

California State University, Bakersfield Foundation

Financial Statements and Supplemental Information

Years Ended June 30, 2020 and 2019



CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Financial Statements and Supplemental Information

Years Ended June 30, 2020 and 2019

Table of Contents

| | Page |
|--|------|
| Independent Auditors' Report | 1 |
| Financial Statements: | |
| Statements of Financial Position | 3 |
| Statements of Activities | 4 |
| Statements of Functional Expenses | 7 |
| Statements of Cash Flows | 9 |
| Notes to Financial Statements | 10 |
| Supplemental Information: | |
| Supplemental Information for Inclusion in the California State University: | |
| Schedule of Net Position | 26 |
| Schedule of Revenues, Expenses, and Changes in Net Position | 28 |
| Other Information | 29 |

INDEPENDENT AUDITORS' REPORT

To the Audit Committee 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, 2020 and 2019, and the related statements of activities, functional expenses, 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 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, 2020 and 2019, 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.

INDEPENDENT AUDITORS' REPORT, CONTINUED

Emphasis of Matter

As described in Note 1 to the financial statements, on March 11, 2020 the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The ultimate financial impact and duration of these events cannot be reasonably estimated at this time. Our opinion is unmodified with respect to that matter.

Report on Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included on pages 26 – 36 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.

Alanich CPAs + Advisors LLP

San Diego, California
September 25, 2020

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

June 30, 2020 and 2019

| | <u>2020</u> | <u>2019</u> |
|--|----------------------|----------------------|
| ASSETS | | |
| Current Assets: | | |
| Cash and cash equivalents | \$ 8,121,592 | \$ 3,907,424 |
| Current portion of promises to give, net of allowance for doubtful promises | 735,298 | 782,364 |
| Accounts receivable, net of allowance for doubtful accounts of \$0 (2020) and \$15,775 (2019) | 6,005 | 7,016 |
| Due from related parties | <u>57,476</u> | <u>99,393</u> |
| Total Current Assets | 8,920,371 | 4,796,197 |
| Non-Current Assets: | | |
| Investments | 32,883,199 | 33,489,942 |
| Promises to give, net of discount and current portion | 459,709 | 787,900 |
| Property and equipment, net of accumulated depreciation | 757,099 | 798,058 |
| Collections | 91,670 | 91,670 |
| Life insurance policies | <u>477,528</u> | <u>427,327</u> |
| Total Non-Current Assets | <u>34,669,205</u> | <u>35,594,897</u> |
| Total Assets | <u>\$ 43,589,576</u> | <u>\$ 40,391,094</u> |
| LIABILITIES AND NET ASSETS | | |
| Current Liabilities: | | |
| Accounts payable | \$ 85,793 | \$ 65,599 |
| Accrued expenses | 16,974 | 24,253 |
| Due to related parties | 101,671 | 240,811 |
| Current portion of accrued post-employment benefits other than pensions | 60,965 | 74,243 |
| Revenue collected in advance | 151,911 | 92,485 |
| Deposits in excess of withdrawals for agency accounts | <u>29,399</u> | <u>45,500</u> |
| Total Current Liabilities | 446,713 | 542,891 |
| Non-Current Liabilities: | | |
| Revenue collected in advance, net of current portion | 1,187,500 | 72,615 |
| Accrued post-employment benefits other than pensions, net of current portion | <u>771,898</u> | <u>1,019,725</u> |
| Total Non-Current Liabilities | <u>1,959,398</u> | <u>1,092,340</u> |
| Total Liabilities | 2,406,111 | 1,635,231 |
| Net Assets: | | |
| Without Donor Restrictions: | | |
| Operating | 5,554,639 | 5,062,883 |
| Board designated endowment | <u>3,458,354</u> | <u>3,586,892</u> |
| | 9,012,993 | 8,649,775 |
| With Donor Restrictions: | | |
| Time restricted only | 186,123 | 105,711 |
| Purpose restricted | 12,257,139 | 12,577,931 |
| Perpetual in nature | <u>19,727,210</u> | <u>17,422,446</u> |
| | <u>32,170,472</u> | <u>30,106,088</u> |
| Total Net Assets | <u>41,183,465</u> | <u>38,755,863</u> |
| Total Liabilities and Net Assets | <u>\$ 43,589,576</u> | <u>\$ 40,391,094</u> |

See accompanying notes to financial statements.

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

Years Ended June 30, 2020 and 2019

| | <u>2020</u> | <u>2019</u> |
|---|----------------------|----------------------|
| Revenue and Other Support: | | |
| Contributions | \$ 4,809,740 | \$ 4,265,031 |
| Investment Income | 399,703 | 756,954 |
| Other | <u>1,769,881</u> | <u>1,766,719</u> |
| Total Revenue and Other Support | 6,979,324 | 6,788,704 |
| Expenses: | | |
| Program services: | | |
| Alumni engagement | 28,702 | 41,560 |
| Athletics | 1,207,137 | 2,625,129 |
| Scholarships and academic support | 2,068,285 | 2,519,278 |
| Endowments | 317,181 | 306,056 |
| Reserves | 186,039 | 1,094,131 |
| Supporting services: | | |
| General and administrative | 385,728 | 421,667 |
| Fundraising | <u>555,827</u> | <u>646,916</u> |
| Total Operating Expenses | <u>4,748,899</u> | <u>7,654,737</u> |
| Change in Net Assets from Operations | 2,230,425 | (866,033) |
| Non-operating Revenues (Expenses): | | |
| Change in post-employment benefits other than pensions | <u>197,177</u> | <u>(18,759)</u> |
| Change in Net Assets | 2,427,602 | (884,792) |
| Net Assets, beginning | <u>38,755,863</u> | <u>39,640,655</u> |
| Net Assets, ending | <u>\$ 41,183,465</u> | <u>\$ 38,755,863</u> |

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

Year Ended June 30, 2020

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|---|---------------------------------------|------------------------------------|----------------------|
| Revenue and Other Support: | | | |
| Contributions | \$ 226,816 | \$ 4,582,924 | \$ 4,809,740 |
| Investment income (loss) | (80,913) | 480,616 | 399,703 |
| Other | 1,048,816 | 721,065 | 1,769,881 |
| Net assets released from restriction | <u>3,720,221</u> | <u>(3,720,221)</u> | <u>-</u> |
| Total Revenue and Other Support | 4,914,940 | 2,064,384 | 6,979,324 |
| Expenses: | | | |
| Program services: | | | |
| Alumni engagement | 28,702 | - | 28,702 |
| Athletics | 1,207,137 | - | 1,207,137 |
| Scholarships and academic support | 2,068,285 | - | 2,068,285 |
| Endowments | 317,181 | - | 317,181 |
| Reserves | 186,039 | - | 186,039 |
| Supporting services: | | | |
| General and administrative | 385,728 | - | 385,728 |
| Fundraising | <u>555,827</u> | <u>-</u> | <u>555,827</u> |
| Total Operating Expenses | <u>4,748,899</u> | <u>-</u> | <u>4,748,899</u> |
| Change in Net Assets from Operations | 166,041 | 2,064,384 | 2,230,425 |
| Non-operating Revenues: | | | |
| Change in post-employment benefits other than pensions | <u>197,177</u> | <u>-</u> | <u>197,177</u> |
| Change in Net Assets | 363,218 | 2,064,384 | 2,427,602 |
| Net Assets, beginning | <u>8,649,775</u> | <u>30,106,088</u> | <u>38,755,863</u> |
| Net Assets, ending | <u>\$ 9,012,993</u> | <u>\$ 32,170,472</u> | <u>\$ 41,183,465</u> |

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

Year Ended June 30, 2019

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|---|---------------------------------------|------------------------------------|----------------------|
| Revenue and Other Support: | | | |
| Contributions | \$ 146,942 | \$ 4,118,089 | \$ 4,265,031 |
| Investment income | 15,319 | 741,635 | 756,954 |
| Other | 1,142,091 | 624,628 | 1,766,719 |
| Net assets released from restriction | <u>5,570,046</u> | <u>(5,570,046)</u> | <u>-</u> |
| Total Revenue and Other Support | 6,874,398 | (85,694) | 6,788,704 |
| Expenses: | | | |
| Program services: | | | |
| Alumni engagement | 41,560 | - | 41,560 |
| Athletics | 2,625,129 | - | 2,625,129 |
| Scholarships and academic support | 2,519,278 | - | 2,519,278 |
| Endowments | 306,056 | - | 306,056 |
| Reserves | 1,094,131 | - | 1,094,131 |
| Supporting services: | | | |
| General and administrative | 421,667 | - | 421,667 |
| Fundraising | <u>646,916</u> | <u>-</u> | <u>646,916</u> |
| Total Operating Expenses | <u>7,654,737</u> | <u>-</u> | <u>7,654,737</u> |
| Change in Net Assets from Operations | (780,339) | (85,694) | (866,033) |
| Non-operating Expenses: | | | |
| Change in post-employment benefits other than pensions | <u>(18,759)</u> | <u>-</u> | <u>(18,759)</u> |
| Change in Net Assets | (799,098) | (85,694) | (884,792) |
| Net Assets, beginning | <u>9,448,873</u> | <u>30,191,782</u> | <u>39,640,655</u> |
| Net Assets, ending | <u>\$ 8,649,775</u> | <u>\$ 30,106,088</u> | <u>\$ 38,755,863</u> |

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Statement of Functional Expenses

Year Ended June 30, 2020

| | Program Services | | | | | Supporting Services | | | | Total |
|--|-------------------|---------------------|-----------------------------------|-------------------|-------------------|------------------------|----------------------------|-------------------|---------------------------|---------------------|
| | Alumni Engagement | Athletics | Scholarships and Academic Support | Endowments | Reserves | Total Program Services | General and Administrative | Fundraising | Total Supporting Services | |
| Scholarships | \$ - | \$ 113,508 | \$ 937,449 | \$ - | \$ - | \$ 1,050,957 | \$ 500 | \$ - | \$ 500 | \$ 1,051,457 |
| Transfers to CSU Bakersfield | - | 78,471 | 485,712 | - | 30,102 | 594,285 | - | - | - | 594,285 |
| Salaries and wages | - | 248,372 | 170,167 | - | - | 418,539 | - | - | - | 418,539 |
| Foundation administration fees | - | - | - | 317,181 | 87,073 | 404,254 | - | - | - | 404,254 |
| Employee benefits | - | 113,130 | 5,871 | - | - | 119,001 | 189,207 | 7,021 | 196,228 | 315,229 |
| Office expense | 11,403 | 50,109 | 82,330 | - | 16,148 | 159,990 | 49,014 | 104,662 | 153,676 | 313,666 |
| Supplies | 6,227 | 33,998 | 184,800 | - | 3,026 | 228,051 | 50,719 | 32,066 | 82,785 | 310,836 |
| Travel | 1,562 | 235,295 | 19,913 | - | 3,795 | 260,565 | 3,684 | 27,436 | 31,120 | 291,685 |
| Events | - | - | 3,616 | - | - | 3,616 | - | 204,869 | 204,869 | 208,485 |
| In-kind expenses | 460 | 148,208 | 5,870 | - | - | 154,538 | 15,600 | - | 15,600 | 170,138 |
| Dues and subscriptions | - | 2,968 | 94,614 | - | - | 97,582 | 14,532 | 22,865 | 37,397 | 134,979 |
| Miscellaneous | 5,359 | 73,939 | 32,586 | - | 5,240 | 117,124 | 3,579 | 12,521 | 16,100 | 133,224 |
| Information technology | - | 7,771 | 427 | - | 40 | 8,238 | 4,764 | 94,906 | 99,670 | 107,908 |
| Other professional fees | - | 26,957 | 17,363 | - | - | 44,320 | 25,195 | 22,344 | 47,539 | 91,859 |
| Advertising and promotion | 58 | 45,212 | 7,993 | - | 108 | 53,371 | 6,026 | 7,286 | 13,312 | 66,683 |
| Accounting | - | - | - | - | - | - | 54,050 | - | 54,050 | 54,050 |
| Depreciation | - | 3,050 | - | - | 37,909 | 40,959 | - | - | - | 40,959 |
| Conference, conventions, and meetings | - | 1,700 | 2,223 | - | - | 3,923 | 1,775 | 17,366 | 19,141 | 23,064 |
| Minor equipment | - | 11,312 | 7,023 | - | 1,608 | 19,943 | 64 | - | 64 | 20,007 |
| Insurance | 1,878 | - | 2,023 | - | 990 | 4,891 | 12,260 | 470 | 12,730 | 17,621 |
| Occupancy | 1,755 | - | 8,305 | - | - | 10,060 | 5,552 | 1,610 | 7,162 | 17,222 |
| Payroll taxes | - | 13,137 | - | - | - | 13,137 | 239 | 405 | 644 | 13,781 |
| Lobbying | - | - | - | - | - | - | 10,000 | - | 10,000 | 10,000 |
| Legal | - | - | - | - | - | - | 1,918 | - | 1,918 | 1,918 |
| Bad debt recoveries | - | - | - | - | - | - | (62,950) | - | (62,950) | (62,950) |
| Total operating expenses | 28,702 | 1,207,137 | 2,068,285 | 317,181 | 186,039 | 3,807,344 | 385,728 | 555,827 | 941,555 | 4,748,899 |
| Change in post-employment benefits other than pensions | - | - | - | - | - | - | (197,177) | - | (197,177) | (197,177) |
| Total expenses | \$ 28,702 | \$ 1,207,137 | \$ 2,068,285 | \$ 317,181 | \$ 186,039 | \$ 3,807,344 | \$ 188,551 | \$ 555,827 | \$ 744,378 | \$ 4,551,722 |

See accompanying notes to financial statements.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Statement of Functional Expenses

Year Ended June 30, 2019

| | Program Services | | | | | Supporting Services | | | | Total |
|--|-------------------|---------------------|-----------------------------------|-------------------|---------------------|------------------------|----------------------------|-------------------|---------------------------|---------------------|
| | Alumni Engagement | Athletics | Scholarships and Academic Support | Endowments | Reserves | Total Program Services | General and Administrative | Fundraising | Total Supporting Services | |
| Transfers to CSU Bakersfield | \$ - | \$ 1,029,357 | \$ 585,553 | \$ - | \$ 915,227 | \$ 2,530,137 | \$ - | \$ - | \$ - | \$ 2,530,137 |
| Scholarships | - | 259,146 | 1,175,916 | - | - | 1,435,062 | - | - | - | 1,435,062 |
| Office expenses | 22,416 | 135,732 | 77,349 | - | 11,289 | 246,786 | 42,590 | 139,900 | 182,490 | 429,276 |
| Salaries and wages | - | 319,661 | 115,672 | - | - | 435,333 | - | 2,344 | 2,344 | 437,677 |
| Foundation administration fees | - | - | - | 306,056 | 86,789 | 392,845 | - | - | - | 392,845 |
| Supplies | 4,157 | 67,950 | 188,204 | - | 8,582 | 268,893 | 54,795 | 38,418 | 93,213 | 362,106 |
| Travel | 1,219 | 230,417 | 37,700 | - | 11,023 | 280,359 | 17 | 30,685 | 30,702 | 311,061 |
| In-kind expenses | - | 197,094 | 6,240 | - | 9,986 | 213,320 | 74,892 | - | 74,892 | 288,212 |
| Events | - | - | 76,886 | - | - | 76,886 | 21,686 | 226,352 | 248,038 | 324,924 |
| Employee benefits | - | 117,698 | 10,102 | - | - | 127,800 | 93,390 | - | 93,390 | 221,190 |
| Miscellaneous | 1,151 | 88,757 | 62,352 | - | 3,548 | 155,808 | 3,098 | 11,040 | 14,138 | 169,946 |
| Other professional fees | - | 66,804 | 42,290 | - | - | 109,094 | 15,365 | 9,509 | 24,874 | 133,968 |
| Dues and subscriptions | 2,100 | 3,218 | 107,424 | - | 2,000 | 114,742 | 7,321 | 19,199 | 26,520 | 141,262 |
| Advertising and promotion | 4,140 | 65,263 | 1,596 | - | - | 70,999 | 8,941 | 49,043 | 57,984 | 128,983 |
| Information technology | - | 1,259 | 1,798 | - | - | 3,057 | 2,601 | 83,364 | 85,965 | 89,022 |
| Conference, conventions, and meetings | - | 12,915 | 8,348 | - | 567 | 21,830 | 3,886 | 18,464 | 22,350 | 44,180 |
| Bad debt | - | - | - | - | - | - | 42,596 | - | 42,596 | 42,596 |
| Depreciation | - | 3,520 | - | - | 37,909 | 41,429 | - | - | - | 41,429 |
| Accounting | - | - | - | - | - | - | 34,450 | - | 34,450 | 34,450 |
| Occupancy | 4,605 | 300 | 12,305 | - | - | 17,210 | 5,122 | 1,507 | 6,629 | 23,839 |
| Payroll taxes | - | 18,102 | 1,255 | - | - | 19,357 | 490 | - | 490 | 19,847 |
| Insurance | 1,772 | 3,357 | 1,652 | - | 43 | 6,824 | 10,427 | 1,169 | 11,596 | 18,420 |
| Minor equipment | - | 4,579 | 6,636 | - | 7,168 | 18,383 | - | - | - | 18,383 |
| Professional fundraising | - | - | - | - | - | - | - | 15,922 | 15,922 | 15,922 |
| Total operating expenses | 41,560 | 2,625,129 | 2,519,278 | 306,056 | 1,094,131 | 6,586,154 | 421,667 | 646,916 | 1,068,583 | 7,654,737 |
| Change in post-employment benefits other than pensions | - | - | - | - | - | - | 18,759 | - | 18,759 | 18,759 |
| Total expenses | \$ 41,560 | \$ 2,625,129 | \$ 2,519,278 | \$ 306,056 | \$ 1,094,131 | \$ 6,586,154 | \$ 440,426 | \$ 646,916 | \$ 1,087,342 | \$ 7,673,496 |

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

Years Ended June 30, 2020 and 2019

| | <u>2020</u> | <u>2019</u> |
|---|---------------------|---------------------|
| Cash Flows from Operating Activities: | | |
| Change in net assets | \$ 2,427,602 | \$ (884,792) |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities: | | |
| Depreciation | 40,959 | 41,429 |
| Donation of investments | (37,888) | (10,620) |
| Gains on investments | (418,160) | (2,007,842) |
| Endowment contributions | 2,304,764 | 248,514 |
| Changes in operating assets and liabilities: | | |
| Receivables | 418,185 | 85,926 |
| Other current assets | - | 733 |
| Life insurance policies | (50,201) | 100,895 |
| Accounts payable and accrued expenses | 12,915 | (34,376) |
| Other liabilities | 757,965 | (139,251) |
| Net Cash Provided (Used) by Operating Activities | 5,456,141 | (2,599,384) |
| Cash Flows from Investing Activities: | | |
| Purchases of investments | (4,374,286) | (6,486,818) |
| Proceeds from sale of investments | 5,437,077 | 9,583,153 |
| Net Cash Provided by Investing Activities | 1,062,791 | 3,096,335 |
| Cash Flows from Financing Activities: | | |
| Endowment contributions | (2,304,764) | (248,514) |
| Net Increase in Cash and Cash Equivalents | 4,214,168 | 248,437 |
| Cash and Cash Equivalents, beginning | 3,907,424 | 3,658,987 |
| Cash and Cash Equivalents, ending | \$ <u>8,121,592</u> | \$ <u>3,907,424</u> |

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2020 and 2019

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.

New Accounting Pronouncements

In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*. This standard update clarifies and improves the scope and the accounting guidance for contributions received and contributions made under U.S. generally accepted accounting principles (US GAAP). Effective July 1, 2019, the Foundation adopted ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*.

Management has analyzed the provisions of the FASB's ASC Topic 958, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, and has concluded that no changes are necessary to conform with the new standard.

In March 2017, the FASB issued ASU 2017-07, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost (Topic 715)*. This standard update was issued primarily to improve the presentation of net periodic pension cost and net periodic postretirement benefit cost. The amendments in this update require that an employer report the service cost component in the same line item or items as other compensation costs arising from services rendered by the pertinent employees during the period. The other components of net benefit cost are required to be presented in the statement of activities separately from the service cost component and outside a subtotal of change in net assets from operating activities, if one is presented.

Management has analyzed the provisions of the FASB's Topic 715, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*, and has adjusted the presentation for the years ended June 30, 2020 and 2019 to present service cost related to the postretirement plan as a portion of the benefits expense and all other components as change in post-employment benefits other than pensions as shown in the statements of activities and statements of functional expenses.

The Foundation has used the practical expedient provided by ASU 2017-07 of using amounts disclosed in the Post-Employment Benefits Other Than Pensions note in the June 30, 2019 financial statements as the estimation basis for applying the retrospective requirements of the ASU.

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.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2020 and 2019

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

Use of Estimates

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

Income Taxes

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

The Foundation follows accounting standards generally accepted in the United States of America related to the recognition of uncertain tax positions. The Foundation recognizes accrued interest and penalties associated with uncertain tax positions as part of the statements of activities, when applicable. Management has determined that the Foundation has no uncertain tax positions at June 30, 2020 and 2019 and therefore no amounts have been accrued.

Cash and Cash Equivalents

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

Promises to Give

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

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. No allowance was considered necessary as of June 30, 2020 as management believes all amounts are collectible.

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.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2020 and 2019

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

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 years ended June 30, 2020 and 2019. Capitalized collections are not depreciated.

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 fair market value as of year-end.

Revenue Recognition

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 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.

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 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.

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.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2020 and 2019

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

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.

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, 2020 and 2019.

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.

Real assets: Valued at market value by the fund manager.

Future Accounting Standards

The FASB has issued two substantial ASUs which will become effective in future years.

The amendments in ASU 2014-09 *Revenue from Contracts with Customers* and subsequent updates require that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Adoption of the new standard is to be applied on a full retrospective basis or modified retrospective basis. The Foundation is in the process of assessing how this new ASU and subsequent updates will affect the Foundation's reporting of revenues, effective July 1, 2020. This assessment includes determining the effect of the new standard on the Foundation's financial statements, accounting systems, business processes, and internal controls. Based on its assessment to date, the Foundation does not currently expect adoption to have a material effect on their revenues. Adoption of ASU 2014-09 will also require enhanced financial statement disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

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 25, 2020, which is the date the financial statements were available to be issued.

In the second and third quarter of calendar year 2020, the Foundation saw a decline in the number of engagement, stewardship, cultivation, and fundraising events and in-person meetings as a result of safety restrictions implemented due to COVID-19. Continued safety measures prevent in-person activities for the foreseeable future, which will likely have an impact on fundraising and engagement efforts. In addition, due to the economic uncertainty surrounding the industries in which many of the Foundation's donors are employed, fundraising activity will likely be impacted.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2020 and 2019

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.

| | <u>2020</u> | <u>2019</u> |
|--|----------------------------|----------------------------|
| Cash and cash equivalents | \$ 8,121,592 | \$ 3,907,424 |
| Promises to give, net | 1,195,007 | 1,570,264 |
| Accounts receivable, net | 6,005 | 7,016 |
| Due from related parties | 57,476 | 99,393 |
| Investments | 32,883,199 | 33,489,942 |
| Anticipated distributions from endowments | <u>960,318</u> | <u>908,230</u> |
| Total financial assets | 43,223,597 | 39,982,269 |
| Less amounts not available to be used within one year: | | |
| Restricted by donor with purpose or time restrictions | (32,084,339) | (30,068,805) |
| Board designations: quasi-endowment fund, primarily for long-term investing | <u>(3,458,354)</u> | <u>(3,586,892)</u> |
| Financial assets available to meet cash needs for general expenditures within one year | \$ <u><u>7,680,904</u></u> | \$ <u><u>6,326,572</u></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 \$3,458,354 and \$3,586,892 at June 30, 2020 and 2019. 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.

Three donors comprised 56% and four donors comprised 79% of promises to give at June 30, 2020 and 2019, respectively. Two donors comprised 58% and 32% of contributions for the years ended June 30, 2020 and 2019, respectively.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2020 and 2019

Note 4 – Investments and Fair Value Measurement

Investments consist of the following as of June 30, 2020:

| | Level 1 | Level 2 | Level 3 | NAV | Total |
|-----------------------------------|----------------------|---------------------|-------------|----------------------|----------------------|
| Common stock | \$ 47,729 | \$ - | \$ - | \$ - | \$ 47,729 |
| Certificates of deposit | - | 824,416 | - | - | 824,416 |
| Corporate bonds | - | 296,918 | - | - | 296,918 |
| Government securities | - | 503,433 | - | - | 503,433 |
| Mutual funds: | | | | | |
| Large cap | 1,608,326 | - | - | - | 1,608,326 |
| Domestic | 5,495,372 | - | - | - | 5,495,372 |
| International | 1,901,883 | - | - | - | 1,901,883 |
| Nontraditional | 3,128,565 | - | - | - | 3,128,565 |
| Emerging markets | 585,480 | - | - | - | 585,480 |
| Strategic investment group equity | - | - | - | 7,922,256 | 7,922,256 |
| Strategic investment group bonds | - | - | - | 3,146,505 | 3,146,505 |
| Alternative investments: | | | | | |
| Hedge funds | - | - | - | 6,916,108 | 6,916,108 |
| Real assets | - | - | - | 506,208 | 506,208 |
| | <u>\$ 12,767,355</u> | <u>\$ 1,624,767</u> | <u>\$ -</u> | <u>\$ 18,491,077</u> | <u>\$ 32,883,199</u> |

Investments consist of the following as of June 30, 2019:

| | Level 1 | Level 2 | Level 3 | NAV | Total |
|-----------------------------------|----------------------|---------------------|-------------|----------------------|----------------------|
| Common stock | \$ 39,286 | \$ - | \$ - | \$ - | \$ 39,286 |
| Certificates of deposit | - | 1,408,964 | - | - | 1,408,964 |
| Mutual funds: | | | | | |
| Large cap | 1,670,603 | - | - | - | 1,670,603 |
| Domestic | 5,969,551 | - | - | - | 5,969,551 |
| International | 2,848,890 | - | - | - | 2,848,890 |
| Nontraditional | 2,122,091 | - | - | - | 2,122,091 |
| Emerging markets | 610,417 | - | - | - | 610,417 |
| Strategic investment group equity | - | - | - | 7,945,283 | 7,945,283 |
| Strategic investment group bonds | - | - | - | 3,256,567 | 3,256,567 |
| Alternative investments: | | | | | |
| Hedge funds | - | - | - | 7,156,124 | 7,156,124 |
| Real assets | - | - | - | 462,166 | 462,166 |
| | <u>\$ 13,260,838</u> | <u>\$ 1,408,964</u> | <u>\$ -</u> | <u>\$ 18,820,140</u> | <u>\$ 33,489,942</u> |

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2020 and 2019

Note 4 – Investments and Fair Value Measurement, continued

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

| | <u>Fair value at June 30, 2020</u> | <u>Unfunded commitment</u> | <u>Redemption frequency</u> | <u>Redemption notice period</u> |
|--|--|--------------------------------|---------------------------------|-------------------------------------|
| Ironwood Inst MS Hedge Fund [a] | \$ 1,431,100 | none | semi-annually | 120 days |
| Skybridge Multi-advisor Hedge Fund [b] | 891,619 | none | quarterly | 60 days |
| Hamilton Lane PMOF I [c] | 915,777 | 639,640 | none | none |
| Strategic Funds Alpha Portfolio [d] | 3,677,612 | none | monthly | 1 month |
| Real Assets [d] | 506,208 | none | monthly | 1 month |
| Strategic Funds Equity [d] | 7,922,256 | none | monthly | 1 month & 1 business day |
| Strategic Funds Bonds [d] | 3,146,505 | none | monthly | 1 month & 1 business 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] Hamilton Lane PMOF I is a diversified private equity fund of funds. Liquidity occurs as underlying private equity investments are sold.

[d] Strategic Funds 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, 2019</u> | <u>Unfunded commitment</u> | <u>Redemption frequency</u> | <u>Redemption notice period</u> |
|--|--|--------------------------------|---------------------------------|-------------------------------------|
| Ironwood Inst MS Hedge Fund [a] | \$ 1,386,221 | none | semi-annually | 120 days |
| Skybridge Multi-advisor Hedge Fund [b] | 1,126,630 | none | quarterly | 60 days |
| Hamilton Lane PMOF I [c] | 721,457 | 818,074 | none | none |
| Strategic Funds Alpha Portfolio [d] | 3,921,816 | none | monthly | 1 month |
| Real Assets [d] | 462,166 | none | monthly | 1 month |
| Strategic Funds Equity [d] | 7,945,283 | none | monthly | 1 month & 1 business day |
| Strategic Funds Bonds [d] | 3,256,567 | none | monthly | 1 month & 1 business 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] Hamilton Lane PMOF I is a diversified private equity fund of funds. Liquidity occurs as underlying private equity investments are sold.

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

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2020 and 2019

Note 5 – Promises to Give

Promises to give consist of the following:

| | <u>2020</u> | <u>2019</u> |
|---|---------------------|---------------------|
| Due in less than one year | \$ 850,083 | \$ 1,171,813 |
| Due in one to five years | 340,734 | 731,089 |
| Due in more than five years | <u>236,000</u> | <u>150,000</u> |
| Gross promises to give | 1,426,817 | 2,052,902 |
| Less: | | |
| Allowance for doubtful promises to give | (114,785) | (389,449) |
| Discount on promises to give (average imputed rate of 3%) | <u>(117,025)</u> | <u>(93,189)</u> |
| Promises to give, net | <u>\$ 1,195,007</u> | <u>\$ 1,570,264</u> |

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

| | <u>2020</u> | <u>2019</u> |
|-------------|---------------------|---------------------|
| Current | \$ 735,298 | \$ 782,364 |
| Non-current | <u>459,709</u> | <u>787,900</u> |
| | <u>\$ 1,195,007</u> | <u>\$ 1,570,264</u> |

Note 6 – Property and Equipment

Property and equipment consist of the following:

| | <u>2020</u> | <u>2019</u> |
|-------------------------------|--------------------|--------------------|
| Equipment | \$ 1,571,775 | \$ 1,598,724 |
| Buildings and improvements | 1,588,494 | 1,588,494 |
| Leasehold improvements | <u>72,963</u> | <u>72,963</u> |
| | 3,233,232 | 3,260,181 |
| Less accumulated depreciation | <u>(2,479,272)</u> | <u>(2,465,262)</u> |
| | 753,960 | 794,919 |
| Land | <u>3,139</u> | <u>3,139</u> |
| | <u>\$ 757,099</u> | <u>\$ 798,058</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 years ended June 30, 2020 and 2019, the benefit obligation contribution was made by CSU Bakersfield.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2020 and 2019

Note 8 – Post-Employment Benefits Other Than Pensions

The Foundation provides postretirement health care benefits through CalPERS to full-time employees who have retired 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 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, 2020:

Net periodic postretirement benefit cost included the following components for the years ended June 30, 2020 and 2019:

| | <u>2020</u> | <u>2019</u> |
|--|--------------------|--------------------|
| Service cost | \$ - | \$ - |
| Interest cost | 42,274 | 44,272 |
| Amortization net gain | <u>(132,141)</u> | <u>(129,421)</u> |
| Net periodic postretirement benefit cost | <u>\$ (89,867)</u> | <u>\$ (85,149)</u> |

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

| | <u>2020</u> | <u>2019</u> |
|---|-------------|-------------|
| Discount rate | 4.00% | 4.00% |
| Expected long-term rate of return | N/A | N/A |
| Health care cost trend rate: | | |
| Present rate before 65 | 5.25% | 5.75% |
| Present rate 65 and older | 5.25% | 5.75% |
| 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>2020</u> | <u>2019</u> |
|----------|-------------------|---------------------|
| Retirees | <u>\$ 832,863</u> | <u>\$ 1,093,968</u> |

Funded status:

| | <u>2020</u> | <u>2019</u> |
|---|-------------------|---------------------|
| Beginning accrued postretirement benefit obligation | \$ 1,093,968 | \$ 1,144,427 |
| Actuarial gain (loss) | (105,441) | 106,574 |
| Retiree contributions: | | |
| Net periodic postretirement cost | (89,867) | (85,149) |
| Estimated benefit payments | <u>(65,797)</u> | <u>(71,884)</u> |
| Ending accrued postretirement benefit obligation | <u>\$ 832,863</u> | <u>\$ 1,093,968</u> |

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2020 and 2019

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

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

| | <u>2020</u> | <u>2019</u> |
|---|-------------|-------------|
| Discount rate | 4.00% | 4.00% |
| Health care cost trend rate: | | |
| Present rate before 65 | 5.00% | 5.25% |
| Present rate 65 and older | 5.00% | 5.25% |
| 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 2020:

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

The expected contribution for the next 10 years:

| | |
|-----------|---------|
| 2021 | 60,965 |
| 2022 | 60,353 |
| 2023 | 60,049 |
| 2024 | 59,982 |
| 2025 | 54,317 |
| 2025-2029 | 260,332 |

An actuarial study is completed annually. The schedule presented above is based on the study completed on August 20, 2020 as of and for the year then ended June 30, 2020.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2020 and 2019

Note 9 – Restricted Net Assets

Net assets with donor restrictions consist of the following:

| | <u>2020</u> | <u>2019</u> |
|--|----------------------|----------------------|
| Purpose restrictions: | | |
| Academic programs | \$ 6,487,534 | \$ 5,561,739 |
| Scholarships | 4,056,057 | 5,061,746 |
| Athletic programs | <u>704,664</u> | <u>489,893</u> |
| | 11,248,255 | 11,113,378 |
| Time restricted: | | |
| Athletic programs | 524,962 | 877,280 |
| Scholarships | 428,223 | 419,969 |
| Academic programs | 55,699 | 167,304 |
| General use | <u>186,123</u> | <u>105,711</u> |
| | 1,195,007 | 1,570,264 |
| Endowments: | | |
| Subject to appropriation and expenditure when a specified event occurs | | |
| Scholarships | 9,955,598 | 9,833,075 |
| Academic programs | <u>9,771,612</u> | <u>7,589,371</u> |
| | <u>19,727,210</u> | <u>17,422,446</u> |
| | <u>\$ 32,170,472</u> | <u>\$ 30,106,088</u> |

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:

| | <u>2020</u> | <u>2019</u> |
|---------------------------------------|---------------------|---------------------|
| Satisfaction of purpose restrictions: | | |
| Athletic programs | \$ 1,384,351 | \$ 2,822,144 |
| Academic programs | 1,150,546 | 1,417,309 |
| Scholarships | <u>1,045,654</u> | <u>1,305,892</u> |
| | 3,580,551 | 5,545,345 |
| Satisfaction of time restrictions: | | |
| General use | <u>139,670</u> | <u>24,701</u> |
| | <u>\$ 3,720,221</u> | <u>\$ 5,570,046</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 accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2020 and 2019

Note 10 – Endowments, continued

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 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 of up to 5.25%, inclusive of the Foundation's 1.25% investment management fee. The spending rate 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, 5.25% 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 generally accepting accounting principles deficits of this nature are reported as net assets without donor restrictions.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2020 and 2019

Note 10 – Endowments, continued

As of June 30, 2020, the endowment net assets composition by type of fund consisted of the following:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|-------------------------------|----------------------------|----------------------|
| Board designated endowment funds | \$ 3,458,354 | \$ - | \$ 3,458,354 |
| Donor designated funds: | | | |
| Original donor-restricted gift amount required to be maintained in perpetuity by donor | - | 19,727,210 | 19,727,210 |
| Accumulated investment gains | - | 3,758,491 | 3,758,491 |
| | <u>\$ 3,458,354</u> | <u>\$ 23,485,701</u> | <u>\$ 26,944,055</u> |

As of June 30, 2019, the endowment net assets composition by type of fund consisted of the following:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|-------------------------------|----------------------------|----------------------|
| Board designated endowment funds | \$ 3,586,892 | \$ - | \$ 3,586,892 |
| Donor designated funds: | | | |
| Original donor-restricted gift amount required to be maintained in perpetuity by donor | - | 17,422,446 | 17,422,446 |
| Accumulated investment gains | - | 4,464,736 | 4,464,736 |
| | <u>\$ 3,586,892</u> | <u>\$ 21,887,182</u> | <u>\$ 25,474,074</u> |

The changes in endowment net assets for the year ended June 30, 2020, consisted of the following:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|-------------------------------|----------------------------|----------------------|
| Endowment net assets, beginning of year | \$ 3,586,892 | \$ 21,887,182 | \$ 25,474,074 |
| Contributions | - | 2,304,764 | 2,304,764 |
| Appropriated expenditures | (204,128) | (1,089,353) | (1,293,481) |
| Investment return, net | 75,590 | 383,108 | 458,698 |
| Endowment net assets, end of year | <u>\$ 3,458,354</u> | <u>\$ 23,485,701</u> | <u>\$ 26,944,055</u> |

The changes in endowment net assets for the year ended June 30, 2019, consisted of the following:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|-------------------------------|----------------------------|----------------------|
| Endowment net assets, beginning of year | \$ 3,666,603 | \$ 22,063,149 | \$ 25,729,752 |
| Contributions | 20,866 | 248,514 | 269,380 |
| Transfer to endowment (Note 11) | - | 79,921 | 79,921 |
| Appropriated expenditures | (199,854) | (1,141,266) | (1,341,120) |
| Investment return, net | 99,277 | 636,864 | 736,141 |
| Endowment net assets, end of year | <u>\$ 3,586,892</u> | <u>\$ 21,887,182</u> | <u>\$ 25,474,074</u> |

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2020 and 2019

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 nine donor-restricted endowment funds, which together have an original gift value of \$2,877,692, a current fair value of \$2,723,299, and a deficiency of \$154,393 as of June 30, 2020. Deficiencies of this nature exist in four donor-restricted endowment funds, which together have an original gift value of \$216,451, a current fair value of \$176,271, and a deficiency of \$40,180 as of June 30, 2019. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new contributions for donor-restricted endowment funds.

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 \$67,259 and \$1,000 from underwater endowment funds during the years ended June 30, 2020 and 2019, respectively.

Note 11 – Donor Transfers

During the year ended June 30, 2019 donors changed their gifts from those that were temporary in nature to those that were perpetual in nature. As a result, \$79,921 was transferred to the endowment during the year ended June 30, 2019, where funds will be maintained in perpetuity. There were no such transfers for the year ended June 30, 2020.

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 administering grants on behalf of the campus.

Associated Students, California State University, Bakersfield, Inc. (Associated Students) functions to benefit the student body of the University by operating various campus programs. The Foundation pays the Associated Students for these services as provided by the student body.

California State University, Bakersfield Student-centered Enterprises, Inc. (Student-centered Enterprises) functions to benefit the student body of the University by operating various campus programs. Student-centered Enterprises provides facilities for the Foundation to conduct its operations. The Foundation pays Student-centered Enterprises for the use of these facilities as provided by the student body. Student-centered Enterprises also provides program services for student services for the Children's Center. The Foundation pays Student-centered Enterprises for these services as provided by the student body.

Transactions for the years ended June 30, 2020 and 2019 with related parties are reflected in the accompanying financial statements as follows:

| | <u>2020</u> | <u>2019</u> |
|-----------------------------------|-------------------|-------------------|
| Revenue: | | |
| University: | | |
| Student services | \$ 554,545 | \$ 580,752 |
| Program fees | 25,512 | 13,459 |
| Sponsored Programs Administration | 4,812 | 5,223 |
| Associated Students | 1,354 | 1,324 |
| Student-centered Enterprises | <u>3,220</u> | <u>4,874</u> |
| | <u>\$ 589,443</u> | <u>\$ 605,632</u> |

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION**Notes to Financial Statements**

Years Ended June 30, 2020 and 2019

Note 12 – Transactions with Related Parties, continued

| | <u>2020</u> | <u>2019</u> |
|-----------------------------------|---------------------|---------------------|
| Expenses: | | |
| University: | | |
| Scholarships | \$ 1,040,183 | \$ 1,275,074 |
| Administrative services | 900,787 | 3,248,773 |
| Interest | - | 26,984 |
| Sponsored Programs Administration | 346,036 | 48 |
| Associated Students | 20,495 | 206,252 |
| Student-centered Enterprises | 10,827 | 51,284 |
| | <u>\$ 2,318,328</u> | <u>\$ 4,808,415</u> |
| Due from: | | |
| University | \$ 56,268 | \$ 99,069 |
| Associated Students | 1,208 | - |
| Student-centered Enterprises | - | 324 |
| | <u>\$ 57,476</u> | <u>\$ 99,393</u> |
| Due to: | | |
| University | \$ 97,705 | \$ 54,132 |
| Associated Students | - | 155,009 |
| Student-centered Enterprises | 3,966 | 31,670 |
| | <u>\$ 101,671</u> | <u>\$ 240,811</u> |

Note 13 – Risks and Uncertainties

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

Note 14 – Conditional Contributions

Conditional contributions consisted of the following at June 30, 2020 and 2019:

| | <u>2020</u> | <u>2019</u> |
|---|---------------------|---------------------|
| Energy and Engineering Innovation Center | \$ 5,037,500 | \$ 3,050,000 |
| Grimm Family Center for Agricultural Business | 3,000,000 | - |
| Icardo Plaza Center | 400,000 | 400,000 |
| Other academic programs | 198,615 | 165,100 |
| | <u>\$ 8,636,115</u> | <u>\$ 3,615,100</u> |

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2020 and 2019

Note 14 – Conditional Contributions, continued

Conditional contributions received for the construction of the Energy and Engineering Innovation Center are conditional on approval of the University's construction plans by the Chancellor's Office. Conditional contributions received for the Grimm Family Center for Agricultural Business are conditional on meeting specific performance criteria that support the operations of the Grimm Family Center for Agricultural Business. Conditional contributions received for the Icardo Plaza Center are conditional on initial improvements to the Icardo Plaza Center being substantially completed. Conditional contributions received for other academic 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 \$8,636,115 and \$3,611,500 conditional portions of contributions have not been recognized in the statements of activities for the years ended June 30, 2020 and 2019, respectively.

Note 15 – Reclassifications

Certain items in the 2019 financial statements have been reclassified to conform to current year classifications, specifically the natural and functional classifications in the statements of functional expenses and activities. In addition, certain items have been reclassified as revenue collected in advance in the statements of activities. Such reclassifications had no effect on previously reported changes in net assets.

SUPPLEMENTAL INFORMATION

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION**Schedule of Net Position**

June 30, 2020

(for inclusion in the California State University)

Assets:**Current assets:**

| | |
|---|------------------|
| Cash and cash equivalents | 8,121,592 |
| Short-term investments | - |
| Accounts receivable, net | 63,481 |
| Capital lease receivable, current portion | - |
| Notes receivable, current portion | - |
| Pledges receivable, net | 735,298 |
| Prepaid expenses and other current assets | - |
| Total current assets | 8,920,371 |

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 | 459,709 |
| Endowment investments | 25,266,863 |
| Other long-term investments | 7,616,336 |
| Capital assets, net | 848,769 |
| Other assets | 477,528 |
| Total noncurrent assets | 34,669,205 |
| Total assets | 43,589,576 |

Deferred outflows of resources:

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

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION**Schedule of Net Position**

June 30, 2020

(for inclusion in the California State University)

Liabilities:**Current liabilities:**

| | |
|---|---------|
| Accounts payable | 85,793 |
| Accrued salaries and benefits | - |
| Accrued compensated absences, current portion | - |
| Unearned revenues | 181,310 |
| 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 | 179,610 |

Total current liabilities446,713**Noncurrent liabilities:**

| | |
|--|-----------|
| Accrued compensated absences, net of current portion | - |
| Unearned revenues | 1,187,500 |
| 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 | 771,898 |
| Net pension liability | - |
| Other liabilities | - |

Total noncurrent liabilities1,959,398**Total liabilities**2,406,111**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 | 848,769 |
| Restricted for: | |
| Nonexpendable – endowments | 19,727,210 |
| Expendable: | |
| Scholarships and fellowships | 4,484,280 |
| Research | - |
| Loans | - |
| Capital projects | - |
| Debt service | - |
| Others | 7,958,982 |
| Unrestricted | 8,164,224 |
| Total net position | <u><u>41,183,465</u></u> |

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

June 30, 2020

(for inclusion in the California State University)

Revenues:**Operating revenues:**

Student tuition and fees, gross -

Scholarship allowances (enter as negative) -

Grants and contracts, noncapital:

Federal -

State -

Local -

Nongovernmental -

Sales and services of educational activities -

Sales and services of auxiliary enterprises, gross -

Scholarship allowances (enter as negative) -

Other operating revenues 1,769,881

Total operating revenues 1,769,881**Expenses:****Operating expenses:**

Instruction 30,363

Research -

Public service -

Academic support -

Student services 2,207,755

Institutional support 1,374,011

Operation and maintenance of plant 44,354

Student grants and scholarships 1,051,457

Auxiliary enterprise expenses -

Depreciation and amortization 40,959

Total operating expenses 4,748,899**Operating income (loss)** (2,979,018)**Nonoperating revenues (expenses):**

State appropriations, noncapital -

Federal financial aid grants, noncapital -

State financial aid grants, noncapital -

Local financial aid grants, noncapital -

Nongovernmental and other financial aid grants, noncapital -

Other federal nonoperating grants, noncapital -

Gifts, noncapital 2,504,976

Investment income (loss), net (80,913)

Endowment income (loss), net 480,616

Interest expense -

Other nonoperating revenues (expenses) - excl. interagency transfers 197,177

Net nonoperating revenues (expenses) 3,101,856**Income (loss) before other revenues (expenses)** 122,838

State appropriations, capital -

Grants and gifts, capital -

Additions (reductions) to permanent endowments 2,304,764

Increase (decrease) in net position 2,427,602**Net position:**

Net position at beginning of year, as previously reported 38,755,863

Restatements -

Net position at beginning of year, as restated 38,755,863**Net position at end of year** 41,183,465

See independent auditors' report.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Other Information

June 30, 2020

(for inclusion in the California State University)

1 Cash and cash equivalents:

| | |
|---|----------------------------|
| Portion of restricted cash and cash equivalents related to endowments | \$ - |
| All other restricted cash and cash equivalents | - |
| Noncurrent restricted cash and cash equivalents | <u>-</u> |
| Current cash and cash equivalents | <u>8,121,592</u> |
| Total | <u>\$ 8,121,592</u> |

2.1 Composition of investments:

| Investment Type | Current | Noncurrent | Fair Value |
|--|-------------|-------------------|-------------------|
| Money market funds | - | - | - |
| Repurchase agreements | - | - | - |
| Certificates of deposit | - | 824,416 | 824,416 |
| U.S. agency securities | - | 232,163 | 232,163 |
| U.S. treasury securities | - | 271,270 | 271,270 |
| Municipal bonds | - | - | - |
| Corporate bonds | - | 3,443,423 | 3,443,423 |
| Asset backed securities | - | - | - |
| Mortgage backed securities | - | - | - |
| Commercial paper | - | - | - |
| Mutual funds | - | 12,719,626 | 12,719,626 |
| Exchange traded funds | - | - | - |
| Equity securities | - | 7,969,985 | 7,969,985 |
| Alternative investments: | | | |
| Private equity (including limited partnerships) | - | - | - |
| Hedge funds | - | 6,916,108 | 6,916,108 |
| Managed futures | - | - | - |
| Real estate investments (including REITs) | - | - | - |
| Commodities | - | - | - |
| Derivatives | - | - | - |
| Other alternative investment | - | 506,208 | 506,208 |
| 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 | - | - | - |
| Total investments | - | 32,883,199 | 32,883,199 |
| Less endowment investments (enter as negative number) | - | (25,266,863) | (25,266,863) |
| Total investments, net of endowments | \$ - | 7,616,336 | 7,616,336 |

See independent auditors' report.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Other Information

June 30, 2020

(for inclusion in the California State University)

2.2 Fair value hierarchy in investments:

| Investment Type | Fair Value | 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 | 824,416 | - | 824,416 | - | - |
| U.S. agency securities | 232,163 | - | 232,163 | - | - |
| U.S. treasury securities | 271,270 | - | 271,270 | - | - |
| Municipal bonds | - | - | - | - | - |
| Corporate bonds | 3,443,423 | - | 296,918 | - | 3,146,505 |
| Asset backed securities | - | - | - | - | - |
| Mortgage backed securities | - | - | - | - | - |
| Commercial paper | - | - | - | - | - |
| Mutual funds | 12,719,626 | 12,719,626 | - | - | - |
| Exchange traded funds | - | - | - | - | - |
| Equity securities | 7,969,985 | 47,729 | - | - | 7,922,256 |
| Alternative investments: | | | | | |
| Private equity (including limited partnerships) | - | - | - | - | - |
| Hedge funds | 6,916,108 | - | - | - | 6,916,108 |
| Managed futures | - | - | - | - | - |
| Real estate investments (including REITs) | - | - | - | - | - |
| Commodities | - | - | - | - | - |
| Derivatives | - | - | - | - | - |
| Other alternative investment | 506,208 | - | - | - | 506,208 |
| 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 | \$ - | - | - | - | - |
| Total investments | 32,883,199 | 12,767,355 | 1,624,767 | - | 18,491,077 |

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, 2020

(for inclusion in the California State University)

3.1 Composition of capital assets:

| | Balance June 30, 2019 | Reclassifications | Prior Period Additions | Prior Period Retirements | Balance June 30, 2019 (Restated) | Additions | Retirements | Transfer of completed CWIP/PWIP | Balance June 30, 2020 |
|---|--------------------------|-------------------|---------------------------|-----------------------------|--|-----------|-----------------|---------------------------------------|--------------------------|
| Non-depreciable/Non-amortizable capital assets: | | | | | | | | | |
| Land and land improvements | \$ 3,139 | - | - | - | \$ 3,139 | - | - | - | \$ 3,139 |
| Works of art and historical treasures | 205,263 | - | - | - | 205,263 | - | - | - | 205,263 |
| Construction work in progress (CWIP) | - | - | - | - | - | - | - | - | - |
| 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 |
| Total intangible assets | 15,500 | - | - | - | 15,500 | - | - | - | 15,500 |
| Total non-depreciable/non-amortizable capital assets | \$ 223,902 | - | - | - | \$ 223,902 | - | - | - | \$ 223,902 |
| Depreciable/Amortizable capital assets: | | | | | | | | | |
| 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 | 1,598,724 | - | - | - | 1,598,724 | - | (26,949) | - | 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: | - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - |
| Total Other intangible assets: | - | - | - | - | - | - | - | - | - |
| Total intangible assets | - | - | - | - | - | - | - | - | - |
| Total depreciable/amortizable capital assets | 3,260,181 | - | - | - | 3,260,181 | - | (26,949) | - | 3,233,232 |
| Total capital assets | \$ 3,484,083 | - | - | - | \$ 3,484,083 | - | (26,949) | - | \$ 3,457,134 |

See independent auditors' report.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Other Information

June 30, 2020

(for inclusion in the California State University)

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

| | | | | | | | | | |
|--|--------------------|---|---|---|--------------------|-----------------|---------------|---|--------------------|
| Buildings and building improvements | (620,164) | - | - | - | (620,164) | (34,208) | - | - | (654,372) |
| Improvements, other than buildings | (37,242) | - | - | - | (37,242) | (3,648) | - | - | (40,890) |
| Infrastructure | - | - | - | - | - | - | - | - | - |
| Leasehold improvements | (232,323) | - | - | - | (232,323) | - | - | - | (232,323) |
| Personal property: | - | - | - | - | - | - | - | - | - |
| Equipment | (1,704,626) | - | - | - | (1,704,626) | (3,103) | 26,949 | - | (1,680,780) |
| Library books and materials | - | - | - | - | - | - | - | - | - |
| Intangible assets: | - | - | - | - | - | - | - | - | - |
| Software and websites | - | - | - | - | - | - | - | - | - |
| Rights and easements | - | - | - | - | - | - | - | - | - |
| Patents, copyrights and trademarks | - | - | - | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - | - | - | - |
| Other intangible assets: | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - |
| Total Other intangible assets: | - | - | - | - | - | - | - | - | - |
| Total intangible assets | - | - | - | - | - | - | - | - | - |
| Total accumulated depreciation/amortization | (2,594,355) | - | - | - | (2,594,355) | (40,959) | 26,949 | - | (2,608,365) |
| Total capital assets, net | \$ 889,728 | - | - | - | \$ 889,728 | (40,959) | - | - | 848,769 |

3.2 Detail of depreciation and amortization expense:

| | |
|---|------------------|
| Depreciation and amortization expense related to capital assets | \$ 40,959 |
| Amortization expense related to other assets | - |
| Total depreciation and amortization | \$ 40,959 |

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Other Information

June 30, 2020

(for inclusion in the California State University)

4 Long-term liabilities:

| | Balance June 30, 2019 | Prior Period Adjustments/Reclass ifications | Balance June 30, 2019 (Restated) | Additions | Reductions | Balance June 30, 2020 | Current Portion | Noncurrent Portion |
|--|--------------------------|---|--|-----------|------------|--------------------------|-----------------|--------------------|
| 1. Accrued compensated absences | \$ - | - | - | - | - | \$ - | - | \$ - |
| 2. Claims liability for losses and loss adjustment | - | - | - | - | - | - | - | - |
| 3. Capital lease obligations: | | | | | | | | |
| Gross balance | - | - | - | - | - | - | - | - |
| Unamortized net premium/(discount) | - | - | - | - | - | - | - | - |
| Total capital lease obligations | \$ - | - | - | - | - | - | - | - |
| 4. Long-term debt obligations: | | | | | | | | |
| 4.1 Auxiliary revenue bonds (non-SRB related) | \$ - | - | - | - | - | - | - | - |
| 4.2 Commercial paper | - | - | - | - | - | - | - | - |
| 4.3 Notes payable (SRB related) | - | - | - | - | - | - | - | - |
| 4.4 Others: | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - |
| Total others | - | - | - | - | - | - | - | - |
| Sub-total long-term debt | \$ - | - | - | - | - | - | - | - |
| 4.5 Unamortized net bond premium/(discount) | - | - | - | - | - | - | - | - |
| Total long-term debt obligations | - | - | - | - | - | - | - | - |
| Total long-term liabilities | \$ - | - | - | - | - | \$ - | - | \$ - |

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 |
| Year ending June 30: | | | | | | | | | |
| 2021 | - | - | - | - | - | - | - | - | - |
| 2022 | - | - | - | - | - | - | - | - | - |
| 2023 | - | - | - | - | - | - | - | - | - |
| 2024 | - | - | - | - | - | - | - | - | - |
| 2025 | - | - | - | - | - | - | - | - | - |
| 2026 - 2030 | - | - | - | - | - | - | - | - | - |
| 2031 - 2035 | - | - | - | - | - | - | - | - | - |
| 2036 - 2040 | - | - | - | - | - | - | - | - | - |
| 2041 - 2045 | - | - | - | - | - | - | - | - | - |
| 2046 - 2050 | - | - | - | - | - | - | - | - | - |
| Thereafter | - | - | - | - | - | - | - | - | - |
| Total minimum lease payments | \$ - | - | - | - | - | - | - | - | - |
| Less: amounts representing interest | | | | | | | | | - |
| Present value of future minimum lease payments | | | | | | | | | - |
| Unamortized net premium/(discount) | | | | | | | | | - |
| Total capital lease obligations | | | | | | | | | - |
| Less: current portion | | | | | | | | | - |
| Capital lease obligations, net of current portion | | | | | | | | | \$ - |

See independent auditors' report.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Other Information

June 30, 2020

(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 |
| Year ending June 30: | | | | | | | | | |
| 2021 | - | - | - | - | - | - | - | - | - |
| 2022 | - | - | - | - | - | - | - | - | - |
| 2023 | - | - | - | - | - | - | - | - | - |
| 2024 | - | - | - | - | - | - | - | - | - |
| 2025 | - | - | - | - | - | - | - | - | - |
| 2026 - 2030 | - | - | - | - | - | - | - | - | - |
| 2031 - 2035 | - | - | - | - | - | - | - | - | - |
| 2036 - 2040 | - | - | - | - | - | - | - | - | - |
| 2041 - 2045 | - | - | - | - | - | - | - | - | - |
| 2046 - 2050 | - | - | - | - | - | - | - | - | - |
| Thereafter | - | - | - | - | - | - | - | - | - |
| Total minimum payments | \$ - | - | - | - | - | - | - | - | - |
| Less: amounts representing interest | | | | | | | | | - |
| Present value of future minimum payments | | | | | | | | | - |
| Unamortized net premium/(discount) | | | | | | | | | - |
| Total long-term debt obligations | | | | | | | | | - |
| Less: current portion | | | | | | | | | - |
| Long-term debt obligations, net of current portion | | | | | | | | | - |

7 Transactions with related entities:

| | |
|--|-----------|
| Payments to University for salaries of University personnel working on contracts, grants, and other programs | 370,701 |
| Payments to University for other than salaries of University personnel | 1,570,269 |
| Payments received from University for services, space, and programs | 580,057 |
| 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) | (97,705) |
| Other amounts (payable to) University (enter as negative number) | |
| Accounts receivable from University (enter as positive number) | 56,268 |
| Other amounts receivable from University (enter as positive number) | |

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Other Information

June 30, 2020

(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 | Enter transaction description | - |
| | | - |
| | | - |
| | | - |
| | | - |
| | | - |
| | | - |
| | | - |
| | | - |
| | | - |
| | | - |
| | | - |
| | | - |
| Restatement #2 | Enter transaction description | - |
| | | - |
| | | - |
| | | - |
| | | - |
| | | - |
| | | - |
| | | - |
| | | - |
| | | - |
| | | - |

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 | 5,037 | 73 | - | - | - | 25,253 | - | 30,363 |
| Research | - | - | - | - | - | - | - | - |
| Public service | - | - | - | - | - | - | - | - |
| Academic support | - | - | - | - | - | - | - | - |
| Student services | 413,502 | 118,928 | - | - | - | 1,675,325 | - | 2,207,755 |
| Institutional support | - | 196,228 | - | - | - | 1,177,783 | - | 1,374,011 |
| Operation and maintenance of plant | - | - | - | - | - | 44,354 | - | 44,354 |
| Student grants and scholarships | - | - | - | - | 1,051,457 | - | - | 1,051,457 |
| Auxiliary enterprise expenses | - | - | - | - | - | - | - | - |
| Depreciation and amortization | - | - | - | - | - | - | 40,959 | 40,959 |
| Total operating expenses | \$ 418,539 | 315,229 | - | - | 1,051,457 | 2,922,715 | 40,959 | 4,748,899 |

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Other Information

June 30, 2020

(for inclusion in the California State University)

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 | <u>-</u> |
| Total deferred outflows of resources | <u>\$</u> <u>-</u> |

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 | <u>-</u> |
| Total deferred inflows of resources | <u>\$</u> <u>-</u> |