

California State University, Bakersfield Foundation

Financial Statements and Supplemental Information

Year Ended June 30, 2022



CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Financial Statements and Supplemental Information

Year Ended June 30, 2022

Table of Contents

	Page
Independent Auditor's Report	1
Financial Statements:	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to Financial Statements	8
Supplemental Information:	
Supplemental Information for Inclusion in the California State University:	
Schedule of Net Position	24
Schedule of Revenues, Expenses, and Changes in Net Position	26
Other Information	27
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	34

INDEPENDENT AUDITOR'S REPORT

To the Audit Committee
California State University, Bakersfield Foundation

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of California State University, Bakersfield Foundation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of California State University, Bakersfield Foundation as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of California State University, Bakersfield Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Correction of Errors

As discussed in Note 17 to the financial statements, errors were identified during the current year related to the misclassification in prior years of certain net asset balances which were incorrectly recorded as net assets without donor restrictions instead of net assets with donor restrictions. Accordingly, the amounts reported for net assets with donor restrictions and net assets without donor restrictions have been restated as of June 30, 2021 to correct the errors. Our opinion is not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about California State University, Bakersfield Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

INDEPENDENT AUDITOR'S REPORT, CONTINUED

Auditor's Responsibilities for the Audit of the Financial Statements, continued

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 California State University, Bakersfield Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about California State University, Bakersfield Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental information shown on page 24-33 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 supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2022, on our consideration of California State University, Bakersfield Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of California State University, Bakersfield Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering California State University, Bakersfield Foundation's internal control over financial reporting and compliance.

Aldrich CPAs + Advisors LLP

San Diego, California
September 21, 2022

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Statement of Financial Position

June 30, 2022

ASSETS

Current Assets:

Cash and cash equivalents	\$ 13,041,393
Current portion of promises to give, net of allowance for doubtful promises	3,151,468
Accounts receivable	162
Due from related parties	81,728
Total Current Assets	16,274,751

Non-Current Assets:

Investments	33,767,551
Promises to give, net of discount and current portion	4,748,178
Property and equipment, net of accumulated depreciation	41,797
Collections	91,670
Life insurance policy	2,739
Total Non-Current Assets	38,651,935

Total Assets **\$ 54,926,686**

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable	\$ 127,124
Accrued expenses	4,642
Due to related parties	1,194,514
Revenue collected in advance	80,814
Current portion of accrued post-employment benefits other than pensions	58,696
Total Current Liabilities	1,465,790

Non-Current Liabilities:

Accrued post-employment benefits other than pensions, net of current portion	706,838
Total Non-Current Liabilities	706,838
Total Liabilities	2,172,628

Net Assets:

Without donor restrictions:

Operating	(2,574,027)
Board designated endowments	4,076,274
	1,502,247

With donor restrictions:

Time restricted	5,060
Purpose restricted	20,226,286
Endowments - accumulated investment gains	4,044,700
Endowments - perpetual in nature	26,975,765
	51,251,811

Total Net Assets **52,754,058**

Total Liabilities and Net Assets **\$ 54,926,686**

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Statement of Activities

Year Ended June 30, 2022

Revenue and Other Support:	
Contributions	\$ 10,717,055
Contributed nonfinancial assets (Note 11)	3,196,642
Other	945,987
Investment loss	<u>(4,848,421)</u>
Total Revenue and Other Support	10,011,263
Expenses:	
Program services:	
Alumni engagement	45,362
Athletics	1,652,812
Scholarships and academic support	7,384,565
Supporting services:	
General and administrative	1,577,506
Fundraising	<u>2,512,167</u>
Total Operating Expenses	<u>13,172,412</u>
Loss from Operations	(3,161,149)
Non-Operating Expenses and Losses:	
Change in post-employment benefits other than pensions	(7,973)
Change in donors' agreements (Note 14)	<u>(206,127)</u>
Total Non-Operating Expenses and Losses	<u>(214,100)</u>
Change in Net Assets	(3,375,249)
Net Assets, beginning	<u>56,129,307</u>
Net Assets, ending	<u>\$ 52,754,058</u>

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

Year Ended June 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and Other Support:			
Contributions	\$ 42,202	\$ 10,674,853	\$ 10,717,055
Contributed nonfinancial assets (Note 11)	3,055,011	141,631	3,196,642
Other	395,451	550,536	945,987
Investment loss	(719,877)	(4,128,544)	(4,848,421)
Net assets released from restriction	<u>8,766,665</u>	<u>(8,766,665)</u>	<u>-</u>
Total Revenue and Other Support	11,539,452	(1,528,189)	10,011,263
Expenses:			
Program services:			
Alumni engagement	45,362	-	45,362
Athletics	1,652,812	-	1,652,812
Scholarships and academic support	7,384,565	-	7,384,565
Supporting services:			
General and administrative	1,577,506	-	1,577,506
Fundraising	<u>2,512,167</u>	<u>-</u>	<u>2,512,167</u>
Total Operating Expenses	<u>13,172,412</u>	<u>-</u>	<u>13,172,412</u>
Loss from Operations	(1,632,960)	(1,528,189)	(3,161,149)
Non-Operating Expenses and Losses:			
Change in post-employment benefits other than pensions	(7,973)	-	(7,973)
Change in donors' agreements (Note 14)	<u>-</u>	<u>(206,127)</u>	<u>(206,127)</u>
Total Non-Operating Expenses and Losses	<u>(7,973)</u>	<u>(206,127)</u>	<u>(214,100)</u>
Change in Net Assets	(1,640,933)	(1,734,316)	(3,375,249)
Net Assets, beginning as previously stated	10,722,357	45,406,950	56,129,307
Restatements (Note 17)	<u>(7,579,177)</u>	<u>7,579,177</u>	<u>-</u>
Net Assets, beginning as restated	<u>3,143,180</u>	<u>52,986,127</u>	<u>56,129,307</u>
Net Assets, ending	<u>\$ 1,502,247</u>	<u>\$ 51,251,811</u>	<u>\$ 52,754,058</u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Statement of Functional Expenses

Year Ended June 30, 2022

	Program Services				Supporting Services			Total
	Alumni Engagement	Athletics	Scholarships and Academic Support	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	
Operating Expenses:								
Transfers to CSU Bakersfield	\$ 500	\$ 112,388	\$ 5,806,291	\$ 5,919,179	\$ -	\$ -	\$ -	\$ 5,919,179
University contract expenses (Note 11)	-	-	-	-	1,004,069	2,050,942	3,055,011	3,055,011
Scholarships	24,168	834,180	746,473	1,604,821	-	-	-	1,604,821
Salaries and wages	450	265,268	251,396	517,114	-	-	-	517,114
Employee benefits	-	101,213	14,903	116,116	217,265	22,554	239,819	355,935
Supplies and services	2,810	26,268	192,261	221,339	44,760	29,790	74,550	295,889
Office expense	6,812	53,239	54,442	114,493	45,174	95,603	140,777	255,270
Travel	1,057	80,917	39,227	121,201	4,981	17,668	22,649	143,850
Contributed nonfinancial asset expenses	200	66,682	74,749	141,631	-	-	-	141,631
Dues and subscriptions	2,913	150	90,048	93,111	17,750	25,040	42,790	135,901
Other professional fees	6,139	11,800	58,366	76,305	5,036	49,006	54,042	130,347
Advertising and promotion	151	700	1,821	2,672	67,786	57,849	125,635	128,307
Miscellaneous	-	78,890	21,293	100,183	-	2,492	2,492	102,675
Information technology	-	-	19,653	19,653	9,444	65,247	74,691	94,344
Conference, conventions, and meetings	-	-	5,042	5,042	7,907	40,640	48,547	53,589
Events	-	-	2,224	2,224	-	48,210	48,210	50,434
Bad debt	-	-	-	-	44,329	-	44,329	44,329
Accounting	-	-	-	-	39,940	-	39,940	39,940
Depreciation	-	3,050	-	3,050	30,317	-	30,317	33,367
Payroll taxes	-	16,801	-	16,801	-	1,799	1,799	18,600
Occupancy	162	-	6,183	6,345	5,037	3,803	8,840	15,185
Minor equipment	-	1,266	-	1,266	12,995	200	13,195	14,461
Insurance	-	-	193	193	10,551	1,324	11,875	12,068
Legal	-	-	-	-	10,165	-	10,165	10,165
Total operating expenses	45,362	1,652,812	7,384,565	9,082,739	1,577,506	2,512,167	4,089,673	13,172,412
Non-Operating Expenses:								
Change in post-employment benefits other than pensions	-	-	-	-	7,973	-	7,973	7,973
Total expenses	\$ 45,362	\$ 1,652,812	\$ 7,384,565	\$ 9,082,739	\$ 1,585,479	\$ 2,512,167	\$ 4,097,646	\$ 13,180,385

See accompanying notes to financial statements.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Statement of Cash Flows

Year Ended June 30, 2022

Cash Flows from Operating Activities:	
Change in net assets	\$ (3,375,249)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	33,367
Transfer of property and equipment to the University	641,222
Loss on investments	4,665,258
Endowment contributions	2,972,918
Changes in operating assets and liabilities:	
Promises to give	(2,767,221)
Accounts receivable	(79,204)
Life insurance policy	684,512
Accounts payable and accrued expenses	9,600
Other liabilities	<u>(1,895,303)</u>
Net Cash Provided by Operating Activities	889,900
Cash Flows from Investing Activities:	
Purchases of investments	(29,376,129)
Proceeds from sale of investments	<u>35,724,353</u>
Net Cash Provided by Investing Activities	6,348,224
Cash Flows Used by Financing Activities:	
Endowment contributions	<u>(2,972,918)</u>
Net Increase in Cash and Cash Equivalents	4,265,206
Cash and Cash Equivalents, beginning	<u>8,776,187</u>
Cash and Cash Equivalents, ending	<u>\$ 13,041,393</u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Year Ended June 30, 2022

Note 1 - Organization and Summary of Significant Accounting Policies

Nature of Activities

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

New Accounting Pronouncement

In September 2020, the Financial Accounting Standard Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*. The purpose of ASU 2020-07 is to clarify the presentation and disclosure of contributed nonfinancial assets with an intention to provide the reader of the financial statements a clearer understanding of what type of nonfinancial assets were received and how they are used and recognized by the Foundation. During the year ended June 30, 2022, the Foundation adopted ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*.

Management has analyzed the provisions of the FASB's ASU Topic 958, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* and has included the necessary disclosure in Note 11.

Financial Statement Presentation

The financial statements of the Foundation have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), which require the Foundation to report information regarding their financial position and activities according to the following net asset classifications:

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

Use of Estimates

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

Income Taxes

The Foundation is a qualified nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. However, the Foundation remains subject to taxes on any net income which is derived from a trade or business, regularly carried on, and unrelated to its exempt purpose. The Foundation is not a private foundation.

The Foundation follows accounting standards generally accepted in the United States of America related to the recognition of uncertain tax positions. The Foundation recognizes accrued interest and penalties associated with uncertain tax positions as part of the statement of activities, when applicable. Management has determined that the Foundation has no uncertain tax positions at June 30, 2022 and therefore, no amounts have been accrued.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Year Ended June 30, 2022

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

Cash and Cash Equivalents

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

Promises to Give

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

Accounts Receivable

Accounts receivable arise in the normal course of operations. It is the policy of management to review the outstanding accounts receivable at year-end, as well as the bad debt write-offs experienced in the past, and establish an allowance for doubtful accounts for uncollectible amounts. No allowance was considered necessary as of June 30, 2022 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 statement of financial position. The fair value is determined using quoted market prices. Alternative investments, for which quoted market prices are not readily available, are valued at fair value by the investment manager based on factors deemed relevant by the manager including, but not limited to, market conditions, purchase price, estimated liquidation value, restrictions on transfer and meaningful third party transactions in the private market. Because of the inherent uncertainty of valuations, the estimated fair values may differ significantly from the values that would have been used had a ready market for such investments existed or had such investments been liquidated, and those differences could be material. Purchases and sales of securities are recorded on the basis at which traded on that date. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses are included in the change in net assets in the statement of activities.

Property and Equipment

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

Collections

The Foundation capitalizes its collections at cost, if purchased, and at appraised or fair value at the date of accession, if donated. There were no acquisitions for the year ended June 30, 2022. Capitalized collections are not depreciated. The University Policy on the Collection and Installation of Art requires funds realized from deaccession sales be used to benefit the University art collection. In the event that the Foundation disposed of collection items, proceeds could be used for the acquisition of new collection items or direct care of existing collections. Direct care of existing collections includes, but is not limited to, costs that enhance the life, usefulness, or quality of the collection.

Life Insurance Policies

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

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Year Ended June 30, 2022

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

Revenue Recognition

Contributions – Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement 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.

Contributed Nonfinancial Assets – Contributions of services and tangible assets are recognized at fair market value when received. Contributed nonfinancial assets are recognized as net assets without donor restrictions unless donor stipulation requires them to be recognized as net assets with donor restrictions.

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

Advertising

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

Functional Allocation of Expenses

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

Fair Value Measurements

The Foundation defines fair value as the exchange price that would be received for an asset or paid for a liability in the principal or most advantageous market. The Foundation applies fair value measurements to assets and liabilities that are required to be recorded at fair value under U.S. GAAP. Fair value measurement techniques maximize the use of observable inputs and minimize the use of unobservable inputs, and are categorized in a fair value hierarchy based on the transparency of inputs.

The three levels are defined as follows:

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

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

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

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

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Year Ended June 30, 2022

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

Fair Value Measurements, continued

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

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2022.

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

Mutual funds 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.

Private equity and private real estate – Valued at net asset value per share.

Future Accounting Standards

The FASB has issued a substantial ASU, which will become effective during the year ended June 30, 2023.

In February 2016, the FASB issued ASU No. 2016-02 *Leases*. The primary change in U.S. 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 21, 2022, which is the date the financial statements were available to be issued.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Year Ended June 30, 2022

Note 2 - Liquidity and Availability

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

Cash and cash equivalents	\$ 13,041,393
Promises to give, net	7,899,646
Accounts receivable	162
Due from related parties	81,728
Investments	33,767,551
Anticipated distributions from endowments	<u>1,207,060</u>
Total financial assets	55,997,540
Less amounts not available to be used within one year:	
Restricted by donor with time or purpose restrictions	(51,251,811)
Board designations: quasi-endowment fund, primarily for long-term investing	<u>(4,076,274)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 669,455</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 money market funds. The Foundation has a quasi-endowment of \$4,076,274, of which \$2,062,614 is designated for general operations. 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, by an action voted on by the board of directors.

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, corporate bonds, and mutual funds. The Foundation has established guidelines relative to diversification and maturities that target certain safety and liquidity risk levels. These guidelines are periodically reviewed and modified.

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

Two donors comprised 31% of promises to give at June 30, 2022 and two donors comprised 35% of contributions for the year ended June 30, 2022.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Year Ended June 30, 2022

Note 4 - Investments and Fair Value Measurement

Investments consist of the following:

	Level 1	Level 2	Level 3	NAV	Total
Corporate bonds	\$ -	\$ 1,526,373	\$ -	\$ -	\$ 1,526,373
Government securities:					
U.S. Agency securities	-	5,932,096	-	-	5,932,096
U.S. Treasury securities	-	393,702	-	-	393,702
Mutual funds:					
Large cap	9,271,082	-	-	-	9,271,082
Domestic	1,138,406	-	-	-	1,138,406
International	4,636,578	-	-	-	4,636,578
Mid cap	773,408	-	-	-	773,408
Nontraditional	1,518,543	-	-	-	1,518,543
Emerging markets	2,668,109	-	-	-	2,668,109
Alternative investments:					
Hedge funds	-	-	-	3,281,325	3,281,325
Private equity	-	-	-	1,413,830	1,413,830
Private real estate	-	-	-	1,214,099	1,214,099
	<u>\$ 20,006,126</u>	<u>\$ 7,852,171</u>	<u>\$ -</u>	<u>\$ 5,909,254</u>	<u>\$ 33,767,551</u>

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

	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Ironwood Inst MS Hedge Fund [a]	\$ 1,056,103	none	semi-annually	95 calendar days
Hamilton Lane PMOF I [b]	1,381,330	\$ 412,926	none	none
Blackstone BREIT [c]	828,628	none	monthly	T-3 business days
Coatue Offshore Fund, Ltd. [d]	441,661	none	quarterly	45 calendar days
Cooper Square Offshore Fund, Ltd. [e]	447,719	none	quarterly	60 days
Starboard Value and Opportunity Fund [f]	506,087	none	quarterly	90 days
Schonfeld Fundamental Equity Fund [g]	361,760	none	quarterly	45 days
SEG Partners Offshore, Ltd. [h]	467,995	none	quarterly	60 days
HarbourVest Co-Investment VI LP [i]	32,500	617,500	none	none
Bridge Workforce & Affordable Housing Fund II LP [j]	385,471	267,040	none	none

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

[b] Hamilton Lane PMOF I is a diversified private equity fund of funds. Liquidity occurs as underlying private equity investments are sold.

[c] Blackstone BREIT is a 1933 Act non-traded perpetual life real estate investment trust (REIT). The fund focuses on investing in stabilized, income-generating commercial real estate in the U.S. and is diversified across property types.

[d] Coatue Offshore Fund, Ltd. is a long/short hedge fund, focused on the technology, media and telecommunications sectors.

[e] Cooper Square Offshore Fund, Ltd. is an international equity focused long/short hedge fund that utilizes a bottom-up research approach to invest in companies across sectors and market capitalizations.

[f] Starboard Value and Opportunity Fund Ltd. is an event-driven hedge fund that seeks to invest in undervalued companies and actively engage with management teams and boards of directors to identify and execute on opportunities to unlock value.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Year Ended June 30, 2022

Note 4 - Investments and Fair Value Measurement, continued

[g] Schonfeld Fundamental Equity Fund is a multi-manager platform equity market neutral hedge fund that invests with the majority of Schonfeld Strategic Advisors LLC's fundamental discretionary PMs and a subset of its tactical strategy managers.

[h] SEG Partners Offshore, Ltd. is a U.S.-focused long/short equity hedge fund that utilizes a bottom-up research approach to invest in companies across sectors and market capitalizations.

[i] HarbourVest Co-Investment VI LP is a global private equity fund of direct co-investments primarily in the buyout and growth equity spaces.

[j] Bridge Workforce & Affordable Housing Fund II LP is a value-add private real estate fund that focuses on the multi-family sector. Their investments seek to preserve, rehabilitate and develop workforce and affordable housing assets in high-growth U.S. markets.

Note 5 - Promises to Give

Promises to give consist of the following:

Due in less than one year	\$ 3,372,361
Due in one to five years	4,456,035
Due in more than five years	<u>674,000</u>
Gross promises to give	8,502,396
Less:	
Allowance for doubtful promises to give	(220,893)
Discount on promises to give (average imputed rate of 3%)	<u>(381,857)</u>
Promises to give, net	<u>\$ 7,899,646</u>

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

Current	\$ 3,151,468
Non-current	<u>4,748,178</u>
	<u>\$ 7,899,646</u>

Note 6 - Property and Equipment

Property and equipment consist of the following:

Equipment	\$ 1,571,775
Leasehold improvements	232,323
Improvements, other than buildings	72,963
Buildings and building improvements	<u>12,127</u>
	1,889,188
Less accumulated depreciation	<u>(1,850,530)</u>
	38,658
Land	<u>3,139</u>
	<u>\$ 41,797</u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Year Ended June 30, 2022

Note 7 - Defined Benefit Pension Plan

In previous years, the Foundation contributed to the Public Employees' Retirement System of the State of California (CalPERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating public agencies in California. During the year ended June 30, 2022, the benefit obligation contribution was made by CSU Bakersfield.

Note 8 - Post-Employment Benefits Other Than Pensions

The Foundation no longer has direct employees that qualify for postretirement health care benefits through CalPERS and instead utilizes services from the University to fulfill its needs. However, these benefits are provided to previous direct employees of the Foundation who retired prior to this operational change. Continued participation in the existing health and dental plans is offered. Once the individual is eligible for Medicare, coverage may be continued in the CalPERS health plan by enrolling in a supplement to Medicare or a Managed Medicare Plan. The following information is based on an actuarial study performed as of June 30, 2022:

Net periodic postretirement benefit cost included the following components:

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

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

Discount rate	4.00%
Expected long-term rate of return	N/A
Health care cost trend rate:	
Present rate before 65	7.00%
Present rate 65 and older	5.00%
Ultimate rate before age 65 (year reached)	5.00%
Ultimate rate age 65 and older (year reached)	5.00%

Accumulated postretirement and projected benefit obligation:

Retirees	\$	<u>765,534</u>
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Funded status:

Beginning accrued postretirement benefit obligation	\$	815,216
Actuarial loss		107,719
Retiree contributions:		
Net periodic postretirement cost		(99,746)
Estimated benefit payments		<u>(57,655)</u>
Ending accrued postretirement benefit obligation	\$	<u>765,534</u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Year Ended June 30, 2022

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

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

Discount rate	4.50%
Health care cost trend rate:	
Present rate before 65	6.75%
Present rate 65 and older	5.00%
Ultimate rate before age 65 (year reached)	5.00%
Ultimate rate age 65 and older (year reached)	5.00%

The expected net periodic postretirement benefit cost for fiscal year 2023:

Service cost	\$	-
Interest cost		33,128
Amortization of unrecognized net gain		<u>(117,667)</u>
Net periodic postretirement benefit costs	\$	<u><u>(84,539)</u></u>

The expected contribution for the next 10 years:

2023	\$	58,696
2024		60,384
2025		54,023
2026		54,936
2027		55,692
2028-2030		250,145

An actuarial study is completed annually. The schedule presented above is based on the study completed on August 5, 2022, as of and for the year then ended June 30, 2022.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Year Ended June 30, 2022

Note 9 - Net Assets

Net assets without donor restrictions includes operating net asset deficits due to postretirement benefit liabilities.

Net assets with donor restrictions consist of the following:

Time restrictions:

General use	\$ 5,060
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Purpose restrictions:

Promises to give:

Academic programs	4,315,036
Scholarships	1,045,559
Athletic programs	396,958
Academic programs	10,991,301
Scholarships	1,766,038
Athletic programs	1,711,394
	<u>20,226,286</u>

Endowments:

Promises to give:

Academic programs	1,746,939
Athletic programs	198,522
Scholarships	191,572
Academic programs	15,111,680
Scholarships	13,145,501
Athletic programs	626,251
	<u>31,020,465</u>

\$ 51,251,811

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

Satisfaction of time and purpose restrictions:

Athletic programs	\$ 6,420,698
Scholarships	1,611,841
Academic programs	728,896
	<u>8,761,435</u>

Satisfaction of time restrictions:

General use	5,230
	<u>\$ 8,766,665</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 board-designated endowment funds.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Year Ended June 30, 2022

Note 10 - Endowments, continued

The Foundation's endowments consist of funds established for a variety of purposes. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation retains in perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not retained in perpetuity is subject to appropriation for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

Spending policy: The Foundation's spending policy allocates total earnings from the portfolio between current spending and reinvestment for future earnings and has been designed with three objectives in mind: (a) provide current programs with a predictable, stable stream of revenues; (b) ensure that the purchasing power of real value of this revenue stream does not decline over time; and (c) ensure that the purchasing power or real value of the endowment assets does not decline over time. The cost of current operating programs will likely increase over time at least as fast as inflation.

If the endowment is to cover a reasonably constant portion of current operating expenses, endowment spending must increase at least as fast as inflation. The Foundation's policy is designed to preserve both the purchasing power of their endowments and of their endowment withdrawals. Such a policy also ensures that the competing needs of current and future generations of students and faculty are in financial equilibrium. Lastly, the Foundation has adopted an annual spend amount equal to 4.00% based upon the spend formula, in addition to the Foundation's 1.00% investment management fee. The spend formula is computed based on the historical three year rolling-average of the endowment's fiscal year-end market value, one year before the fiscal year in which the spend is available commencing July 1.

Investment policy: The objective is to promote growth in the investment funds sufficient to offset normal inflation plus reasonable spending, thereby preserving the constant-dollar value and purchasing power of the funds for future generations, and to preserve the principal of operating cash and reserves while producing market-level income. The total annualized rate of return objective for the full portfolio shall be, net of all investment asset expenses, 5.00% greater than the rate of inflation, as measured by the Consumer Price Index.

At times, the fair value of assets associated with these endowment funds may fall below the level that the donors require the Foundation to retain as funds of perpetual duration. These deficiencies result from unfavorable market fluctuations.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Year Ended June 30, 2022

Note 10 - Endowments, continued

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

	Without Donor Restrictions	With Donor Restrictions	Total
Board designated endowment funds	\$ 4,076,274	\$ -	\$ 4,076,274
Donor designated funds:			
Original donor-restricted gift amount required to be maintained in perpetuity by donor	-	26,975,765	26,975,765
Accumulated investment gains	-	4,044,700	4,044,700
	<u>\$ 4,076,274</u>	<u>\$ 31,020,465</u>	<u>\$ 35,096,739</u>

The changes in endowment net assets consisted of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year as restated (Note 17)	\$ 1,546,157	\$ 33,480,391	\$ 35,026,548
Contributions	3,468,956	2,972,918	6,441,874
Appropriated expenditures	(280,701)	(1,447,563)	(1,728,264)
Investment return, net	(658,138)	(3,985,281)	(4,643,419)
Endowment net assets, end of year	<u>\$ 4,076,274</u>	<u>\$ 31,020,465</u>	<u>\$ 35,096,739</u>

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 eight donor designated endowment funds, which together have an original gift value of \$5,823,835, a current fair value of \$5,653,417, and a deficiency of \$170,418 as of June 30, 2022.

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 \$73,090 from underwater endowment funds during the year ended June 30, 2022.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Year Ended June 30, 2022

Note 11 - Contributed Nonfinancial Assets

For the year ended June 30, 2022, contributed nonfinancial assets recognized within the statement of activities include:

University contract services:	
University employee services:	
Fundraising services	\$ 1,986,292
General and administrative services	972,419
Rent of University facilities:	
Fundraising services	64,650
General and administrative services	31,650
	<hr/>
	3,055,011
Other supplies and services:	
Equipment	71,314
Services	34,899
Food and beverage	30,318
Artwork	4,900
Gift cards	200
	<hr/>
	141,631
	<hr/>
Total contributed nonfinancial assets	\$ <u>3,196,642</u>

The Foundation recognized contributed nonfinancial assets within revenue, including University contract services for employee services and facility rental that the University provides to support the operations of the Foundation. Contributed nonfinancial assets also include contributions for equipment, services, food and beverage, artwork, and gift cards. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

University contract services include facilities and University employees who provide direct supporting and indirect other services for the Foundation. University employees provide services such as human resources, facilities management, information technology and other administrative services as appropriate. These services are valued at the estimated fair value in the financial statements based on the estimated employee cost incurred to provide those services. The Foundation uses University facilities to provide space for the University employees who provide direct supporting services on behalf of the Foundation. The Foundation paid no rent to the University and has recognized a contributed nonfinancial asset equal to the fair market value of this rent for similar facilities.

Contributed nonfinancial assets identified as other supplies and services contributions were utilized by the Athletic, Academic Support, and Alumni programs. The Athletic program utilized both equipment and food and beverage contributions. Equipment was also utilized by the Academic Support program. Artwork was utilized in the Academic Support program. Gift cards were utilized in the Alumni program. In valuing food and beverage, the Foundation estimated the fair value on the basis of wholesale values and comparable sales prices. In valuing equipment, artwork, and gift cards, the Foundation estimated fair value on the basis of comparable sales prices.

Contributed nonfinancial assets also include contributions related to medic standby services from an ambulance company at Athletic events and Health Services clinics. These services are valued and reported at the estimated fair value based on current rates for similar medical services.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Year Ended June 30, 2022

Note 12 - Transactions with Related Parties

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

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

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

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

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

Payments received from:

University:

Student services	\$	626,230
Program fees		37,521
Sponsored Programs Administration		24,818
Associated Students		544
Student-centered Enterprises		576
	\$	<u>689,689</u>

Payments to:

University:

Funding for capital projects	\$	5,086,630
Scholarships		972,653
Administrative services		938,094
Sponsored Programs Administration		70,491
Associated Students		633,928
Student-centered Enterprises		10,797
	\$	<u>7,712,593</u>

Due from related parties:

University	\$	80,708
Associated Students		444
Student-centered Enterprises		576
	\$	<u>81,728</u>

Due to related parties:

University	\$	1,192,554
Student-centered Enterprises		1,960
	\$	<u>1,194,514</u>

For the year ended June 30, 2022, of the \$633,928 reported as payments to Associated Students, \$630,664 is related to scholarship payments which were reimbursed by the Foundation and are reported in program services on the statement of activities and scholarships expense on the statement of functional expenses.

In addition to the related party transactions noted above, the Foundation also recorded University contract services revenue and expense in the amount of \$3,055,011, as noted in Note 11.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Year Ended June 30, 2022

Note 13 - Risks and Uncertainties

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

Note 14 - Change in Donors' Agreements

The Foundation entered into revised gift agreements with two donors during the year ended June 30, 2022. These agreements updated the terms and conditions of the promises to give and contributions that were previously recognized in prior years. The adjustment of \$206,127 has been recognized as change in donors' agreements in the statement of activities.

Note 15 - Conditional Contributions

Conditional contributions consisted of the following:

Student scholarships	\$ 1,290,000
Other programs	<u>160,814</u>
	<u>\$ 1,450,814</u>

Conditional contributions received for student scholarships are conditional on successful annual review. Conditional contributions received for other programs are conditional on the substantial completion of various program objectives.

A conditional contribution does not meet the standard for revenue recognition. As such, collectively, the \$1,450,814 conditional portion of contributions has not been recognized in the statement of activities for the year ended June 30, 2022.

As of June 30, 2022, \$80,814 of conditional contributions have been collected in advance, and are reported as revenue collected in advance on the statement of financial position. The Foundation expects all conditions to be met within the next fiscal year.

The Foundation receives bequests, intentions, and other types of planned gift communications from donors which are conditional due to dependence upon a future event. Neither the timing nor the amount of the promise is clearly determinable. These gifts are not recognized as contributions until they become unconditional promises to give. At present, value cannot be determined.

Note 16 - Contingency

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

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Year Ended June 30, 2022

Note 17 - Prior Period Adjustments

During the year ended June 30, 2022, it was determined that net asset classifications for some funds were not properly classified in prior years. Net assets as of the beginning of the fiscal year have been adjusted to the proper net asset classifications. The correction had no effect on the results of the current year's activities, however, the cumulative effect decreased net assets without donor restrictions by \$7,579,177 and increased net assets with donor restrictions by \$7,579,177.

SUPPLEMENTAL INFORMATION

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Schedule of Net Position

June 30, 2022

(for inclusion in the California State University)

Assets:

Current assets:

Cash and cash equivalents	13,041,393
Short-term investments	-
Accounts receivable, net	81,890
Lease receivables, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	3,151,468
Prepaid expenses and other current assets	-
Total current assets	16,274,751

Noncurrent assets:

Restricted cash and cash equivalents	-
Accounts receivable, net	-
Lease receivables, net of current portion	-
Notes receivable, net of current portion	-
Student loans receivable, net	-
Pledges receivable, net	4,748,178
Endowment investments	32,217,518
Other long-term investments	1,550,033
Capital assets, net	133,467
Other assets	2,739
Total noncurrent assets	38,651,935
Total assets	54,926,686

Deferred outflows of resources:

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

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

June 30, 2022

(for inclusion in the California State University)

Liabilities:**Current liabilities:**

Accounts payable	127,124
Accrued salaries and benefits	-
Accrued compensated absences, current portion	-
Unearned revenues	80,814
Lease liabilities, current portion	-
Long-term debt obligations, current portion	-
Claims liability for losses and loss adjustment expenses, current portion	-
Depository accounts	-
Other liabilities	1,199,156
Total current liabilities	1,407,094

Noncurrent liabilities:

Accrued compensated absences, net of current portion	-
Unearned revenues	-
Grants refundable	-
Lease liabilities, 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	765,534
Net pension liability	-
Other liabilities	-
Total noncurrent liabilities	765,534
Total liabilities	2,172,628

Deferred inflows of resources:

Service concession arrangements	-
Net pension liability	-
Net OPEB liability	-
Unamortized gain on debt refunding	-
Nonexchange transactions	-
Lease	-
Others	-
Total deferred inflows of resources	-

Net position:

Net investment in capital assets	133,467
Restricted for:	
Nonexpendable – endowments	26,975,765
Expendable:	
Scholarships and fellowships	5,625,683
Research	-
Loans	-
Capital projects	-
Debt service	-
Others	18,650,363
Unrestricted	1,368,780
Total net position	52,754,058

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Schedules of Revenues, Expenses, and Changes in Net Position

Year Ended June 30, 2022

(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	4,142,629
Total operating revenues	4,142,629
Expenses:	
Operating expenses:	
Instruction	-
Research	-
Public service	-
Academic support	-
Student services	7,461,647
Institutional support	4,080,550
Operation and maintenance of plant	-
Student grants and scholarships	1,604,821
Auxiliary enterprise expenses	-
Depreciation and amortization	33,367
Total operating expenses	13,180,385
Operating income (loss)	(9,037,756)
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	7,744,137
Investment income (loss), net	(863,140)
Endowment income (loss), net	(3,985,281)
Interest expense	-
Other nonoperating revenues (expenses)	(206,127)
Net nonoperating revenues (expenses)	2,689,589
Income (loss) before other revenues (expenses)	(6,348,167)
State appropriations, capital	-
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	2,972,918
Increase (decrease) in net position	(3,375,249)
Net position:	
Net position at beginning of year, as previously reported	56,129,307
Restatements	-
Net position at beginning of year, as restated	56,129,307
Net position at end of year	52,754,058

See independent auditor's report.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Other Information

June 30, 2022

(for inclusion in the California State University)

3.1 Composition of capital assets:

	Balance June 30, 2021	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2021 (Restated)	Additions	Retirements	Transfer of completed CWIP/PWIP	Balance June 30, 2022
Non-depreciable/Non-amortizable capital assets:									
Land and land improvements	\$ 3,139	-	-	-	\$ 3,139	-	-	-	\$ 3,139
Works of art and historical treasures	76,170	-	-	-	76,170	-	-	-	76,170
Construction work in progress (CWIP)	-	-	-	-	-	-	-	-	-
Intangible assets:									
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Intangible assets in progress (PWIP)	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:									
Other intangible assets	15,500	-	-	-	15,500	-	-	-	15,500
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
Total Other intangible assets	15,500	-	-	-	15,500	-	-	-	15,500
Total intangible assets	15,500	-	-	-	15,500	-	-	-	15,500
Total non-depreciable/non-amortizable capital assets	\$ 94,809	-	-	-	\$ 94,809	-	-	-	\$ 94,809
Depreciable/Amortizable capital assets:									
Buildings and building improvements	1,356,171	-	-	-	1,356,171	-	(1,344,044)	-	12,127
Improvements, other than buildings	72,963	-	-	-	72,963	-	-	-	72,963
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	232,323	-	-	-	232,323	-	-	-	232,323
Personal property:									
Equipment	1,571,775	-	-	-	1,571,775	-	-	-	1,571,775
Library books and materials	-	-	-	-	-	-	-	-	-
Intangible assets:									
Software and websites	-	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:									
Exhaustible art	129,093	-	-	-	129,093	-	-	-	129,093
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
Total Other intangible assets:	129,093	-	-	-	129,093	-	-	-	129,093
Total intangible assets	129,093	-	-	-	129,093	-	-	-	129,093
Total depreciable/amortizable capital assets	3,362,325	-	-	-	3,362,325	-	(1,344,044)	-	2,018,281
Total capital assets	\$ 3,457,134	-	-	-	\$ 3,457,134	-	(1,344,044)	-	\$ 2,113,090

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Other Information

June 30, 2022

(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	(688,334)	-	-	-	(688,334)	(26,615)	702,822	-	(12,127)
Improvements, other than buildings	(44,538)	-	-	-	(44,538)	(3,648)	-	-	(48,186)
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	(232,323)	-	-	-	(232,323)	-	-	-	(232,323)
Personal property:									
Equipment	(1,554,790)	-	-	-	(1,554,790)	(3,104)	-	-	(1,557,894)
Library books and materials	-	-	-	-	-	-	-	-	-
Intangible assets:									
Software and websites	-	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:									
Exhaustible art	(129,093)	-	-	-	(129,093)	-	-	-	(129,093)
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Total Other intangible assets:	(129,093)	-	-	-	(129,093)	-	-	-	(129,093)
Total intangible assets	(129,093)	-	-	-	(129,093)	-	-	-	(129,093)
Total accumulated depreciation/amortization	(2,649,078)	-	-	-	(2,649,078)	(33,367)	702,822	-	(1,979,623)
Total capital assets, net excluding lease assets	\$ 808,056	-	-	-	\$ 808,056	(33,367)	(641,222)	-	133,467

Lease assets, net

Total capital assets, net

-
\$ 133,467

Composition of lease assets:

	Balance June 30, 2021	Additions	Remeasurements	Reductions	Balance June 30, 2022
Non-depreciable/Non-amortizable lease assets:					
Land and land improvements	\$ -	-	-	-	\$ -
Total non-depreciable/non-amortizable lease assets	\$ -	-	-	-	\$ -
Depreciable/Amortizable lease assets:					
Land and land improvements	-	-	-	-	-
Buildings and building improvements	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-
Infrastructure	-	-	-	-	-
Personal property:					
Equipment	-	-	-	-	-
Total depreciable/amortizable lease assets	-	-	-	-	-
Less accumulated depreciation/amortization: (enter as negative number, except for reductions enter as negative number)					
Land and land improvements	-	-	-	-	-
Buildings and building improvements	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-
Infrastructure	-	-	-	-	-
Personal property:					
Equipment	-	-	-	-	-
Total accumulated depreciation/amortization	-	-	-	-	-
Total lease assets, net	\$ -	-	-	-	\$ -

3.2 Detail of depreciation and amortization expense:

Depreciation and amortization expense related to capital assets	\$ 33,367
Amortization expense related to other assets	-
Total depreciation and amortization	\$ 33,367

See independent auditor's report.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Other Information

June 30, 2022

(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:									
2023	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-	-
2028 - 2032	-	-	-	-	-	-	-	-	-
2033 - 2037	-	-	-	-	-	-	-	-	-
2038 - 2042	-	-	-	-	-	-	-	-	-
2043 - 2047	-	-	-	-	-	-	-	-	-
2048 - 2052	-	-	-	-	-	-	-	-	-
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	503,256
Payments to University for other than salaries of University personnel	6,494,121
Payments received from University for services, space, and programs	663,284
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)	(1,192,554)
Other amounts (payable to) University (enter as negative number)	-
Accounts receivable from University (enter as positive number)	80,708
Other amounts receivable from University (enter as positive number)	-

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	During the year ended June 30, 2022, CSUB Foundation determined that net asset classifications for some funds were not properly classified in prior years. Net assets as of the beginning of the fiscal year have been adjusted to the proper net asset classifications. The correction has no effect on the results of the current year's activities; however, the cumulative effect decreased unrestricted net assets by \$7,579,177 and increased restricted net assets by \$7,579,177. The Foundation made the following adjustment in the current year: DB Beginning Net Position Unrestricted and CR Beginning Net Position Restricted.	
	Restricted nonexpendable: Endowments	(1,256,383)
	Restricted expendable: Scholarships and fellowships	2,875,099
	Restricted expendable: Others	(9,197,893)
	Unrestricted	7,579,177
		-
Restatement #2	Enter transaction description	

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Other Information

June 30, 2022

(for inclusion in the California State University)

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	-	-	-	-	-	-	-	-
Research	-	-	-	-	-	-	-	-
Public service	-	-	-	-	-	-	-	-
Academic support	-	-	-	-	-	-	-	-
Student services	516,664	132,917	-	7,973	-	6,804,093	-	7,461,647
Institutional support	450	241,618	-	-	-	3,838,482	-	4,080,550
Operation and maintenance of plant	-	-	-	-	-	-	-	-
Student grants and scholarships	-	-	-	-	1,604,821	-	-	1,604,821
Auxiliary enterprise expenses	-	-	-	-	-	-	-	-
Depreciation and amortization	-	-	-	-	-	-	33,367	33,367
Total operating expenses	\$ 517,114	374,535	-	7,973	1,604,821	10,642,575	33,367	13,180,385

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 - leases	-
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

-

Total deferred outflows of resources

\$ -

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 - leases	-
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

-

Total deferred inflows of resources

\$ -

11 Other nonoperating revenues (expenses)

Other nonoperating revenues	-
Other nonoperating (expenses)	(206,127)
Total other nonoperating revenues (expenses)	\$ (206,127)

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

To the Audit Committee
California State University, Bakersfield Foundation

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of California State University, Bakersfield Foundation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 21, 2022.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

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

Purpose of this Report

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

Aldrich CPAs + Advisors LLP

San Diego, California
September 21, 2022