

California State University, Bakersfield Foundation

Financial Statements and Supplemental Information

Years Ended June 30, 2018 and 2017



CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Financial Statements and Supplemental Information

Years Ended June 30, 2018 and 2017

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Aldrich CPAs + Advisors LLP

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San Diego, California 92108

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of California State University, Bakersfield Foundation (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of California State University, Bakersfield Foundation as of June 30, 2018 and 2017, 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

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 21 – 29 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.

Aldrich CPAs + Advisors LLP

San Diego, California
September 19, 2018

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

June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 3,658,987	\$ 5,348,020
Current portion of promises to give, net of allowance for doubtful promises	689,683	1,641,601
Accounts receivable, net of allowance for doubtful accounts of \$29,198 (2018) and \$17,742 (2017)	18,130	57,034
Due from related parties	278,166	63,157
Other current assets	<u>733</u>	<u>-</u>
Total Current Assets	4,645,699	7,109,812
Non-Current Assets:		
Investments	34,567,815	32,721,488
Promises to give, net of discount and current portion	776,620	665,854
Property and equipment, net of accumulated depreciation	839,487	880,477
Collections	91,670	91,670
Life insurance policies	<u>528,222</u>	<u>50,000</u>
Total Non-Current Assets	<u>36,803,814</u>	<u>34,409,489</u>
Total Assets	<u>\$ 41,449,513</u>	<u>\$ 41,519,301</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 121,791	\$ 49,815
Accrued expenses	2,437	-
Due to related parties	369,552	652,762
Current portion of accrued post-employment benefits other than pensions	75,242	82,882
Receipts in excess of expenditures on sponsored programs	-	168,918
Deposits in excess of withdrawals for agency accounts	<u>170,651</u>	<u>175,988</u>
Total Current Liabilities	739,673	1,130,365
Non-Current Liabilities:		
Accrued post-employment benefits other than pensions, net of current portion	<u>1,069,185</u>	<u>1,237,339</u>
Total Liabilities	1,808,858	2,367,704
Net Assets:		
Unrestricted:		
Operating	5,782,270	5,087,313
Board designated endowment	<u>3,666,603</u>	<u>3,541,345</u>
	9,448,873	8,628,658
Temporarily restricted	13,097,771	14,489,545
Permanently restricted	<u>17,094,011</u>	<u>16,033,394</u>
Total Net Assets	<u>39,640,655</u>	<u>39,151,597</u>
Total Liabilities and Net Assets	<u>\$ 41,449,513</u>	<u>\$ 41,519,301</u>

See accompanying notes to financial statements.

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

June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Revenue and Other Support:		
Contributions	\$ 3,807,307	\$ 4,125,673
Net realized and unrealized gains (losses) on investments	2,650,377	3,528,886
Other	<u>988,381</u>	<u>1,117,197</u>
Total Revenue and Other Support	7,446,065	8,771,756
Expenses:		
Program services	3,900,542	3,750,909
Donations to CSU Bakersfield	2,393,882	2,337,036
Supporting services:		
Fundraising	351,103	317,810
General and administrative	219,599	193,431
General and administrative - other (Note 15)	<u>91,881</u>	<u>(694,171)</u>
Total Expenses	<u>6,957,007</u>	<u>5,905,015</u>
Change in operations before transfer	489,058	2,866,741
Transfer of Net Deficit, Children's Center (Note 14)	<u>-</u>	<u>163,581</u>
Change in Net Assets	489,058	3,030,322
Net Assets, beginning	<u>39,151,597</u>	<u>36,121,275</u>
Net Assets, ending	<u>\$ 39,640,655</u>	<u>\$ 39,151,597</u>

See accompanying notes to financial statements.

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

Year Ended June 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2018 Total</u>
Revenue and Other Support:				
Contributions	\$ 490,940	\$ 2,708,943	\$ 607,424	\$ 3,807,307
Net realized and unrealized gains	955,384	1,694,993	-	2,650,377
Other	596,364	392,017	-	988,381
Donor transfers (Note 10)	-	(453,193)	453,193	-
Net assets released from restriction satisfaction of program restrictions	<u>5,734,534</u>	<u>(5,734,534)</u>	<u>-</u>	<u>-</u>
Total Revenue and Other Support	7,777,222	(1,391,774)	1,060,617	7,446,065
Expenses:				
Program services	3,900,542	-	-	3,900,542
Donations to CSU Bakersfield	2,393,882	-	-	2,393,882
Supporting services:				
Fundraising	351,103	-	-	351,103
General and administrative	219,599	-	-	219,599
General and administrative - other (Note 15)	<u>91,881</u>	<u>-</u>	<u>-</u>	<u>91,881</u>
Total Expenses	<u>6,957,007</u>	<u>-</u>	<u>-</u>	<u>6,957,007</u>
Change in Net Assets	820,215	(1,391,774)	1,060,617	489,058
Net Assets, beginning	<u>8,628,658</u>	<u>14,489,545</u>	<u>16,033,394</u>	<u>39,151,597</u>
Net Assets, ending	<u>\$ 9,448,873</u>	<u>\$ 13,097,771</u>	<u>\$ 17,094,011</u>	<u>\$ 39,640,655</u>

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

Year Ended June 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenue and Other Support:				
Contributions	\$ 60,016	\$ 3,487,127	\$ 578,530	\$ 4,125,673
Net realized and unrealized gains	796,415	2,732,471	-	3,528,886
Other	670,893	446,304	-	1,117,197
Net assets released from restriction satisfaction of program restrictions	<u>5,365,252</u>	<u>(5,365,252)</u>	<u>-</u>	<u>-</u>
Total Revenue and Other Support	6,892,576	1,300,650	578,530	8,771,756
Expenses:				
Program services	3,750,909	-	-	3,750,909
Donations to CSU Bakersfield	2,337,036	-	-	2,337,036
Supporting services:				
Fundraising	317,810	-	-	317,810
General and administrative	193,431	-	-	193,431
General and administrative - other (Note 15)	<u>(694,171)</u>	<u>-</u>	<u>-</u>	<u>(694,171)</u>
Total Expenses	<u>5,905,015</u>	<u>-</u>	<u>-</u>	<u>5,905,015</u>
Change in Operations Before Transfer	987,561	1,300,650	578,530	2,866,741
Transfer of Net Deficit, Children's Center (Note 14)	<u>163,581</u>	<u>-</u>	<u>-</u>	<u>163,581</u>
Change in Net Assets	1,151,142	1,300,650	578,530	3,030,322
Net Assets, beginning	<u>7,477,516</u>	<u>13,188,895</u>	<u>15,454,864</u>	<u>36,121,275</u>
Net Assets, ending	<u>\$ 8,628,658</u>	<u>\$ 14,489,545</u>	<u>\$ 16,033,394</u>	<u>\$ 39,151,597</u>

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

Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 489,058	\$ 3,030,322
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	40,990	47,932
Transfer of deficit, Children's Center	-	(163,581)
Transfer of property and equipment to the University, net	-	533,601
Donation of investments	(52,475)	-
Gains on investments, including interest income	(2,439,198)	(3,528,886)
Permanently restricted contributions	607,424	578,530
Changes in operating assets and liabilities:		
Receivables	665,047	1,294,453
Life insurance policies	(478,222)	-
Other current assets	(733)	-
Accounts payable and accrued expenses	74,413	64,576
Other liabilities	(633,259)	(521,045)
Net Cash Provided (Used) by Operating Activities	(1,726,955)	1,335,902
Cash Flows from Investing Activities:		
Purchases of property and equipment	-	(30,502)
Proceeds from sale of investments	3,050,288	6,973,058
Purchases of investments	(2,404,942)	(7,821,385)
Net Cash Provided (Used) by Investing Activities	645,346	(878,829)
Cash Flows from Financing Activities:		
Permanently restricted contributions	(607,424)	(578,530)
Net Decrease in Cash and Cash Equivalents	(1,689,033)	(121,457)
Cash and Cash Equivalents, beginning	<u>5,348,020</u>	<u>5,469,477</u>
Cash and Cash Equivalents, ending	\$ <u><u>3,658,987</u></u>	\$ <u><u>5,348,020</u></u>
Transfer of Children's Center program on July 1, 2016 (Note 14):		
Accounts receivable	\$ -	\$ (12,059)
Property and equipment, net of accumulated depreciation	-	(17,417)
Outstanding checks in excess of bank balance	-	140,748
Accounts payable	-	43,984
Accrued expenses	-	8,325
Net transfer	\$ <u><u>-</u></u>	\$ <u><u>163,581</u></u>

See accompanying notes to financial statements.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2018 and 2017

Note 1 – Organization and Summary of Significant Accounting Policies

Nature of Activities

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

Basis of Presentation

The Foundation reports information regarding its financial position and activities according to the three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

- Unrestricted net assets represent expendable funds available for operations, which are not otherwise limited by donor restrictions.
- Temporarily restricted net assets consist of contributed funds subject to donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time before the Foundation may spend the funds.
- Permanently restricted net assets are subject to irrevocable donor restrictions requiring that the assets be maintained in perpetuity usually for the purpose of generating investment income to fund current operations.

Use of Estimates

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

Income Taxes

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

The Foundation follows accounting standards generally accepted in the United States of America related to the recognition of uncertain tax positions. The Foundation recognizes accrued interest and penalties associated with uncertain tax positions as part of the statements of activities, when applicable. Management has determined that the Foundation has no uncertain tax positions at June 30, 2018 and 2017 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.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2018 and 2017

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

Accounts Receivable

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

Investments

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

Property and Equipment

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

Collections

The Foundation capitalizes its collections at cost if purchased and at appraised or fair value at the date of accession if donated. There were no acquisitions in 2018 or 2017. 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

All contributions are considered available for the Foundation's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as temporarily or permanently restricted support and increase the respective class of net assets. Investment income that is limited to specific uses by donor restrictions is reported as increases in unrestricted net assets if the restrictions are met in the same reporting period as the income is recognized.

Gifts In-kind

Contributions of tangible assets are recognized at fair market value when received. In-kind contributions are recognized as unrestricted net assets, unless donor stipulation requires them to be recognized as temporarily restricted net assets.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2018 and 2017

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

Fair Value Measurements

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

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.

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, 2018 and 2017.

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

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

Subsequent Events

The Foundation has evaluated subsequent events through September 19, 2018, which is the date the financial statements were available to be issued.

Note 2 – Concentrations of Credit Risk

The Foundation maintains its cash in bank deposit accounts that are insured by the Federal Deposit Insurance Corporation up to a limit of \$250,000 per depositor. As of June 30, 2018, the Foundation's uninsured cash balance was \$2,664,233. The Foundation manages this risk by using high-quality financial institutions.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2018 and 2017

Note 3 – Investments and Fair Value Measurement

Investments consist of the following as of June 30, 2018:

	Level 1	Level 2	Level 3	NAV	Total
Common stock	\$ 66,988	\$ -	\$ -	\$ -	\$ 66,988
Certificates of deposit	-	393,982	-	-	393,982
Mutual funds:					
Large cap	4,105,381	-	-	-	4,105,381
Domestic	1,064,136	-	-	-	1,064,136
International	5,020,853	-	-	-	5,020,853
Mid cap	1,205,198	-	-	-	1,205,198
Nontraditional	1,772,550	-	-	-	1,772,550
Emerging markets	1,185,616	-	-	-	1,185,616
Strategic investment group equity	-	-	-	8,454,965	8,454,965
Strategic investment group bonds	-	-	-	2,866,554	2,866,554
Alternative investments:					
Hedge funds	-	-	-	7,900,471	7,900,471
Real assets	-	-	-	531,121	531,121
	<u>\$ 14,420,722</u>	<u>\$ 393,982</u>	<u>\$ -</u>	<u>\$ 19,753,111</u>	<u>\$ 34,567,815</u>

Investments consist of the following as of June 30, 2017:

	Level 1	Level 2	Level 3	NAV	Total
Common stock	\$ 49,353	\$ -	\$ -	\$ -	\$ 49,353
Certificates of deposit	-	1,192,712	-	-	1,192,712
Mutual funds:					
Large cap	3,713,234	-	-	-	3,713,234
Domestic	934,256	-	-	-	934,256
International	4,377,044	-	-	-	4,377,044
Mid cap	1,552,552	-	-	-	1,552,552
Nontraditional	1,563,720	-	-	-	1,563,720
Emerging markets	1,072,281	-	-	-	1,072,281
Strategic investment group equity	-	-	-	7,907,179	7,907,179
Strategic investment group bonds	-	-	-	3,474,787	3,474,787
Alternative investments:					
Hedge funds	-	-	-	6,402,935	6,402,935
Real assets	-	-	-	481,435	481,435
	<u>\$ 13,262,440</u>	<u>\$ 1,192,712</u>	<u>\$ -</u>	<u>\$ 18,266,336</u>	<u>\$ 32,721,488</u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2018 and 2017

Note 3 – 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, 2018</u>	<u>Unfunded commitment</u>	<u>Redemption frequency</u>	<u>Redemption notice period</u>
Ironwood Inst MS Hedge Fund [a]	\$ 1,352,347	none	semi-annually	120 days
Skybridge Multi-advisor Hedge Fund [b]	1,096,778	none	quarterly	60 days
ACL ALT LTD USD A [c]	385,841	none	daily	1 day
Strategic Funds Alpha Portfolio [d]	5,065,505	none	monthly	1 month
Strategic Investment Group Real Assets [d]	531,121	none	monthly	1 month
Strategic Investment Group Equity [d]	8,454,965	none	monthly	1 month & 1 business day
Strategic Investment Group Bonds [d]	2,866,554	none	monthly	1 month & 1 business day
	<u>Fair value at June 30, 2017</u>	<u>Unfunded commitment</u>	<u>Redemption frequency</u>	<u>Redemption notice period</u>
Ironwood Inst MS Hedge Fund [a]	\$ 1,268,938	none	semi-annually	120 days
Skybridge Multi-advisor Hedge Fund [b]	1,004,808	none	quarterly	60 days
ACL ALT LTD USD A [c]	253,166	none	daily	1 day
Strategic Funds Alpha Portfolio [d]	3,876,023	none	monthly	1 month
Real Assets [d]	481,435	none	monthly	1 month
Strategic Funds Equity [d]	7,907,179	none	monthly	1 month & 1 business day
Strategic Funds Bonds [d]	3,474,787	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] ACL ALT LTD USD A Funds are fund of hedge funds focused on managed futures and foreign exchange transactions.

[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, 2018 and 2017

Note 4 – Promises to Give

Promises to give consist of the following:

	<u>2018</u>	<u>2017</u>
Due in less than one year	\$ 1,052,541	\$ 1,881,841
Due in one to five years	<u>816,224</u>	<u>700,057</u>
Gross promises to give	1,868,765	2,581,898
Less:		
Allowance for doubtful promises to give	(362,858)	(240,240)
Discount on promises to give (average imputed rate of 3%)	<u>(39,604)</u>	<u>(34,203)</u>
Promises to give, net	<u>\$ 1,466,303</u>	<u>\$ 2,307,455</u>

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

	<u>2018</u>	<u>2017</u>
Current	\$ 689,683	\$ 1,641,601
Non-current	<u>776,620</u>	<u>665,854</u>
	<u>\$ 1,466,303</u>	<u>\$ 2,307,455</u>

Note 5 – Property and Equipment

Property and equipment consist of the following:

	<u>2018</u>	<u>2017</u>
Equipment	\$ 1,598,724	\$ 1,598,724
Buildings and improvements	1,588,494	1,588,494
Leasehold improvements	<u>72,963</u>	<u>72,963</u>
	3,260,181	3,260,181
Less accumulated depreciation	<u>(2,423,833)</u>	<u>(2,382,843)</u>
	836,348	877,338
Land	<u>3,139</u>	<u>3,139</u>
	<u>\$ 839,487</u>	<u>\$ 880,477</u>

Note 6 – 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, 2017, the employees were transferred to CSU Bakersfield. As such, during the year ended June 30, 2018, the benefit obligation contribution was made by CSU Bakersfield.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2018 and 2017

Note 7 – 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, 2018:

Net periodic postretirement benefit cost included the following components for the years ended June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Service cost	\$ -	\$ 3,010
Interest cost	47,954	73,521
Amortization net gain	<u>(120,693)</u>	<u>(103,151)</u>
Net periodic postretirement benefit cost	<u>\$ (72,739)</u>	<u>\$ (26,620)</u>

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

	<u>2018</u>	<u>2017</u>
Discount rate	3.75%	3.75%
Expected long-term rate of return	N/A	N/A
Health care cost trend rate:		
Present rate before 65	6.25%	6.75%
Present rate 65 and older	6.25%	6.75%
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>2018</u>	<u>2017</u>
Retirees	<u>\$ 1,144,427</u>	<u>\$ 1,320,221</u>

Funded status:

	<u>2018</u>	<u>2017</u>
Beginning accrued postretirement benefit obligation	\$ 1,320,221	\$ 2,004,766
Actuarial gain	(28,840)	(571,256)
Retiree contributions:		
Net periodic postretirement cost	(72,739)	(26,620)
Estimated benefit payments	<u>(74,215)</u>	<u>(86,669)</u>
Ending accrued postretirement benefit obligation	<u>\$ 1,144,427</u>	<u>\$ 1,320,221</u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2018 and 2017

Note 7 – Post-Employment Benefits Other Than Pensions, continued

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

	<u>2018</u>	<u>2017</u>
Discount rate	4.00%	3.75%
Health care cost trend rate:		
Present rate before 65	5.75%	6.25%
Present rate 65 and older	5.75%	6.25%
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 2018:

Service cost	\$	-
Interest cost		44,272
Amortization of unrecognized net gain		<u>(129,421)</u>
Net periodic postretirement benefit costs	\$	<u><u>(85,149)</u></u>

The expected contribution for the next 10 years:

2019	75,242
2020	75,551
2021	75,728
2022	75,876
2023	76,114
2024-2028	361,610

An actuarial study is completed annually. The schedule presented above is based on the study completed on August 21, 2018 as of and for the year then ended June 30, 2018.

Note 8 – Restricted Net Assets

Temporarily restricted net assets consist of the following:

	<u>2018</u>	<u>2017</u>
Time restriction	\$ 1,179,439	\$ 1,281,930
Scholarships	6,332,518	6,486,460
Academic programs	4,519,676	5,228,820
Athletic programs	<u>1,066,138</u>	<u>1,492,335</u>
	\$ <u><u>13,097,771</u></u>	\$ <u><u>14,489,545</u></u>

The investment activity generated by the permanently restricted net assets is designated for scholarships.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2018 and 2017

Note 9 – 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 State Prudent Management of Institutional Funds Act (SPMIFA) and also requires disclosures about endowment funds, both donor-restricted endowment funds and institution-designated endowment funds.

The Foundation's endowments consist of funds established for a variety of purposes. As required by 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.

The Foundation has interpreted SPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner that is consistent with the standard of prudence prescribed by SPMIFA.

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

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

Spending policy: The Foundation's spending policy allocates total earnings from the portfolio between current spending and reinvestment for future earnings and has been designed with three objectives in mind: (a) provide current programs with a predictable, stable stream of revenues; (b) ensure that the purchasing power of real value of this revenue stream does not decline over time; and (c) ensure that the purchasing power or real value of the Endowment assets does not decline over time. The cost of current operating programs will likely increase over time at least as fast as inflation. If the endowment is to cover a reasonably constant portion of current operating expenses, endowment spending must increase at least as fast as inflation. The Foundation's policy is designed to preserve both the purchasing power of their endowments and of their endowment withdrawals. Such a policy also ensures that the competing needs of current and future generations of students and faculty are in financial equilibrium. Lastly the Foundation has adopted an annual spending rate target of 4% of the Endowment's Fair Market Value (FMV), computed based on the December 31 FMV and available for the next academic year 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 minimum total-return objective for the full portfolio shall be inflation plus 5%.

At times, the fair value of assets associated with these endowment funds may fall below the level that the donors require the Foundation to retain as funds of perpetual duration. These deficiencies results from unfavorable market fluctuations. In accordance with generally accepting accounting principles deficits of this nature are reported as unrestricted net assets.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2018 and 2017

Note 9 – Endowments, continued

As of June 30, 2018, the endowment net assets composition by type of fund consisted of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Perm restricted donor endowment funds	\$ -	\$ 4,969,138	\$ 17,094,011	\$ 22,063,149
Board designated endowment funds	<u>3,666,603</u>	<u>-</u>	<u>-</u>	<u>3,666,603</u>
	<u>\$ 3,666,603</u>	<u>\$ 4,969,138</u>	<u>\$ 17,094,011</u>	<u>\$ 25,729,752</u>

As of June 30, 2017, the endowment net assets composition by type of fund consisted of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Perm restricted donor endowment funds	\$ -	\$ 4,364,801	\$ 16,033,394	\$ 20,398,195
Board designated endowment funds	<u>3,541,345</u>	<u>-</u>	<u>-</u>	<u>3,541,345</u>
	<u>\$ 3,541,345</u>	<u>\$ 4,364,801</u>	<u>\$ 16,033,394</u>	<u>\$ 23,939,540</u>

The changes in endowment net assets for the year ended June 30, 2018, consisted of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 3,541,345	\$ 4,364,801	\$ 16,033,394	\$ 23,939,540
Contributions	-	-	607,424	607,424
Donor transfers (Note 10)	-	-	453,193	453,193
Appropriations of endowment assets for expenditures	(178,570)	(1,079,398)	-	(1,257,968)
Investment return	<u>303,828</u>	<u>1,683,735</u>	<u>-</u>	<u>1,987,563</u>
Endowment net assets, end of year	<u>\$ 3,666,603</u>	<u>\$ 4,969,138</u>	<u>\$ 17,094,011</u>	<u>\$ 25,729,752</u>

The changes in endowment net assets for the year ended June 30, 2017, consisted of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 3,274,395	\$ 2,899,850	\$ 15,454,864	\$ 21,629,109
Contributions	-	-	578,530	578,530
Appropriations of endowment assets for expenditures	(151,742)	(855,932)	-	(1,007,674)
Investment return	<u>418,692</u>	<u>2,320,883</u>	<u>-</u>	<u>2,739,575</u>
Endowment net assets, end of year	<u>\$ 3,541,345</u>	<u>\$ 4,364,801</u>	<u>\$ 16,033,394</u>	<u>\$ 23,939,540</u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2018 and 2017

Note 10 – Donor Transfers

During the year ended June 30, 2018, donors changed their gifts from temporarily restricted to a permanently restricted endowment. As a result, \$453,193 was transferred to permanently restricted net assets during the year ended June 30, 2018.

Note 11 – 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. The Sponsored Programs Administration also provides program services for student services for the Children's Center. The Foundation pays the Sponsored Programs Administration for these services as provided by the student body.

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 Union, Inc. (Student Union) functions to benefit the student body of the University by operating various campus programs. The Foundation pays the Student Union for the use of these facilities as provided by the student body.

Transactions for the years ended June 30, 2018 and 2017 with related parties are reflected in the accompanying financial statements as follows:

	<u>2018</u>	<u>2017</u>
Revenue:		
University:		
Student services	\$ 326,756	\$ 529,333
Program fees	29,663	84,310
Sponsored Programs Administration	7,240	203,011
Associated Students	4,241	10,909
Student Union	16,060	12,713
	<u>\$ 383,960</u>	<u>\$ 840,276</u>
Expenses:		
University:		
Administrative services	\$ 4,005,967	\$ 3,091,290
Interest	28,468	-
Sponsored Programs Administration	47,483	195,716
Associated Students	60,347	15,037
Student Union	6,818	100,611
	<u>\$ 4,149,083</u>	<u>\$ 3,402,654</u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2018 and 2017

Note 11 – Transactions with Related Parties, continued

	2018	2017
Due from:		
University	\$ 268,145	\$ 61,082
Sponsored Programs Administration	39	800
Associated Students	1,350	675
Student Union	8,632	600
	<u>\$ 278,166</u>	<u>\$ 63,157</u>
Due to:		
University	\$ 318,729	\$ 536,856
Sponsored Programs Administration	47,480	24,253
Associated Students	1,674	1,543
Student Union	1,669	90,110
	<u>\$ 369,552</u>	<u>\$ 652,762</u>

Note 12 – Reclassifications

Certain items in the 2017 financial statements have been reclassified to conform to current year classifications including the change in the current portion of promises to give, the breakout of the life insurance policies from promises to give, a change in the presentation of level 1 investments, adding the NAV category to the investment classification, and adjusting the program and general and administrative expense categories. Such reclassifications had no effect on previously reported changes in net assets.

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 – Transfer of Children's Center

In fiscal year 2016, the California Department Education approved the transfer of the California State University, Bakersfield Foundation Children's Center contracts for both preschool and child care and development to the California State University, Bakersfield, Auxiliary for Sponsored Programs Administration. The effective date of this transfer was July 1, 2016.

Note 15 – General and Administrative – Other

In the current year, the Foundation reclassified general and administrative expenses into two categories: General and Administrative and General and Administrative - Other. Activities reflected in the General and Administrative - Other category include bad debt expense and the (gain) loss on post-employment benefits other than pensions. Due to the timing of possible bad debt recoveries and gain on post-employment benefits other than pensions, the balances related to these activities may result in an overall credit balance for the category.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2018 and 2017

Note 15 – General and Administrative – Other, continued

For the years ended June 30, 2018 and 2017, the General and Administrative - Other category was composed of the following:

	<u>2018</u>	<u>2017</u>
Bad debt expense (recoveries)	\$ 134,074	\$ (109,259)
Gain on post-employment benefits other than pensions	(42,408)	(577,970)
Miscellaneous	<u>215</u>	<u>(6,942)</u>
Total	<u>\$ 91,881</u>	<u>\$ (694,171)</u>

All other general and administrative expenses are reflected in the General and Administrative category.

SUPPLEMENTAL INFORMATION

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Schedule of Net Position

June 30, 2018

(for inclusion in the California State University)

Assets:	
Current assets:	
Cash and cash equivalents	\$ 3,658,987
Short-term investments	—
Accounts receivable, net	296,296
Capital lease receivable, current portion	—
Notes receivable, current portion	—
Pledges receivable, net	689,683
Prepaid expenses and other current assets	733
Total current assets	<u>4,645,699</u>
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	776,620
Endowment investments	22,063,149
Other long-term investments	12,504,666
Capital assets, net	931,157
Other assets	528,222
Total noncurrent assets	<u>36,803,814</u>
Total assets	<u>41,449,513</u>
Deferred outflows of resources:	
Unamortized loss on debt refunding	—
Net pension liability	—
Net OPEB liability	—
Others	—
Total deferred outflows of resources	<u>—</u>
Liabilities:	
Current liabilities:	
Accounts payable	121,791
Accrued salaries and benefits	—
Accrued compensated absences, current portion	—
Unearned revenues	—
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	617,882
Total current liabilities	<u>739,673</u>
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	—
Unearned revenues	—
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	1,069,185
Net pension liability	—
Other liabilities	—
Total noncurrent liabilities	<u>1,069,185</u>
Total liabilities	<u>1,808,858</u>
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	<u>—</u>
Net Position:	
Net investment in capital assets	931,157
Restricted for:	
Nonexpendable – endowments	17,094,011
Expendable:	
Scholarships and fellowships	6,332,518
Research	—
Loans	—
Capital projects	—
Debt service	—
Others	6,765,253
Unrestricted	8,517,716
Total net position	<u>\$ 39,640,655</u>

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

Year Ended June 30, 2018

(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		1,248,914
Total operating revenues		<u>1,248,914</u>
Expenses:		
Operating expenses:		
Instruction		54,058
Research		—
Public service		—
Academic support		—
Student services		2,857,485
Institutional support		3,147,464
Operation and maintenance of plant		206,532
Student grants and scholarships		650,478
Auxiliary enterprise expenses		—
Depreciation and amortization		40,990
Total operating expenses		<u>6,957,007</u>
Operating income (loss)		<u>(5,708,093)</u>
Nonoperating revenues (expenses):		
State appropriations, noncapital		—
Federal financial aid grants, noncapital		—
State financial aid grants, noncapital		—
Local financial aid grants, noncapital		—
Nongovernmental and other financial aid grants, noncapital		—
Other federal nonoperating grants, noncapital		—
Gifts, noncapital		2,939,350
Investment income (loss), net		966,642
Endowment income (loss), net		1,683,735
Interest expense		—
Other nonoperating revenues (expenses) - excl. interagency transfers		—
Other nonoperating revenues (expenses) - interagency transfers		—
Net nonoperating revenues (expenses)		<u>5,589,727</u>
Income (loss) before other revenues (expenses)		(118,366)
State appropriations, capital		—
Grants and gifts, capital		—
Additions (reductions) to permanent endowments		607,424
Increase (decrease) in net position		489,058
Net position:		
Net position at beginning of year, as previously reported		39,151,597
Restatements		—
Net position at beginning of year, as restated		<u>39,151,597</u>
Net position at end of year	\$	<u><u>39,640,655</u></u>

See independent auditors' report.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Other Information

June 30, 2018

(for inclusion in the California State University)

1 Restricted cash and cash equivalents at June 30, 2018:									
		Current Unrestricted	Current Restricted	Total Current	Noncurrent Unrestricted	Noncurrent Restricted	Total Noncurrent	Total	
Portion of restricted cash and cash equivalents related to endow \$	—	—	—	—	—	—	—	—	—
All other restricted cash and cash equivalents	—	—	—	—	—	—	—	—	—
Total restricted cash and cash equivalents	\$	\$	\$	\$	\$	\$	\$	\$	\$
2.1 Composition of investments at June 30, 2018:									
State of California Surplus Money Investment Fund (SMIF)	\$	—	—	—	—	—	—	—	—
State of California Local Agency Investment Fund (LAIF)		—	—	—	—	—	—	—	—
Corporate bonds		—	—	—	—	2,866,554	2,866,554	2,866,554	
Certificates of deposit		—	—	—	393,982	—	393,982	393,982	
Mutual funds		—	—	—	3,612,104	10,741,630	14,353,734	14,353,734	
Money Market funds		—	—	—	—	—	—	—	
Repurchase agreements		—	—	—	—	—	—	—	
Commercial paper		—	—	—	—	—	—	—	
Asset backed securities		—	—	—	—	—	—	—	
Mortgage backed securities		—	—	—	—	—	—	—	
Municipal bonds		—	—	—	—	—	—	—	
U.S. agency securities		—	—	—	—	—	—	—	
U.S. treasury securities		—	—	—	—	—	—	—	
Equity securities		—	—	—	66,988	8,454,965	8,521,953	8,521,953	
Exchange traded funds (ETFs)		—	—	—	—	—	—	—	
Alternative investments:		—	—	—	—	—	—	—	
Private equity (including limited partnerships)		—	—	—	—	—	—	—	
Hedge funds		—	—	—	7,900,471	—	7,900,471	7,900,471	
Managed futures		—	—	—	—	—	—	—	
Real estate investments (including REITs)		—	—	—	—	—	—	—	
Commodities		—	—	—	—	—	—	—	
Other alternative investment types		—	—	—	531,121	—	531,121	531,121	
Other external investment pools (excluding SWIFT)		—	—	—	—	—	—	—	
Add description		—	—	—	—	—	—	—	
Add description		—	—	—	—	—	—	—	
Add description		—	—	—	—	—	—	—	
Add description		—	—	—	—	—	—	—	
Add description		—	—	—	—	—	—	—	
Other major investments:		—	—	—	—	—	—	—	
Add description		—	—	—	—	—	—	—	
Add description		—	—	—	—	—	—	—	
Add description		—	—	—	—	—	—	—	
Add description		—	—	—	—	—	—	—	
Add description		—	—	—	—	—	—	—	
Total investments		—	—	—	12,504,666	22,063,149	34,567,815	34,567,815	
Less endowment investments (enter as negative number)		—	—	—	—	(22,063,149)	(22,063,149)	(22,063,149)	
Total investments		—	—	—	12,504,666	—	12,504,666	12,504,666	

2.2 Investments held by the University under contractual agreements at June 30, 2018:

Portion of investments in note 2.1 held by the University under contractual agreements at June 30, 2018:

See independent auditors' report.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Other Information

June 30, 2018

(for inclusion in the California State University)

2.3 Restricted current investments at June 30, 2018 related to:	Amount
Add description	—
Total restricted current investments at June 30, 2018	\$ —
2.4 Restricted noncurrent investments at June 30, 2018 related to:	Amount
Scholarships	22,063,149
Inflation reserves	—
University projects	—
Add description	—
Add description	—
Add description	—
Total restricted noncurrent investments at June 30, 2018	\$ 22,063,149

2.5 Fair value hierarchy in investments at June 30, 2018:

	Total	Fair Value Measurements Using			
		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)
State of California Surplus Money Investment Fund (SMIF)	\$ —	—	—	—	—
State of California Local Agency Investment Fund (LAIF)	—	—	—	—	—
Corporate bonds	2,866,554	—	—	—	2,866,554
Certificates of deposit	393,982	—	393,982	—	—
Money Market funds	14,353,734	14,353,734	—	—	—
Repurchase agreements	—	—	—	—	—
Commercial paper	—	—	—	—	—
Asset backed securities	—	—	—	—	—
Mortgage backed securities	—	—	—	—	—
Municipal bonds	—	—	—	—	—
U.S. agency securities	—	—	—	—	—
U.S. treasury securities	—	—	—	—	—
Equity securities	8,521,953	66,988	—	—	8,454,965
Exchange traded funds (ETFs)	—	—	—	—	—
Alternative investments:	—	—	—	—	—
Private equity (including limited partnerships)	—	—	—	—	—
Hedge funds	7,900,471	—	—	—	7,900,471
Managed futures	—	—	—	—	—
Real estate investments (including REITs)	—	—	—	—	—
Commodities	—	—	—	—	—
Derivatives	—	—	—	—	—
Other alternative investment types	531,121	—	—	—	531,121
Other external investment pools (excluding SWIFT)	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Other major investments:	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Total investments	34,567,815	14,420,722	393,982	—	19,753,111

See independent auditors' report.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Other Information

June 30, 2018

(for inclusion in the California State University)

3.1 Composition of capital assets at June 30, 2018:

	Balance June 30, 2017	Prior period Adjustments	Re-classifications	Balance June 30, 2017 (re-stated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2018
Nondepreciable/nonamortizable 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	—	—	—	—	—	—	—	—
Internally generated intangible assets in progress	—	—	—	—	—	—	—	—
Licenses and permits	—	—	—	—	—	—	—	—
Other intangible assets:	15,500	—	—	15,500	—	—	—	15,500
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Total intangible assets	15,500	—	—	15,500	—	—	—	15,500
Total nondepreciable/nonamortizable 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	—	—	—	1,598,724
Library books and materials	—	—	—	—	—	—	—	—
Intangible assets:								
Software and websites	—	—	—	—	—	—	—	—
Rights and easements	—	—	—	—	—	—	—	—
Patents, copyright and trademarks	—	—	—	—	—	—	—	—
Licenses and permits	—	—	—	—	—	—	—	—
Other intangible assets:	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Total intangible assets	—	—	—	—	—	—	—	—
Total depreciable/amortizable capital assets	3,260,181	—	—	3,260,181	—	—	—	3,260,181
Total capital assets	3,484,083	—	—	3,484,083	—	—	—	3,484,083
Less accumulated depreciation/amortization:								
Buildings and building improvements	(554,600)	—	—	(554,600)	(31,357)	—	—	(585,957)
Improvements, other than buildings	(30,249)	—	—	(30,249)	(3,344)	—	—	(33,593)
Infrastructure	—	—	—	—	—	—	—	—
Leasehold improvements	(232,323)	—	—	(232,323)	—	—	—	(232,323)
Personal property:								
Equipment	(1,694,764)	—	—	(1,694,764)	(6,289)	—	—	(1,701,053)
Library books and materials	—	—	—	—	—	—	—	—
Intangible assets:								
Software and websites	—	—	—	—	—	—	—	—
Rights and easements	—	—	—	—	—	—	—	—
Patents, copyright and trademarks	—	—	—	—	—	—	—	—
Licenses and permits	—	—	—	—	—	—	—	—
Other intangible assets:	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Total intangible assets	—	—	—	—	—	—	—	—
Total accumulated depreciation/amortization	(2,511,936)	—	—	(2,511,936)	(40,990)	—	—	(2,552,926)
Total capital assets, net	972,147	—	—	972,147	(40,990)	—	—	931,157

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3.2 Detail of depreciation and amortization expense for the year ended June 30, 2018:

Depreciation and amortization expense related to capital assets	\$ 40,990
Amortization expense related to other assets	—
Total depreciation and amortization	\$ 40,990

4 Long-term liabilities activity schedule:

	Balance June 30, 2017	Prior period adjustments	Reclassifications	Balance June 30, 2017 (re-stated)	Additions	Reductions	Balance June 30, 2018	Current portion	Long-term portion
Accrued compensated absences	\$ —	—	—	—	—	—	—	—	—
Claims liability for losses and loss adjustment expenses	—	—	—	—	—	—	—	—	—
Capital lease obligations:									
Gross balance	—	—	—	—	—	—	—	—	—
Unamortized premium / (discount) on capital lease obligations	—	—	—	—	—	—	—	—	—
Total capitalized lease obligations	—	—	—	—	—	—	—	—	—
Long-term debt obligations:									
Auxiliary revenue bonds	—	—	—	—	—	—	—	—	—
Commercial paper	—	—	—	—	—	—	—	—	—
Notes payable related to SRB	—	—	—	—	—	—	—	—	—
Others: (list by type)									
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Total long-term debt obligations	—	—	—	—	—	—	—	—	—
Unamortized bond premium / (discount)	—	—	—	—	—	—	—	—	—
Total long-term debt obligations, net	—	—	—	—	—	—	—	—	—
Total long-term liabilities	\$ —	—	—	—	—	—	—	—	—

5 Future minimum lease payments - Capital lease obligations:

Year ending June 30:	Capital lease obligations related to SRB		All other capital lease obligations		Total capital lease obligations	
	Principal Only	Interest Only	Principal Only	Interest	Principal Only	Interest Only
2019	—	—	—	—	—	—
2020	—	—	—	—	—	—
2021	—	—	—	—	—	—
2022	—	—	—	—	—	—
2023	—	—	—	—	—	—
2024 - 2028	—	—	—	—	—	—
2029 - 2033	—	—	—	—	—	—
2034 - 2038	—	—	—	—	—	—
2039 - 2043	—	—	—	—	—	—
2044 - 2048	—	—	—	—	—	—
2049 - 2053	—	—	—	—	—	—
2054 - 2058	—	—	—	—	—	—
2059 - 2063	—	—	—	—	—	—
2064 - 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 obligation, net of current portion						\$ —

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8 Transactions with related entities	Amount
Payments to University for salaries of University personnel working on contracts, grants, and other programs	323,499
Payments to University for other than salaries of University personnel	3,710,936
Payments received from University for services, space, and programs	356,419
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)	(318,729)
Other amounts (payable to) University (enter as negative number)	—
Accounts receivable from University (enter as positive number)	268,145
Other amounts receivable from University	—

9 Other poste-employment benefits (OPEB) liability
Intentionally left blank - not required/applicable eff.FY17/18

10 Pollution remediation liabilities under GASB Statement No.	Amount
Add description	\$ —
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Total pollution remediation liabilities	\$ —
Less: current portion	—
Pollution remediation liabilities, net of current portion	—

11 The nature and amount of the prior period adjustment(s) recorded to beginning net position	Net Position	Amount
	Class	Dr. (Cr.)
Net position as of June 30, 2017, as previously reported		\$ 39,151,597
Prior period adjustments:		
1 (list description of each adjustment)		—
2 (list description of each adjustment)		—
3 (list description of each adjustment)		—
4 (list description of each adjustment)		—
5 (list description of each adjustment)		—
6 (list description of each adjustment)		—
7 (list description of each adjustment)		—
8 (list description of each adjustment)		—
9 (list description of each adjustment)		—
10 (list description of each adjustment)		—
Net position as of June 30, 2017, as restated		\$ 39,151,597

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Provide a detailed breakdown of the journal entries (at the financial statement line item level) booked to record each prior period adjustment:

Net position class:	Debit	Credit
1 (breakdown of adjusting journal entry)	\$ —	—
Net position class:		
2 (breakdown of adjusting journal entry)	—	—
Net position class:		
3 (breakdown of adjusting journal entry)	—	—
Net position class:		
4 (breakdown of adjusting journal entry)	—	—
Net position class:		
5 (breakdown of adjusting journal entry)	—	—
Net position class:		
6 (breakdown of adjusting journal entry)	—	—
Net position class:		
7 (breakdown of adjusting journal entry)	—	—
Net position class:		
8 (breakdown of adjusting journal entry)	—	—
Net position class:		
9 (breakdown of adjusting journal entry)	—	—
Net position class:		
10 (breakdown of adjusting journal entry)	—	—

12 Natural Classifications of Operating Expenses

	Salaries	Benefits	Scholarships and fellowships	Supplies and other services	Depreciation and amortization	Total operating expenses
Instruction	13,550	370	—	40,138	—	54,058
Research	—	—	—	—	—	—
Public service	—	—	—	—	—	—
Academic support	379,845	143,715	254,068	2,079,857	—	2,857,485
Student services	65,540	(21,343)	813,460	2,289,807	—	3,147,464
Institutional support	—	—	—	206,532	—	206,532
Operation and maintenance of plant	—	—	130,820	519,658	—	650,478
Student grants and scholarships	—	—	—	—	—	—
Auxiliary enterprise expenses	—	—	—	—	—	—
Depreciation and amortization	—	—	—	—	40,990	40,990
Total	458,935	122,742	1,198,348	5,135,992	40,990	6,957,007

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