



**CALIFORNIA STATE UNIVERSITY,
BAKERSFIELD FOUNDATION**

Financial Statements and Supplemental Information

Years Ended June 30, 2015 and 2014



CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Financial Statements and Supplemental Information

Years Ended June 30, 2015 and 2014

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of California State University, Bakersfield Foundation (a nonprofit organization), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of California State University, Bakersfield Foundation as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included on pages 20 – 27 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.

AKT LLP

San Diego, California
September 15, 2015

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

June 30, 2015 and 2014

ASSETS	<u>2015</u>	<u>2014</u>
Current Assets:		
Cash and cash equivalents	\$ 5,563,506	\$ 3,841,781
Pledges receivable, net of allowance for doubtful pledges and discount	542,829	41,154
Other receivables, net of allowance for doubtful accounts of \$17,742 (2015) and \$17,742 (2014)	28,649	116,251
Due from related parties	142,923	103,385
Other current assets	-	500
Total Current Assets	<u>6,277,907</u>	<u>4,103,071</u>
Non-Current Assets:		
Investments	30,646,337	31,207,762
Pledges receivable, net of allowance for doubtful pledges and discount	1,160,349	1,564,223
Property and equipment, net of accumulated depreciation	1,080,691	1,098,789
Collections	91,670	91,670
Total Non-Current Assets	<u>32,979,047</u>	<u>33,962,444</u>
Total Assets	<u>\$ 39,256,954</u>	<u>\$ 38,065,515</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 171,589	\$ 98,207
Accrued expenses	85,460	122,242
Due to related parties	239,358	323,872
Current portion of long-term debt	14,566	28,864
Current portion of accrued postretirement cost	104,481	97,670
Receipts in excess of expenditures on sponsored programs	1,378,422	566,881
Deposits in excess of withdrawals for agency accounts	170,316	160,864
Total Current Liabilities	<u>2,164,192</u>	<u>1,398,600</u>
Non-Current Liabilities:		
Long-term debt, net of current portion	-	14,566
Accrued postretirement cost, net of current portion	2,521,224	2,395,336
Total Non-Current Liabilities	<u>2,521,224</u>	<u>2,409,902</u>
Total Liabilities	<u>4,685,416</u>	<u>3,808,502</u>
Net Assets:		
Unrestricted:		
Operating	3,780,029	4,038,030
Board designated endowment	3,617,730	3,945,723
	<u>7,397,759</u>	<u>7,983,753</u>
Temporarily restricted	12,311,933	12,596,567
Permanently restricted	14,861,846	13,676,693
Total Net Assets	<u>34,571,538</u>	<u>34,257,013</u>
Total Liabilities and Net Assets	<u>\$ 39,256,954</u>	<u>\$ 38,065,515</u>

See accompanying notes to financial statements.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Statement of Activities

Year Ended June 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and Other Support:				
Contributions	\$ 378,651	\$ 2,305,558	\$ 1,185,153	\$ 3,869,362
Athletics	-	1,146,016	-	1,146,016
Other	638,056	484,017	-	1,122,073
Interest	95,469	452,907	-	548,376
Children's Center	543,900	-	-	543,900
Gifts in kind	59,100	-	-	59,100
Scholarships	-	8,705	-	8,705
Net realized and unrealized loss on investments	(51,971)	(411,058)	-	(463,029)
Net assets released from restriction satisfaction of program restrictions	<u>4,270,779</u>	<u>(4,270,779)</u>	<u>-</u>	<u>-</u>
Total Revenue and Other Support	5,933,984	(284,634)	1,185,153	6,834,503
Expenses:				
Program services:				
Scholarships	193,630	-	-	193,630
Grants and contracts	64,579	-	-	64,579
Athletics	749,810	-	-	749,810
Children's Center	688,474	-	-	688,474
Donation to CSUB	503,931	-	-	503,931
Supporting services:				
General and administrative	3,869,435	-	-	3,869,435
Fundraising	<u>450,119</u>	<u>-</u>	<u>-</u>	<u>450,119</u>
Total Expenses	<u>6,519,978</u>	<u>-</u>	<u>-</u>	<u>6,519,978</u>
Change in Net Assets	(585,994)	(284,634)	1,185,153	314,525
Net Assets, beginning	<u>7,983,753</u>	<u>12,596,567</u>	<u>13,676,693</u>	<u>34,257,013</u>
Net Assets, ending	<u>\$ 7,397,759</u>	<u>\$ 12,311,933</u>	<u>\$ 14,861,846</u>	<u>\$ 34,571,538</u>

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**Statements of Cash Flows**

Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 314,525	\$ 3,800,983
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	56,988	150,949
Transfer of property and equipment to the University	-	2,952,454
Gains (losses) on investments	478,375	(3,539,592)
Permanently restricted contributions	(1,185,153)	(363,235)
Changes in operating assets and liabilities:		
Receivables	(49,737)	(739,850)
Other current assets	500	(500)
Accounts payable and accrued expenses	36,600	(6,502)
Other liabilities	869,178	170,179
Net Cash Provided by Operating Activities	521,276	2,424,886
Cash Flows from Investing Activities:		
Purchases of property and equipment	(38,890)	(41,265)
Proceeds from sale of investments	1,418,394	10,454,186
Purchases of investments	(1,335,344)	(11,818,342)
Net Cash Provided (Used) by Investing Activities	44,160	(1,405,421)
Cash Flows from Financing Activities:		
Payments on long-term debt	(28,864)	(27,862)
Permanently restricted contributions	1,185,153	363,235
Net Cash Provided by Financing Activities	1,156,289	335,373
Net Increase in Cash and Cash Equivalents	1,721,725	1,354,838
Cash and Cash Equivalents, beginning	3,841,781	2,486,943
Cash and Cash Equivalents, ending	\$ <u>5,563,506</u>	\$ <u>3,841,781</u>
Supplemental Disclosures of Cash Flow Information		
Cash payments for interest	\$ <u>8,118</u>	\$ <u>16,887</u>

See accompanying notes to financial statements.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2015 and 2014

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, 2015 and 2014 and therefore no amounts have been accrued.

Cash and Cash Equivalents

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

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.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2015 and 2014

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

Accounts Receivable

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

Investments

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

Property and Equipment

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

Collections

The Foundation capitalizes its collections at cost if purchased and at appraised or fair value at the date of accession if donated. There were no acquisitions in 2015 or 2014. 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, 2015 and 2014

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, 2015 and 2014.

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 15, 2015, 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. At June 30, 2015, the Foundation's uninsured cash balance was \$3,589,170. The Foundation manages this risk by using high quality financial institutions.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2015 and 2014

Note 3 – Investments and Fair Value Measurement

Investments consist of the following as of June 30, 2015:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common stock	\$ 1,601,929	\$ -	\$ -	\$ 1,601,929
Certificates of deposit	945,941			945,941
Mutual funds:				
Large cap	1,448,380	-	-	1,448,380
International	4,770,234	-	-	4,770,234
Mid cap	925,746	-	-	925,746
High yield	591,358	-	-	591,358
Small cap	362,621	-	-	362,621
Nontraditional	790,155	-	-	790,155
Emerging Markets	878,363	-	-	878,363
Natural resources	523,599	-	-	523,599
Strategic investment group equity	-	7,932,454	-	7,932,454
Strategic investment group bonds	-	3,314,779	-	3,314,779
Alternative investments:				
Hedge funds	-	-	6,437,952	6,437,952
Real Assets	-	-	122,826	122,826
	<u>\$ 12,838,326</u>	<u>\$ 11,247,233</u>	<u>\$ 6,560,778</u>	<u>\$ 30,646,337</u>

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>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2015 and 2014

Note 3 – Investments and Fair Value Measurement, continued

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

	<u>2015</u>	<u>2014</u>
Fair value, beginning	\$ 2,953,922	\$ 2,921,517
Contributions	3,440,380	-
Withdrawals	-	(92,000)
Unrealized gains	<u>166,476</u>	<u>124,405</u>
Fair value, ending	<u>\$ 6,560,778</u>	<u>\$ 2,953,922</u>

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

	<u>Fair value at June 30, 2015</u>	<u>Unfunded commitment</u>	<u>Redemption frequency</u>	<u>Redemption notice period</u>
Ironwood Inst MS Hedge Fund [a]	\$ 1,376,616	none	semi-annually	95 days
Skybridge Multi-advisor Hedge Fund [b]	1,423,993	none	quarterly	65 days
Abbey Cap-Mgd Funds [c]	385,413	none	daily	1 day
Strategic Funds Alpha Portfolio [d]	3,252,470	none	monthly	1 month
Real Assets [d]	122,286	none	monthly	1 month

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

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

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

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

	<u>Fair value at June 30, 2014</u>	<u>Unfunded commitment</u>	<u>Redemption frequency</u>	<u>Redemption 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

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2015 and 2014

Note 4 – Pledges Receivable

Pledges receivable consist of the following:

	<u>2015</u>	<u>2014</u>
Due in less than one year	\$ 542,829	\$ 41,154
Due in one to five years	1,432,197	1,782,245
Due in more than five years	<u>76,700</u>	<u>85,400</u>
Gross pledges receivable	2,051,726	1,908,799
Less allowance for doubtful pledges and discount	<u>(348,548)</u>	<u>(303,422)</u>
Pledges receivable, net	<u>\$ 1,703,178</u>	<u>\$ 1,605,377</u>

Pledges are discounted using an average imputed interest rate of 3%.

Note 5 – Property and Equipment

Property and equipment consist of the following:

	<u>2015</u>	<u>2014</u>
Equipment	\$ 1,633,832	\$ 1,647,832
Buildings and improvements	2,014,294	1,994,294
Leasehold improvements	112,963	112,963
Computer software	<u>10,361</u>	<u>10,361</u>
	3,771,450	3,765,450
Less accumulated depreciation	<u>(2,712,788)</u>	<u>(2,669,800)</u>
	1,058,662	1,095,650
Land	3,139	3,139
Construction in progress	<u>18,890</u>	<u>-</u>
	<u>\$ 1,080,691</u>	<u>\$ 1,098,789</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>2015</u>	<u>2014</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	\$ 14,566	\$ 43,430
Less current portion	<u>(14,566)</u>	<u>(28,864)</u>
	<u>\$ -</u>	<u>\$ 14,566</u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2015 and 2014

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 the years ended June 30, 2015 and 2014 was \$629,252 and \$727,567, respectively. The total payroll for all Foundation employees for the years ended June 30, 2015 and 2014 was \$1,382,962 and \$1,420,657, 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, 2015 and 2014 the Foundation employed 10 full-time employees and 20 full-time employees, respectively, participating in PERS.

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

For fiscal year 2014-2015, the required employer contribution rate for employees hired prior to 2013 was 8.709% of annual payroll and the required employer contribution rate for employees hired after 2013 was 6.237% of annual payroll. The Foundation's annual PERS pension costs for the fiscal years ending June 30, 2015 and 2014 were \$49,583 and \$71,062, 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, 2015.

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, 2015:

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2015 and 2014

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, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Service cost	\$ 47,067	\$ 48,721
Interest cost	109,988	116,460
Amortization prior service costs	<u>(36,302)</u>	<u>(40,448)</u>
Net periodic postretirement benefit cost	<u>\$ 120,753</u>	<u>\$ 124,733</u>

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

	<u>2015</u>	<u>2014</u>
Discount rate	4.50%	4.50%
Expected long-term rate of return	N/A	N/A
Health care cost trend rate:		
Present rate before 65	7.25%	7.75%
Present rate 65 and older	7.25%	7.75%
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>2015</u>	<u>2014</u>
Retirees	\$ 1,443,964	\$ 1,454,303
Other fully eligible plan participants	732,503	709,105
Other active participants	<u>449,238</u>	<u>329,598</u>
	<u>\$ 2,625,705</u>	<u>\$ 2,493,006</u>

Funded status:

	<u>2015</u>	<u>2014</u>
Beginning accrued postretirement benefit cost	\$ 2,493,006	\$ 2,385,699
Actuarial gain (loss)	108,674	78,927
Retiree contributions:		
Net periodic postretirement benefit cost	120,753	124,733
Estimated benefit payments	<u>(96,728)</u>	<u>(96,353)</u>
Ending accrued postretirement benefit cost	<u>\$ 2,625,705</u>	<u>\$ 2,493,006</u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2015 and 2014

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

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

	<u>2015</u>	<u>2014</u>
Discount rate	4.50%	5.00%
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%

The expected net periodic post retirement benefit cost for fiscal year 2016:

Service cost	\$	56,833
Interest cost		115,806
Amortization of unrecognized net (gain) loss		<u>(26,960)</u>
Net periodic postretirement benefit costs	\$	<u>145,679</u>

The expected contribution for the next 10 years:

2016	104,481
2017	96,609
2018	95,736
2019	99,861
2020	103,499
2021-2025	592,504

An actuarial study is completed annually. The schedule presented above is based on the study completed on August 14, 2015 as of and for the year then ended June 30, 2015.

Note 9 – Restricted Net Assets

Temporarily restricted net assets consist of the following:

	<u>2015</u>	<u>2014</u>
Time and performance restriction - pledges receivable	\$ 1,373,598	\$ 1,402,446
Academic programs	4,751,915	3,979,579
Scholarships	6,122,441	6,933,442
Athletic programs	<u>63,979</u>	<u>281,100</u>
	<u>\$ 12,311,933</u>	<u>\$ 12,596,567</u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2015 and 2014

Note 9 – Restricted Net Assets, continued

Permanently restricted net assets consist of the following:

	<u>2015</u>		<u>2014</u>
Contributions restricted in perpetuity	\$ 14,861,846	\$	13,676,693

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, 2015 and 2014

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, 2015, the endowment net assets composition by type of fund consisted of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Perm restricted donor endowment funds	\$ -	\$ 4,911,994	\$ 14,861,846	\$ 19,773,840
Board designated endowment funds	<u>3,617,730</u>	<u>-</u>	<u>-</u>	<u>3,617,730</u>
	<u>\$ 3,617,730</u>	<u>\$ 4,911,994</u>	<u>\$ 14,861,846</u>	<u>\$ 23,391,570</u>

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	<u>3,945,723</u>	<u>-</u>	<u>-</u>	<u>3,945,723</u>
	<u>\$ 3,945,723</u>	<u>\$ 5,875,692</u>	<u>\$ 13,676,693</u>	<u>\$ 23,498,108</u>

The changes in endowment net assets for the year ended June 30, 2015, consisted of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 3,945,723	\$ 5,875,692	\$ 13,676,693	\$ 23,498,108
Contributions	-	-	1,185,153	1,185,153
Appropriations for endowment assets, for expenditures	(333,263)	(1,005,547)	-	(1,338,810)
Investment return	<u>5,270</u>	<u>41,849</u>	<u>-</u>	<u>47,119</u>
Endowment net assets, end of year	<u>\$ 3,617,730</u>	<u>\$ 4,911,994</u>	<u>\$ 14,861,846</u>	<u>\$ 23,391,570</u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2015 and 2014

Note 10 – Endowment, continued

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

	<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>

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, 2015 and 2014 with related parties are reflected in the accompanying financial statements as follows:

	<u>2015</u>	<u>2014</u>
Revenue:		
Student services	\$ 502,082	\$ 1,282,912
Academic support	125,000	773,000
Program fees	142,449	124,620
Expenses:		
Administrative services	2,688,417	3,833,006
Interest	1,564	2,567
Due from:		
University	141,690	31,765
Other	1,233	71,620
Note payable	14,566	43,431
Due to:		
University	158,668	200,420
Other	80,690	123,452

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2015 and 2014

Note 12 – Reclassifications

Certain items in the 2014 financial statement have been reclassified to conform to current year classifications. Such reclassifications had no effect on previously reported changes in net assets.

Note 13 – Contracted Commercial Activities

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

Vending drinks/snacks

Length of contract	3 years (commencing August 1, 2012)
Commission structure	Coffee, drink, and snack sales: 35% of gross sales

Note 14 – 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 net assets.

SUPPLEMENTAL INFORMATION

California State University, Bakersfield Foundation
Schedule of Net Position
June 30, 2015
(for inclusion in the California State University)

Assets:	
Current assets:	
Cash and cash equivalents	\$ 5,563,506
Short-term investments	—
Accounts receivable, net	171,572
Leases receivable, current portion	—
Notes receivable, current portion	—
Pledges receivable, net	542,829
Prepaid expenses and other assets	—
Total current assets	6,277,907
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	1,160,349
Endowment investments	19,773,840
Other long-term investments	10,872,497
Capital assets, net	1,172,361
Other assets	—
Total noncurrent assets	32,979,047
Total assets	39,256,954
Deferred outflows of resources:	
Unamortized loss on debt refunding	—
Net pension obligation	—
Others	—
Total deferred outflows of resources	—
Liabilities:	
Current liabilities:	
Accounts payable	171,589
Accrued salaries and benefits payable	15,194
Accrued compensated absences— current portion	62,594
Unearned revenue	1,378,422
Capitalized lease obligations – current portion	—
Long-term debt obligations – current portion	14,566
Claims Liability for losses and LAE - current portion	—
Depository accounts	—
Other liabilities	521,827
Total current liabilities	2,164,192
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	—
Unearned revenue	—
Grants refundable	—
Capitalized lease obligations, net of current portion	—
Long-term debt obligations, net of current portion	—
Claims Liability for losses and LAE, net of current portion	—
Depository accounts	—
Other postemployment benefits obligation	2,521,224
Pension obligation	—
Other liabilities	—
Total noncurrent liabilities	2,521,224
Total liabilities	4,685,416
Deferred inflows of resources:	
Unamortized gain on debt refunding	—
Non-exchange transactions	—
Service concession arrangements	—
Net pension obligation	—
Others	—
Total deferred inflows of resources	—
Net Position:	
Net investment in capital assets	1,157,795
Restricted for:	
Nonexpendable – endowments	14,861,846
Expendable:	
Scholarships and fellowships	6,122,441
Research	—
Loans	—
Capital projects	—
Debt service	—
Other	6,189,492
Unrestricted	6,239,964
Total net position	\$ 34,571,538

California State University, Bakersfield Foundation
Schedule of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2015
(for inclusion in the California State University)

Revenues:	
Operating revenues:	
Student tuition and fees (net of scholarship allowances of \$0)	\$ —
Grants and contracts, noncapital:	
Federal	—
State	149,420
Local	—
Nongovernmental	—
Sales and services of educational activities	—
Sales and services of auxiliary enterprises (net of scholarship allowances of \$0)	—
Other operating revenues	2,268,110
Total operating revenues	<u>2,417,530</u>
Expenses:	
Operating expenses:	
Instruction	76,108
Research	97
Public service	675,974
Academic support	—
Student services	749,810
Institutional support	4,656,089
Operation and maintenance of plant	114,290
Student grants and scholarships	209,059
Auxiliary enterprise expenses	—
Depreciation and amortization	56,988
Total operating expenses	<u>6,538,415</u>
Operating income (loss)	<u>(4,120,885)</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	3,163,140
Investment income (loss), net	16,328
Endowment income (loss), net	47,119
Interest Expenses	(1,564)
Other nonoperating revenues (expenses)	—
Net nonoperating revenues (expenses)	<u>3,225,023</u>
Income (loss) before other additions	(895,862)
State appropriations, capital	—
Grants and gifts, capital	—
Additions (reductions) to permanent endowments	1,210,387
Increase (decrease) in net position	314,525
Net position:	
Net position at beginning of year, as previously reported	34,257,013
Restatements	—
Net position at beginning of year, as restated	<u>34,257,013</u>
Net position at end of year	<u>\$ 34,571,538</u>

See independent auditors' report.

California State University, Bakersfield Foundation
Other Information
June 30, 2015
(for inclusion in the California State University)

1 Restricted cash and cash equivalents at June 30, 2015:

Portion of restricted cash and cash equivalents related to endowments	\$ -
All other restricted cash and cash equivalents	-
Total restricted cash and cash equivalents	\$ -

2.1 Composition of investments at June 30, 2015:

	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)	-	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-	-
Certificates of deposit	-	-	-	945,941	-	945,941	945,941
Mutual funds	-	-	-	1,763,849	8,526,607	10,290,456	10,290,456
Money Market funds	-	-	-	-	-	-	-
Repurchase agreements	-	-	-	-	-	-	-
Commercial paper	-	-	-	-	-	-	-
Asset backed securities	-	-	-	-	-	-	-
Mortgage backed securities	-	-	-	-	-	-	-
Municipal bonds	-	-	-	-	-	-	-
U.S. agency securities	-	-	-	-	-	-	-
U.S. treasury securities	-	-	-	-	-	-	-
Equity securities	-	-	-	1,601,929	-	1,601,929	1,601,929
Exchange traded funds (ETFs)	-	-	-	-	-	-	-
Alternative investments:	-	-	-	-	-	-	-
Private equity (including limited partnerships)	-	-	-	-	-	-	-
Hedge funds	-	-	-	6,437,952	-	6,437,952	6,437,952
Managed futures	-	-	-	-	-	-	-
Real estate investments (including REITs)	-	-	-	-	-	-	-
Commodities	-	-	-	-	-	-	-
Derivatives	-	-	-	-	-	-	-
Other alternative investment types	-	-	-	122,826	-	122,826	122,826
Other external investment pools (excluding SWIFT)	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Other major investments:	-	-	-	-	-	-	-
Strategic Investment Group - Others	-	-	-	-	11,247,233	11,247,233	11,247,233
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Total investments	-	-	-	10,872,497	19,773,840	30,646,337	30,646,337
Less endowment investments (enter as negative number)	-	-	-	-	(19,773,840)	(19,773,840)	(19,773,840)
Total investments	-	-	-	10,872,497	-	10,872,497	10,872,497

2.2 Investments held by the University under contractual agreements at June 30, 2015:

Portion of investments in note 2.1 held by the University under contractual agreements at June 30, 2015 :	-	-	-	-	-	-	-
-----------------------------------------------------------------------------------------------------------	---	---	---	---	---	---	---

2.3 Restricted current investments at June 30, 2015 related to:

Amount	---
Add description	---
Add description	---
Add description	---
Add description	---
Add description	---
Add description	---
Add description	---
Total restricted current investments at June 30, 2015	\$ ---

2.4 Restricted noncurrent investments at June 30, 2015 related to:

Amount	---
Endowment investment	\$ 19,773,840
Add description	---
Add description	---
Add description	---
Add description	---
Add description	---
Add description	---
Total restricted noncurrent investments at June 30, 2015	\$ 19,773,840

California State University, Bakersfield Foundation
Other Information
June 30, 2015
(for inclusion in the California State University)

3.1 Composition of capital assets at June 30, 2015:

	Balance June 30, 2014	Prior period Adjustments	Reclassifications	Balance June 30, 2014 (restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2015
Nondepreciable/nonamortizable capital assets:								
Land and land improvements	\$ 3,139	-	-	3,139	-	-	-	3,139
Works of art and historical treasures	91,670	-	113,593	205,263	-	-	-	205,263
Construction work in progress (CWIP)	-	-	-	-	18,890	-	-	18,890
Intangible assets:								
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-
Internally generated intangible assets in progress	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets:								
	-	-	15,500	15,500	-	-	-	15,500
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total intangible assets	-	-	15,500	15,500	-	-	-	15,500
Total nondepreciable/nonamortizable capital assets	94,809	-	129,093	223,902	18,890	-	-	242,792
Depreciable/amortizable capital assets:								
Buildings and building improvements	1,994,294	-	-	1,994,294	20,000	-	-	2,014,294
Improvements, other than buildings	112,963	-	-	112,963	-	-	-	112,963
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	-	-	-	-	-	-	-	-
Personal property:								
Equipment	1,776,924	-	(129,093)	1,647,831	-	(14,000)	-	1,633,831
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets:								
Software and websites	10,361	-	-	10,361	-	-	-	10,361
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyright and trademarks	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets:								
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total intangible assets	10,361	-	-	10,361	-	-	-	10,361
Total depreciable/amortizable capital assets	3,894,542	-	(129,093)	3,765,449	20,000	(14,000)	-	3,771,449
Total capital assets	3,989,351	-	-	3,989,351	38,890	(14,000)	-	4,014,241
Less accumulated depreciation/amortization:								
Buildings and building improvements	(469,040)	-	-	(469,040)	(35,971)	-	-	(505,011)
Improvements, other than buildings	(595,542)	-	-	(595,542)	(4,648)	-	-	(600,190)
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	-	-	-	-	(486)	-	-	(486)
Personal property:								
Equipment	(1,734,310)	-	-	(1,734,310)	(14,847)	14,000	-	(1,735,157)
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets:								
Software and websites	-	-	-	-	(1,036)	-	-	(1,036)
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyright and trademarks	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets:								
Add description	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	(1,036)	-	-	(1,036)
Total accumulated depreciation/amortization	(2,798,892)	-	-	(2,798,892)	(56,988)	14,000	-	(2,841,880)
Total capital assets, net	\$ 1,190,459	-	-	1,190,459	(18,098)	-	-	1,172,361

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3.2 Detail of depreciation and amortization expense for the year ended June 30, 2015:

Depreciation and amortization expense related to capital assets	\$ 56,988
Amortization expense related to other assets	—
Total depreciation and amortization	<u>\$ 56,988</u>

4 Long-term liabilities activity schedule:

	Balance June 30, 2014	Prior period adjustments	Reclassifications	Balance June 30, 2014 (restated)	Additions	Reductions	Balance June 30, 2015	Current portion	Long-term portion
Accrued compensated absences	\$ 70,083	—	—	70,083	63,513	(71,002)	62,594	62,594	—
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	43,430	—	—	43,430	-	(28,864)	14,566	14,566	—
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Total long-term debt obligations	43,430	—	—	43,430	-	(28,864)	14,566	14,566	—
Unamortized bond premium / (discount)	—	—	—	—	-	-	—	—	—
Total long-term debt obligations, net	43,430	—	—	43,430	—	(28,864)	14,566	14,566	—
Total long-term liabilities	<u>\$ 113,513</u>	<u>—</u>	<u>—</u>	<u>113,513</u>	<u>63,513</u>	<u>(99,866)</u>	<u>77,160</u>	<u>77,160</u>	<u>—</u>

5 Future minimum lease payments - capital lease obligations:

	Principal	Interest	Principal and Interest
Year ending June 30:			
2016	-	-	—
2017	-	-	—
2018	-	-	—
2019	-	-	—
2020	-	-	—
2021 - 2025	-	-	—
2026 - 2030	-	-	—
2031 - 2035	-	-	—
2036 - 2040	-	-	—
2041 - 2045	-	-	—
2046 - 2050	-	-	—
2051 - 2055	-	-	—
2056 - 2060	-	-	—
2061 - 2065	-	-	—
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>

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:								
2016	\$ -	-	-	14,566	524	15,090	14,566	524	15,090
2017	-	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-	-
2021 - 2025	-	-	-	-	-	-	-	-	-
2026 - 2030	-	-	-	-	-	-	-	-	-
2031 - 2035	-	-	-	-	-	-	-	-	-
2036 - 2040	-	-	-	-	-	-	-	-	-
2041 - 2045	-	-	-	-	-	-	-	-	-
2046 - 2050	-	-	-	-	-	-	-	-	-
2051 - 2055	-	-	-	-	-	-	-	-	-
2056 - 2060	-	-	-	-	-	-	-	-	-
2061 - 2065	-	-	-	-	-	-	-	-	-
Total	\$ -	-	-	14,566	524	15,090	14,566	524	15,090

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	\$ —	1,172,361	1,172,361
Capitalized lease obligations - current portion	—	—	—
Capitalized lease obligations, net of current portion	—	—	—
Long-term debt obligations - current portion	—	(14,566)	(14,566)
Long-term debt obligations, net of current portion	—	—	—
Portion of outstanding debt that is unspent at year-end	—	—	—
Other adjustments: (please list)			
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Net position - net investment in capital asset	\$ —	1,157,795	1,157,795
7.2 Calculation of net position - Restricted for nonexpendable - endowments			
Portion of restricted cash and cash equivalents related to endowments	\$ —	—	—
Endowment investments	—	19,773,840	19,773,840
Other adjustments: (please list)			
Unrealized gains on investments	—	(4,911,994)	(4,911,994)
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Net position - Restricted for nonexpendable - endowments per SNP	\$ —	14,861,846	14,861,846

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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	\$ 657,160
Payments to University for other than salaries of University personnel	2,032,821
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)	(158,668)
Other amounts (payable to) University (enter as negative number)	(14,566)
Accounts receivable from University	141,690
Other amounts receivable from University	—

9 Other Postemployment Benefits Obligation (OPEB)

Annual required contribution (ARC)	\$ 120,753
Contributions during the year	<u>(11,946)</u>
Increase (decrease) in net OPEB obligation (NOO)	108,807
NOO - beginning of year	2,493,006
NOO - end of year	<u>\$ 2,601,813</u>

10 Pollution remediation liabilities under GASB Statement No. 49:

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

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

	Net Position Class	Amount Dr. (Cr.)
Net position as of June 30, 2014, as previously reported		\$ 34,257,013
Prior period adjustments:		
1 (list description of each adjustment)		—
2 (list description of each adjustment)		—
3 (list description of each adjustment)		—
4 (list description of each adjustment)		—
5 (list description of each adjustment)		—
6 (list description of each adjustment)		—
7 (list description of each adjustment)		—
8 (list description of each adjustment)		—
9 (list description of each adjustment)		—
10 (list description of each adjustment)		—
Net position as of June 30, 2014, as restated		\$ 34,257,013

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)	—	—