body of the University by operating various student led programs.

California State University, Bakersfield Student-centered Enterprises, Inc. (Student-centered Enterprises) functions to benefit the student body of the University by operating various student enterprise programs.

## CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

### Notes to Financial Statements

Year Ended June 30, 2021

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#### Note 12 - Transactions with Related Parties, continued

Transactions with related parties are reflected in the accompanying financial statements as follows:

Revenue:

University:

Student services	\$	114,368
Program fees		33,334
Associated Students		19,089
Student-centered Enterprises		276
	\$	<u>167,067</u>

Expenses:

University:

Scholarships	\$	858,996
Administrative services		1,267,723
Interest		27,965
Sponsored Programs Administration		18,914
Associated Students		588,651
Student-centered Enterprises		4,515
	\$	<u>2,766,764</u>

Due from:

University

\$ 2,686

Due to:

University	\$	312,415
Sponsored Programs Administration		18,173
Associated Students		586,587
Student-centered Enterprises		300
	\$	<u>917,475</u>

For the year ended June 30, 2021, of the \$588,651 reported as expense to Associated Students, \$586,587 is related to scholarship payments which were reimbursed by the Foundation and are reported in program services on the statement of activities and scholarships expense on the statement of functional expenses.

#### 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 statement of activities.

## CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

### Notes to Financial Statements

Year Ended June 30, 2021

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#### Note 14 - Conditional Contributions

Conditional contributions consisted of the following:

Building construction	\$ 5,250,658
Academic programs	1,500,000
Student scholarships	1,400,000
Other programs	152,816
	<u>\$ 8,303,474</u>

Conditional contributions received for the construction of a building are conditional on approval of the University's construction plans by the Chancellor's Office. Conditional contributions received for academic programs are conditional on meeting specific performance criteria. Conditional contributions received for student scholarships are conditional on successful annual review. Conditional contributions received for other programs are conditional on the substantial completion of various program objectives.

A conditional contribution does not meet the standard for revenue recognition. As such, collectively, the \$8,303,474 conditional portion of contributions has not been recognized in the statement of activities for the year ended June 30, 2021.

As of June 30, 2021, \$2,203,474 of conditional contributions have been collected in advance, and are reported as revenue collected in advance on the statement of financial position. The current portion of revenue collected in advance represents amounts where the Foundation expects conditions to be met within the next fiscal year.

#### Note 15 - Commitments and Contingencies

From time to time, the Foundation is subject to various litigation as a result of their activities. Management believes that the outcome of any such litigation will not have a material adverse effect on the Foundation's financial position, changes in net assets, or liquidity.

##### Coronavirus

In December 2019, a novel strain of coronavirus (COVID-19) was reported in Wuhan, China. On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses and shelter-in-place orders, including California, where the organization is located.

Management has initiated several changes to the operations of the programs, events and administrative functions in order to protect the health of staff and students and to mitigate the financial effects of the virus and its resultant economic slowdown. The Foundation will continue to evaluate, and if appropriate, adopt other measures in the future required for the ongoing safety of students and staff. The extent of the impact of COVID-19 on the Foundation's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the Foundation's customers, employees, and vendors, all of which at present, cannot be determined.

## SUPPLEMENTAL INFORMATION



# CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

## Schedule of Net Position

June 30, 2021

(for inclusion in the California State University)

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### Assets:

#### Current assets:

Cash and cash equivalents	8,776,187
Short-term investments	-
Accounts receivable, net	2,686
Capital lease receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	1,977,452
Prepaid expenses and other current assets	-
<b>Total current assets</b>	<b>10,756,325</b>

#### Noncurrent assets:

Restricted cash and cash equivalents	-
Accounts receivable, net	-
Capital lease receivable, net of current portion	-
Notes receivable, net of current portion	-
Student loans receivable, net	-
Pledges receivable, net	3,154,973
Endowment investments	36,234,619
Other long-term investments	8,546,414
Capital assets, net	808,056
Other assets	687,251
<b>Total noncurrent assets</b>	<b>49,431,313</b>
<b>Total assets</b>	<b>60,187,638</b>

#### Deferred outflows of resources:

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

# CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

## Schedule of Net Position

June 30, 2021

(for inclusion in the California State University)

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### Liabilities:

#### Current liabilities:

Accounts payable	108,889
Accrued salaries and benefits	-
Accrued compensated absences, current portion	-
Unearned revenues	152,816
Capital lease obligations, current portion	-
Long-term debt obligations, current portion	-
Claims liability for losses and loss adjustment expenses, current portion	-
Depository accounts	-
Other liabilities	990,172

#### Total current liabilities

1,251,877

#### Noncurrent liabilities:

Accrued compensated absences, net of current portion	-
Unearned revenues	2,050,658
Grants refundable	-
Capital lease obligations, net of current portion	-
Long-term debt obligations, net of current portion	-
Claims liability for losses and loss adjustment expenses, net of current portion	-
Depository accounts	-
Net other postemployment benefits liability	755,796
Net pension liability	-
Other liabilities	-

#### Total noncurrent liabilities

2,806,454

#### Total liabilities

4,058,331

#### Deferred inflows of resources:

Service concession arrangements	-
Net pension liability	-
Net OPEB liability	-
Unamortized gain on debt refunding	-
Nonexchange transactions	-
Others	-

#### Total deferred inflows of resources

-

#### Net position:

Net investment in capital assets	808,056
Restricted for:	
Nonexpendable – endowments	22,746,464
Expendable:	
Scholarships and fellowships	7,548,918
Research	-
Loans	-
Capital projects	-
Debt service	-
Others	15,111,568
Unrestricted	9,914,301
<b>Total net position</b>	<b><u>56,129,307</u></b>

See independent auditors' report.

**CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION**

**Schedules of Revenues, Expenses, and Changes in Net Position**

Year Ended June 30, 2021

(for inclusion in the California State University)

<b>Revenues:</b>	
<b>Operating revenues:</b>	
Student tuition and fees, gross	-
Scholarship allowances (enter as negative)	-
<b>Grants and contracts, noncapital:</b>	
Federal	-
State	-
Local	-
Nongovernmental	-
Sales and services of educational activities	-
Sales and services of auxiliary enterprises, gross	-
Scholarship allowances (enter as negative)	-
Other operating revenues	3,502,701
<b>Total operating revenues</b>	<b>3,502,701</b>
<b>Expenses:</b>	
<b>Operating expenses:</b>	
Instruction	55,356
Research	-
Public service	-
Academic support	-
Student services	1,881,081
Institutional support	3,953,971
Operation and maintenance of plant	4,353
Student grants and scholarships	1,381,932
Auxiliary enterprise expenses	-
Depreciation and amortization	40,713
<b>Total operating expenses</b>	<b>7,317,406</b>
<b>Operating income (loss)</b>	<b>(3,814,705)</b>
<b>Nonoperating revenues (expenses):</b>	
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	6,312,243
Investment income (loss), net	1,830,438
Endowment income (loss), net	7,582,303
Interest expense	-
Other nonoperating revenues (expenses) - excl. interagency transfers	(40,441)
<b>Net nonoperating revenues (expenses)</b>	<b>15,684,543</b>
<b>Income (loss) before other revenues (expenses)</b>	<b>11,869,838</b>
State appropriations, capital	-
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	3,076,004
<b>Increase (decrease) in net position</b>	<b>14,945,842</b>
<b>Net position:</b>	
Net position at beginning of year, as previously reported	41,183,465
Restatements	-
<b>Net position at beginning of year, as restated</b>	<b>41,183,465</b>
<b>Net position at end of year</b>	<b>56,129,307</b>

See independent auditors' report.

# CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

## Other Information

June 30, 2021

(for inclusion in the California State University)

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### 1 Cash and cash equivalents:

Portion of restricted cash and cash equivalents related to endowments	-
All other restricted cash and cash equivalents	-
<b>Noncurrent restricted cash and cash equivalents</b>	<u>-</u>
Current cash and cash equivalents	8,776,187
<b>Total</b>	<u><u>\$ 8,776,187</u></u>

### 2.1 Composition of investments:

Investment Type	Current	Noncurrent	Total
Money market funds	-	-	-
Repurchase agreements	-	-	-
Certificates of deposit	-	407,639	<b>407,639</b>
U.S. agency securities	-	2,928,567	<b>2,928,567</b>
U.S. treasury securities	-	1,158,687	<b>1,158,687</b>
Municipal bonds	-	-	-
Corporate bonds	-	6,709,629	<b>6,709,629</b>
Asset backed securities	-	-	-
Mortgage backed securities	-	-	-
Commercial paper	-	-	-
Mutual funds	-	28,836,610	<b>28,836,610</b>
Exchange traded funds	-	-	-
Equity securities	-	53,031	<b>53,031</b>
Alternative investments:	-	-	-
Private equity (including limited partnerships)	-	-	-
Hedge funds	-	4,686,870	<b>4,686,870</b>
Managed futures	-	-	-
Real estate investments (including REITs)	-	-	-
Commodities	-	-	-
Derivatives	-	-	-
Other alternative investment	-	-	-
Other external investment pools	-	-	-
CSU Consolidated Investment Pool (formerly SWIFT)	-	-	-
State of California Local Agency Investment Fund (LAIF)	-	-	-
State of California Surplus Money Investment Fund (SMIF)	-	-	-
Other investments:	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
Total Other investments	-	-	-
<b>Total investments</b>	<u>-</u>	<u>44,781,033</u>	<u>44,781,033</u>
Less endowment investments (enter as negative number)	-	(36,234,619)	(36,234,619)
<b>Total investments, net of endowments</b>	<u>\$ -</u>	<u>8,546,414</u>	<u>8,546,414</u>

See independent auditors' report.

# CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

## Other Information

June 30, 2021

(for inclusion in the California State University)

### 2.2 Fair value hierarchy in investments:

Investment Type	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value (NAV)
Money market funds	\$ -	-	-	-	-
Repurchase agreements	-	-	-	-	-
Certificates of deposit	407,639	-	407,639	-	-
U.S. agency securities	2,928,567	-	2,928,567	-	-
U.S. treasury securities	1,158,687	-	1,158,687	-	-
Municipal bonds	-	-	-	-	-
Corporate bonds	6,709,629	-	6,709,629	-	-
Asset backed securities	-	-	-	-	-
Mortgage backed securities	-	-	-	-	-
Commercial paper	-	-	-	-	-
Mutual funds	28,836,610	28,836,610	-	-	-
Exchange traded funds	-	-	-	-	-
Equity securities	53,031	53,031	-	-	-
Alternative investments:					
Private equity (including limited partnerships)	-	-	-	-	-
Hedge funds	4,686,870	-	-	-	4,686,870
Managed futures	-	-	-	-	-
Real estate investments (including REITs)	-	-	-	-	-
Commodities	-	-	-	-	-
Derivatives	-	-	-	-	-
Other alternative investment	-	-	-	-	-
Other external investment pools	-	-	-	-	-
CSU Consolidated Investment Pool (formerly SWIFT)	-	-	-	-	-
State of California Local Agency Investment Fund (LAIF)	-	-	-	-	-
State of California Surplus Money Investment Fund (SMIF)	-	-	-	-	-
Other investments:	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
Total Other investments	\$ -	-	-	-	-
<b>Total investments</b>	<b>44,781,033</b>	<b>28,889,641</b>	<b>11,204,522</b>	<b>-</b>	<b>4,686,870</b>

### 2.3 Investments held by the University under contractual agreements:

	Current	Noncurrent	Total
Investments held by the University under contractual agreements	-	-	\$ -
e.g - CSU Consolidated Investment Pool (formerly SWIFT):	-	-	-

# CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

## Other Information

June 30, 2021

(for inclusion in the California State University)

### 3.1 Composition of capital assets:

	Balance June 30, 2020	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2020 (Restated)	Additions	Retirements	Transfer of completed CWIP/PWIP	Balance June 30, 2021
<b>Non-depreciable/Non-amortizable capital assets:</b>									
Land and land improvements	3,139	-	-	-	\$ 3,139	-	-	-	\$ 3,139
Works of art and historical treasures	205,263	(129,093)	-	-	76,170	-	-	-	76,170
Construction work in progress (CWIP)	-	-	-	-	-	-	-	-	-
Intangible assets:									
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Intangible assets in progress (PWIP)	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:									
Other intangible assets:	15,500	-	-	-	15,500	-	-	-	15,500
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Total Other intangible assets	15,500	-	-	-	15,500	-	-	-	15,500
<b>Total intangible assets</b>	<b>15,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,500</b>
<b>Total non-depreciable/non-amortizable capital assets</b>	<b>\$ 223,902</b>	<b>(129,093)</b>	<b>-</b>	<b>-</b>	<b>\$ 94,809</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$ 94,809</b>
<b>Depreciable/Amortizable capital assets:</b>									
Buildings and building improvements	1,356,171	-	-	-	1,356,171	-	-	-	1,356,171
Improvements, other than buildings	72,963	-	-	-	72,963	-	-	-	72,963
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	232,323	-	-	-	232,323	-	-	-	232,323
Personal property:									
Equipment	1,571,775	-	-	-	1,571,775	-	-	-	1,571,775
Library books and materials	-	-	-	-	-	-	-	-	-
Intangible assets:									
Software and websites	-	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:									
Exhaustible Art	-	129,093	-	-	129,093	-	-	-	129,093
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Total Other intangible assets:	-	129,093	-	-	129,093	-	-	-	129,093
<b>Total intangible assets</b>	<b>-</b>	<b>129,093</b>	<b>-</b>	<b>-</b>	<b>129,093</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>129,093</b>
<b>Total depreciable/amortizable capital assets</b>	<b>3,233,232</b>	<b>129,093</b>	<b>-</b>	<b>-</b>	<b>3,362,325</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,362,325</b>
<b>Total capital assets</b>	<b>\$ 3,457,134</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$ 3,457,134</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$ 3,457,134</b>

# CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

## Other Information

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Less accumulated depreciation/amortization: (enter as negative number, except for reductions enter as positive number)

Buildings and building improvements	(654,372)	-	-	-	(654,372)	(33,962)	-	-	(688,334)
Improvements, other than buildings	(40,890)	-	-	-	(40,890)	(3,648)	-	-	(44,538)
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	(232,323)	-	-	-	(232,323)	-	-	-	(232,323)
Personal property:	-	-	-	-	-	-	-	-	-
Equipment	(1,680,780)	129,093	-	-	(1,551,687)	(3,103)	-	-	(1,554,790)
Library books and materials	-	-	-	-	-	-	-	-	-
Intangible assets:	-	-	-	-	-	-	-	-	-
Software and websites	-	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:	-	-	-	-	-	-	-	-	-
Exhaustible Art	-	(129,093)	-	-	(129,093)	-	-	-	(129,093)
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Total Other intangible assets:	-	(129,093)	-	-	(129,093)	-	-	-	(129,093)
<b>Total intangible assets</b>	-	(129,093)	-	-	(129,093)	-	-	-	(129,093)
<b>Total accumulated depreciation/amortization</b>	<b>(2,608,365)</b>	-	-	-	<b>(2,608,365)</b>	<b>(40,713)</b>	-	-	<b>(2,649,078)</b>
<b>Total capital assets, net</b>	<b>\$ 848,769</b>	-	-	-	<b>\$ 848,769</b>	<b>(40,713)</b>	-	-	<b>808,056</b>

### 3.2 Detail of depreciation and amortization expense:

Depreciation and amortization expense related to capital assets	\$ 40,713
Amortization expense related to other assets	-
<b>Total depreciation and amortization</b>	<b>\$ 40,713</b>

# CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

## Other Information

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### 4 Long-term liabilities:

	Balance June 30, 2020	Prior Period Adjustments/Reclassif ications	Balance June 30, 2020 (Restated)	Additions	Reductions	Balance June 30, 2021	Current Portion	Noncurrent Portion
1. Accrued compensated absences	\$ -	-	-	-	-	\$ -	-	\$ -
2. Claims liability for losses and loss adjustment expenses	-	-	-	-	-	-	-	-
<b>3. Capital lease obligations:</b>								
Gross balance	-	-	-	-	-	-	-	-
Unamortized net premium/(discount)	-	-	-	-	-	-	-	-
<b>Total capital lease obligations</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>4. Long-term debt obligations:</b>								
4.1 Auxiliary revenue bonds (non-SRB related)	\$ -	-	-	-	-	\$ -	-	-
4.2 Commercial paper	-	-	-	-	-	-	-	-
4.3 Notes payable (SRB related)	-	-	-	-	-	-	-	-
4.4 Others:	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total others	-	-	-	-	-	-	-	-
<b>Sub-total long-term debt</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>
4.5 Unamortized net bond premium/(discount)	-	-	-	-	-	-	-	-
<b>Total long-term debt obligations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total long-term liabilities</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>

### 5 Capital lease obligations schedule:

	Capital lease obligations related to SRB			All other capital lease obligations			Total capital lease obligations		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
<b>Year ending June 30:</b>									
2022	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-
2027 - 2031	-	-	-	-	-	-	-	-	-
2032 - 2036	-	-	-	-	-	-	-	-	-
2037 - 2041	-	-	-	-	-	-	-	-	-
2042 - 2046	-	-	-	-	-	-	-	-	-
2047 - 2051	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-
<b>Total minimum lease payments</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Less: amounts representing interest									-
<b>Present value of future minimum lease payments</b>									-
Unamortized net premium/(discount)									-
<b>Total capital lease obligations</b>									-
Less: current portion									-
<b>Capital lease obligations, net of current portion</b>									<b>\$ -</b>

See independent auditors' report.



# CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

## Other Information

June 30, 2021

(for inclusion in the California State University)

### 6 Long-term debt obligations schedule:

	Auxiliary revenue bonds (non-SRB related)			All other long-term debt obligations			Total long-term debt obligations		
	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest
<b>Year ending June 30:</b>									
2022	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-
2027 - 2031	-	-	-	-	-	-	-	-	-
2032 - 2036	-	-	-	-	-	-	-	-	-
2037 - 2041	-	-	-	-	-	-	-	-	-
2042 - 2046	-	-	-	-	-	-	-	-	-
2047 - 2051	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-
<b>Total minimum payments</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Less: amounts representing interest									-
<b>Present value of future minimum payments</b>									-
Unamortized net premium/(discount)									-
<b>Total long-term debt obligations</b>									-
Less: current portion									-
<b>Long-term debt obligations, net of current portion</b>									-

### 7 Transactions with related entities:

Payments to University for salaries of University personnel working on contracts, grants, and other programs	368,839
Payments to University for other than salaries of University personnel	1,785,845
Payments received from University for services, space, and programs	147,702
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)	(312,415)
Other amounts (payable to) University (enter as negative number)	-
Accounts receivable from University (enter as positive number)	2,686
Other amounts receivable from University (enter as positive number)	-

# CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

## Other Information

June 30, 2021

(for inclusion in the California State University)

### 8 Restatements

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

		Debit/(Credit)
Restatement #1	N/A	
		-
Restatement #2	N/A	
		-

### 9 Natural classifications of operating expenses:

	Salaries	Benefits - Other	Benefits - Pension	Benefits - OPEB	Scholarships and fellowships	Supplies and other services	Depreciation and amortization	Total operating expenses
Instruction	9,300	120	-	-	-	45,936	-	55,356
Research	-	-	-	-	-	-	-	-
Public service	-	-	-	-	-	-	-	-
Academic support	-	-	-	-	-	-	-	-
Student services	443,555	136,582	-	-	-	1,300,944	-	1,881,081
Institutional support	10,309	216,023	-	-	-	3,727,639	-	3,953,971
Operation and maintenance of plant	-	-	-	-	-	4,353	-	4,353
Student grants and scholarships	-	-	-	-	1,381,932	-	-	1,381,932
Auxiliary enterprise expenses	-	-	-	-	-	-	-	-
Depreciation and amortization	-	-	-	-	-	-	40,713	40,713
<b>Total operating expenses</b>	<b>\$ 463,164</b>	<b>352,725</b>	<b>-</b>	<b>-</b>	<b>1,381,932</b>	<b>5,078,872</b>	<b>40,713</b>	<b>7,317,406</b>

# CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

## Other Information

June 30, 2021

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### 10 Deferred outflows/inflows of resources:

#### 1. Deferred Outflows of Resources

Deferred outflows - unamortized loss on refunding(s)	-
Deferred outflows - net pension liability	-
Deferred outflows - net OPEB liability	-
Deferred outflows - others:	-
Sales/intra-entity transfers of future revenues	-
Gain/loss on sale leaseback	-
Loan origination fees and costs	-
Change in fair value of hedging derivative instrument	-
Irrevocable split-interest agreements	-
	-
	-
	-
Total deferred outflows - others	-
<b>Total deferred outflows of resources</b>	<b>\$ -</b>

#### 2. Deferred Inflows of Resources

Deferred inflows - service concession arrangements	-
Deferred inflows - net pension liability	-
Deferred inflows - net OPEB liability	-
Deferred inflows - unamortized gain on debt refunding(s)	-
Deferred inflows - nonexchange transactions	-
Deferred inflows - others:	-
Sales/intra-entity transfers of future revenues	-
Gain/loss on sale leaseback	-
Loan origination fees and costs	-
Change in fair value of hedging derivative instrument	-
Irrevocable split-interest agreements	-
	-
	-
	-
Total deferred inflows - others	-
<b>Total deferred inflows of resources</b>	<b>\$ -</b>

### 11 Other nonoperating revenues (expenses)

Other nonoperating revenues	-
Other nonoperating (expenses)	(40,441)
<b>Total other nonoperating revenues (expenses)</b>	<b>\$ (40,441)</b>

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

To the Audit Committee  
California State University, Bakersfield Foundation

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of California State University, Bakersfield Foundation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 24, 2021.

#### **Internal Control over Financial Reporting**

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

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

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

#### **Compliance and Other Matters**

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

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

**Purpose of this Report**

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

*Aldrich CPAs + Advisors LLP*

San Diego, California  
September 24, 2021