Financial Statements
June 30, 2013

CONTENTS

Independent Auditors' Report 1-2

Management's Discussion and Analysis (Unaudited) 3-10

Statement of Net Position 11

Statement of Revenues, Expenses, and Changes in Net Position 12

Statement of Cash Flows 13

Notes to the Financial Statements..... 14-23

Other Reporting Required by Government Auditing Standards 24-25

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
California State University, Long Beach 49er Foundation:

Report on the Financial Statements

We have audited the accompanying financial statements of California State University, Long Beach 49er Foundation (the 49er Foundation), which comprise the statement of net position as of June 30, 2013, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider 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, Long Beach 49er Foundation as of June 30, 2013, and the changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

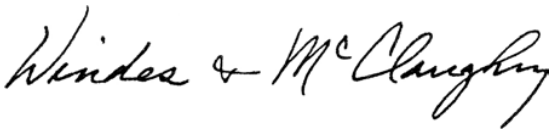
Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A) on pages 3-10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express our opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated September 24, 2013 on our consideration of California State University, Long Beach 49er 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 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 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, Long Beach 49er Foundation's internal control over financial reporting and compliance.



Long Beach, California
September 24, 2013

CALIFORNIA STATE UNIVERSITY, LONG BEACH 49er FOUNDATION

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2013

Introduction

The following discussion and analysis provides an overview of the financial position and activities of the California State University, Long Beach 49er Foundation (the 49er Foundation) for the year ended June 30, 2013. The discussion has been prepared by management and should be read in conjunction with the financial statements and notes thereto, which follow this section.

The 49er Foundation is a nonprofit organization formed to support and advance the philanthropic mission of California State University, Long Beach (the University). To fulfill this mission, the 49er Foundation actively promotes philanthropy and manages donated resources for the advancement of the University.

Using the Financial Statements

The 49er Foundation's financial report includes three statements: the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows. These financial statements have been prepared in accordance with Governmental Accounting Standards Board (GASB) principles. The 49er Foundation has adopted GASB No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*, as amended by GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, GASB No. 38, *Certain Financial Statement Note Disclosures, and* GASB No. 63, *Financial Reporting of Deferred Outflow of Resources, Deferred Inflows of Resources, and Net Position,* and applied those standards on a retroactive basis. These statements establish standards for external financial reporting for public colleges and universities and require that financial statements be presented on a consolidated basis to focus on the reporting entity as a whole, with resources classified for accounting and reporting purposes into the following four net position categories:

- Invested in capital assets, net of related debt
- Restricted, non-expendable
- Restricted, expendable
- Unrestricted

CALIFORNIA STATE UNIVERSITY, LONG BEACH 49er FOUNDATION

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2013

Statement of Net Position

The statement of net position presents the financial position of the 49er Foundation at the end of the fiscal year and includes all assets and liabilities. The difference between total assets and total liabilities – net position – is one indicator of the current financial condition of the 49er Foundation, while the change in net position is an indicator of whether the overall financial condition has improved or worsened during the year. Assets and liabilities are generally measured using current values. For the purpose of distinguishing between current and noncurrent assets and liabilities, current assets and liabilities are those that can be reasonably expected to either generate or use cash, as part of normal business operations, within one year of the financial statement date. A summary of the 49er Foundation's assets, liabilities, and net position at June 30, 2013 is as follows:

	June 30, 2013
Current assets	$ 9,300,000
Noncurrent assets	
Pledges receivable, net	2,600,000
Endowment investments	50,500,000
Total assets	62,400,000
Total liabilities	200,000
Net position	$ 62,200,000

Total assets include cash and cash equivalents of $7.5 million, pledge receivables of $3.7 million, endowment investments of $50.5 million, and other assets of $700,000.

Total liabilities include accounts payable of $200,000 with a net position of $62.2 million.

Endowment Investments

The 49er Foundation's endowment is $50.5 million at the end of fiscal year 2012/2013. Its investment policies are designed to protect the long-term viability of its endowment and seek a total return that provides for the annual spending policy disbursement and inflation protection.

Permanent endowments are funds received from donors with the stipulation that the principal remains intact and be invested in perpetuity to produce income, which is to be expended for purposes specified by the donor.

Net Position

Net position represents the residual interest in the 49er Foundation's assets after liabilities are deducted. The 49er Foundation's net position is as follows:

	June 30, 2013
Restricted:	
Nonexpendable	$ 43,300,000
Expendable	15,000,000
Unrestricted	3,900,000
Net Position	$ 62,200,000

Items included in the restricted expendable net assets are program funds designated to support scholarships and fellowships, and other program activities. Restricted nonexpendable net assets include the 49er Foundation's permanent endowment funds.

Statement of Revenues, Expenses and Changes in Net Position

The statement of revenues, expenses, and changes in net position presents the 49er Foundation's results of operations. A summary of the 49er Foundation's revenues, expenses, and changes in net position is as follows:

	For the Year Ended June 30, 2013
Operating revenues:	
Other	$ 900,000
Total operating revenues	900,000
Operating expenses	(7,200,000)
Operating loss	(6,300,000)
Nonoperating revenues (expenses):	
Gifts	8,800,000
Endowment income, net	4,900,000
Endowment gifts	1,300,000
Total nonoperating revenues, net	15,000,000
Increase in net position	8,700,000
Special item:	
Transfer of net position from CSULB Research Foundation	53,500,000
Net position at beginning of year	None
Net position at end of year	$ 62,200,000

Total nonoperating revenues consist of gifts of $10.1 million, and investment and endowment earnings of $4.9 million.

Statement of Revenues, Expenses and Changes in Net Position (Continued)

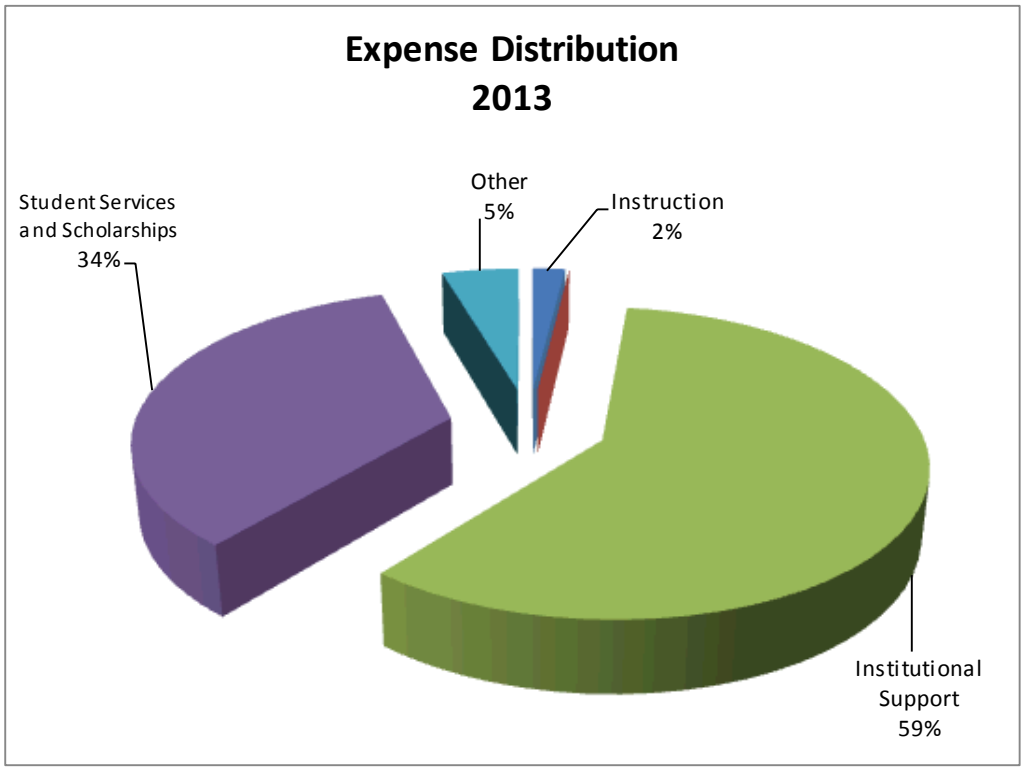
The operating loss is mainly affected by the gift revenues which are treated as nonoperating revenues, although corresponding gift expenditures (i.e., student grants and scholarships) are treated as operating expenditures.

In 2013, operating expenses consist of salaries and fringe benefits of $700,000, supplies and services of $4.1 million, and scholarships of $2.4 million.

In addition to their natural classifications, it is also informative to review operating expenses by function. A summary of the 49er Foundation's expenses by functional classification is as follows:

	For the Year Ended June 30, 2013
Operating expenses	
Instruction	$ 140,000
Public service	15,000
Academic support	315,000
Student services	80,000
Institutional support	4,250,000
Student grants and scholarships	2,400,000
Total Operating Expenses	$ 7,200,000

Statement of Revenues, Expenses and Changes in Net Position (Continued)



Institutional support includes expenses supporting University programs, initiatives, and operations.

Statement of Cash Flows

The statement of cash flows provides additional information on the 49er Foundation's financial results by reporting the major sources and uses of cash. A summary of the statement of cash flows is as follows:

	For the Year Ended June 30, 2013
Net cash used in operating activities	($ 6,800,000)
Net cash provided by noncapital financing activities	7,000,000
Net cash used in investing activities	(1,900,000)
Net change in cash and cash equivalents	(1,700,000)
Cash transfer from CSULB Research Foundation	9,200,000
Cash and cash equivalents at beginning of year	None
Cash and cash equivalents at end of year	$ 7,500,000

Economic Factors That Will Affect the Future

The CSULB 49er Foundation began operations on July 1, 2012. As such, this is the first financial audit of the organization. As the philanthropic entity for California State University, Long Beach, the 49er Foundation's financial success is directly tied to the economic climate of California, the equities and fixed income markets, as well as the efforts of the University fundraising staff. The University is currently in the quiet phase of a multi-year comprehensive campaign, so fundraising is a high priority for campus leadership.

Management believes the financial model of gift and endowment fees will be sufficient to cover all required expenses of operating the 49er Foundation, as is required by the Chancellor's Executive Order 1000.

CALIFORNIA STATE UNIVERSITY, LONG BEACH 49er FOUNDATION

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2013

Significant Development

The 49er Foundation received the University's endowment from the CSULB Research Foundation in early July 2012. The 49er Foundation began accepting scholarship gifts and endowment contributions, but passed all other donated operating funds to the Research Foundation for administration. The 49er Foundation is establishing protocols for operating/program funds to be retained and administered in the 49er Foundation. This change will result in increased gift fee revenue, but also added costs for administration of these funds.

CALIFORNIA STATE UNIVERSITY, LONG BEACH 49er FOUNDATION

STATEMENT OF NET POSITION
JUNE 30, 2013

ASSETS

CURRENT ASSETS	
Cash and cash equivalents	$ 7,467,064
Accounts receivable, net	590,155
Pledges receivable, net	1,085,946
Prepaid expenses and other assets	137,616
	9,280,781
NONCURRENT ASSETS	
Pledges receivable, net	2,606,054
Endowment investments	50,528,887
	53,134,941
TOTAL ASSETS	62,415,722

LIABILITIES

CURRENT LIABILITIES	
Accounts payable	218,065
	218,065

NET POSITION

NET POSITION	
Restricted for:	
Nonexpendable – endowments	43,262,228
Expendable:	
Scholarships and fellowships	4,323,555
Other	10,649,781
Unrestricted	3,962,093
TOTAL NET POSITION	$ 62,197,657

The accompanying notes are an integral part of these financial statements.

CALIFORNIA STATE UNIVERSITY, LONG BEACH 49er FOUNDATION

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION FOR THE YEAR ENDED JUNE 30, 2013

REVENUES	
Operating revenues	$ 841,153
	841,153
EXPENSES	
Operating Expenses:	
Instruction	137,023
Public service	15,023
Academic support	314,674
Student services	79,918
Institutional support	4,247,840
Student grants and scholarships	2,375,805
	7,170,283
OPERATING LOSS	(6,329,130)
NONOPERATING REVENUES (EXPENSES)	
Gifts, noncapital	8,824,952
Investment income, net	1,045
Endowment income, net	4,855,235
	13,681,232
INCOME BEFORE OTHER ADDITIONS	7,352,102
ADDITIONS TO PERMANENT ENDOWMENTS	1,319,681
INCREASE IN NET POSITION BEFORE SPECIAL ITEM	8,671,783
SPECIAL ITEM	
Transfer of net position from CSULB Research Foundation	53,525,874
INCREASE IN NET POSITION	62,197,657
NET POSITION AT BEGINNING OF YEAR	None
NET POSITION AT END OF YEAR	$ 62,197,657

The accompanying notes are an integral part of these financial statements.

CALIFORNIA STATE UNIVERSITY, LONG BEACH 49er FOUNDATION

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES	
Payments to or on behalf of the University departments	($ 4,039,582)
Payments to employees	(637,702)
Payments to students	(2,412,550)
Other receipts	250,998
Net Cash Used In Operating Activities	(6,838,836)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Gifts received for other than capital purposes	7,040,030
Net Cash Provided By Noncapital Financing Activities	7,040,030
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Net Cash Used In Capital and Related Financing Activities	None
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales and maturities of investments	53,272
Investment income, net	1,045
Endowment income, net	4,855,235
Additions to permanent endowments	1,319,681
Purchase of investments	(8,083,433)
Net Cash Used In Investing Activities	(1,854,200)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,653,006)
CASH TRANSFER FROM CSULB RESEARCH FOUNDATION	9,120,070
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	None
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 7,467,064
RECONCILIATION OF OPERATING LOSS TO NET CASH FROM OPERATING ACTIVITIES:	
Operating loss	($ 6,329,130)
Adjustments to reconcile operating loss to net cash from operating activities:	
Change in assets and liabilities:	
Accounts receivable, net	(590,155)
Prepaid expenses and other assets	(137,616)
Accounts payable	218,065
Net Cash Used In Operating Activities	($ 6,838,836)

The accompanying notes are an integral part of these financial statements.

CALIFORNIA STATE UNIVERSITY, LONG BEACH 49er FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – Statement of Significant Accounting Policies

Organization

The California State University, Long Beach 49er Foundation (the 49er Foundation) is a nonprofit, tax-exempt corporation, which commenced operations on July 1, 2012. The Foundation is organized to actively promote philanthropy and manage donated resources for the advancement of California State University, Long Beach (the University), by accepting and managing donations, gifts, and bequests for any University-related use. The Foundation is a direct support organization and component of the University.

Basis of Presentation

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board (GASB).

The accompanying financial statements have been prepared on the accrual basis. The Foundation reports as a Business Type Activity and, accordingly, has reported its activities within a single column in the basic financial statements, as defined by GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*.

The 49er Foundation's policy for defining operating activities as reported on the statement of revenues, expenses, and changes in net position are those that generally result from administrative fees earned from gifts and donations made to the 49er Foundation and expenses of the activities associated with the intent or purpose of the gift or donation. Certain significant revenue streams relied upon for operations are recorded as nonoperating revenues as defined by GASB Statement No. 35, including gifts and investment income.

NOTE 1 – Statement of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

The 49er Foundation has adopted GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, and GASB Statement No. 35, as amended by GASB Statements No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus* and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*. GASB Statement No. 33 requires that unconditional promises to give be recorded as receivables and revenues when the 49er Foundation has met all applicable eligibility requirements. GASB Statement No. 35 established standards for external financial reporting for public colleges and universities and requires that resources be classified for accounting and reporting purposes into the following four net position categories: Invested in capital assets, net of related debt; Restricted, non-expendable; Restricted, expendable; and Unrestricted. As of June 30, 2013, the 49er Foundation has no capital assets or debt.

Classification of Current and Noncurrent Assets (Other than Investments) and Liabilities

The 49er Foundation considers assets to be current that can reasonably be expected, as part of its normal business operations, to be converted to cash and be available for liquidation of current liabilities within 12 months of the statement of net position date. Liabilities that reasonably can be expected, as part of normal 49er Foundation business operations, to be liquidated within 12 months of the statement of net position date, are considered to be current. All other assets and liabilities are considered to be noncurrent. For clarification of current and noncurrent investments, see the investments accounting policy.

NOTE 1 – Statement of Significant Accounting Policies (Continued)

Net Position

The 49er Foundation's net position is classified into the following net position categories:

- ***Invested in capital assets, net of related debt***

  Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

- ***Restricted***

  Nonexpendable – Net position subject to externally imposed stipulations that they be maintained permanently by the 49er Foundation. Such assets include the 49er Foundation's permanent endowment funds.

  Expendable – Net position whose use by the 49er Foundation is subject to externally imposed stipulations that can be fulfilled by actions of the 49er Foundation pursuant to those stipulations or that expire by the passage of time.

- ***Unrestricted***

  Unrestricted net position is those that are not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of management or the Board of Directors or may otherwise be limited by contractual agreements with outside parties. Substantially all unrestricted net position is designated for any University-related use, which includes academic and research programs and initiatives, and capital programs.

Reporting Entity

The 49er Foundation is an affiliated organization component unit of the University. As such, the 49er Foundation's financial data will be included in the financial statements of the University.

NOTE 1 – Statement of Significant Accounting Policies (Continued)

Use of Estimates and Assumptions

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements.

Cash and Cash Equivalents

The 49er Foundation considers all highly liquid, short-term investments purchased with an original maturity of three months or less to be cash equivalents. The 49er Foundation maintains cash with financial institutions in excess of federally insured limits.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of the failure of the custodian, the investments may not be returned to the 49er Foundation. Substantially all of the 49er Foundation's investments are registered in the 49er Foundation's name by the custodian. As a result, custodial credit risk for such investments is remote.

Investments

The 49er Foundation has adopted GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Under GASB Statement No. 31, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values using quoted market prices in the statement of net position. Realized and unrealized gains and losses are included in the accompanying statement of revenues, expenses, and changes in net position.

NOTE 1 – Statement of Significant Accounting Policies (Continued)

Accounts Receivable

Accounts receivable primarily consists of amounts due from another auxiliary organization of the University. Management deems all accounts receivable to be collectible and has not established an allowance for doubtful accounts.

Pledges Receivable

The 49er Foundation receives pledges and bequests of financial support from corporations, foundations, and individuals. Revenue is recognized when a pledge representing an unconditional promise to pay is received and all eligibility requirements, including time requirements, have been met. In the absence of such promise, revenue is recognized when the gift is received. Endowment pledges do not meet eligibility requirements, as defined by GASB Statement No. 33, and are not recorded as assets until the related gift is received. An allowance for uncollectible pledges receivable is provided based on management's judgment of potential uncollectible amounts (approximately $548,000 at June 30, 2013). The determination includes such factors as prior collection history, type of gift, and nature of fund-raising.

Income Taxes

The 49er Foundation is tax-exempt under Internal Revenue Code Section 501(c)(3) for federal income taxes, as well as the related provisions for state income tax purposes.

NOTE 2 – Pledges Receivable

Pledges receivable are recorded in the statement of net position at estimated net realizable value in accordance with GASB Statement No. 33. Pledges receivable were discounted as of June 30, 2013 using interest rates ranging from 2% to 4%, which approximated the 49er Foundation's rate of return on treasury notes at the time the pledge is made. Pledges receivable as of June 30, 2013 are summarized as follows:

Due in the Year Ending June 30,	
2014	$ 1,247,029
2015	868,750
2016	2,232,698
2017	83,250
2018	7,500
Thereafter	11,000
	4,450,227
Less allowance for uncollectible pledges	(547,648)
Less present value discounts	(210,579)
	3,692,000
Less current portion of pledges receivable	(1,085,946)
Long-term portion of pledges receivable	$ 2,606,054

NOTE 3 – Investments

At June 30, 2013, the 49er Foundation's investment portfolio consists primarily of investments held in the investment pool, as well as interest-bearing accounts.

Investment Policy

The primary objective of the 49er Foundation's investment policy is to protect the long-term viability of its endowment and seek a total return that provides for the annual spending policy disbursement and inflation protection.

NOTE 3 – Investments (Continued)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest rates.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Concentration of Credit Risk

Concentration of credit risk is the risk associated with a lack of diversification, such as having substantial investments in a few individual issuers, thereby exposing the organization to greater risks resulting from adverse economic, political, regulatory, geographic or credit developments.

The 49er Foundation may invest in various types of 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 the amounts reported in the statement of revenues, expenses, and changes in net position.

NOTE 3 – Investments (Continued)

Concentration of Credit Risk (Continued)

The following is a summary of investments at June 30, 2013:

Investments at fair value as determined by quoted market price or estimated fair value:	
Common stock	$ 13,780
Mutual funds	
Russell Funds	
Commodities Fund	2,377,460
Emerging Markets Fund	1,498,429
Real Estate Fund	2,370,656
US Defensive Equity Fund	9,108,276
US Core Equity Fund	9,210,995
US Small Cap Equity Fund	2,406,108
Short Duration Bond	15,176,462
International Market Fund	8,366,721
	$50,528,887

Investments are valued at quoted market price if available, otherwise they are recorded at estimated fair value.

Investment income (loss) for the year ended June 30, 2013 is summarized as follows:

Interest and dividend income	$ 1,041,666
Net unrealized gains	4,625,440
Net realized losses	(109,156)
Fees	(701,670)
	$ 4,856,280

NOTE 4 – Operating Expenses by Function

	For the Year Ended June 30, 2013			
	Compensation and Benefits	Supplies and Services	Scholarship and Fellowship	Total
Instruction	$ 3,344	$ 122,579	$ 11,100	$ 137,023
Public service		2,023	13,000	15,023
Academic support	156,141	139,964	18,569	314,674
Student services	2,536	75,382	2,000	79,918
Institutional support	475,681	3,768,409	3,750	4,247,840
Student grants and scholarships		11,674	2,364,131	2,375,805
Total Operating Expenses	$ 637,702	$ 4,120,031	$ 2,412,550	$ 7,170,283

Institutional support includes expenses supporting University programs, initiatives, and operations.

NOTE 5 – Transactions with Related Entities

As described in Note 1, the 49er Foundation is an auxiliary organization affiliated with the University and the California State University (CSU) System statewide. The 49er Foundation is also affiliated with CSULB Research Foundation (Research Foundation), an auxiliary organization of the University and CSU. The Research Foundation provides accounting services to the 49er Foundation. The accompanying financial statements include transactions with related parties as of and for the year ended June 30, 2013, as follows:

Reimbursements to the University for salaries, wages, and benefits of University employees working on contracts, grants, and other programs	$ 265,979
Payments to the University for other than salaries of University personnel	$ 1,752,605
Payments received from the University for services, space, and programs	$ 1,012
Amounts receivable from CSU entities and recognized auxiliary organizations	$ 586,928

NOTE 5 – Transactions with Related Entities (Continued)

Amounts due to the University	$	200,383
Amounts due to the Research Foundation	$	816

NOTE 6 – Transfer of Net Position

The 49er Foundation began operations July 1, 2012 with the purpose to promote philanthropy and manage the resources previously donated to the Research Foundation but designated for University-related uses. As a result, donated assets previously held by the Research Foundation were transferred to the 49er Foundation to administer going forward. The 49er Foundation recognized the following assets:

Cash	$ 9,120,070
Investments	42,498,726
Pledge receivables, net	1,907,078
Total	$ 53,525,874

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

To the Board of Directors of
California State University,
Long Beach 49er 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, Long Beach 49er Foundation (a nonprofit organization), which comprise the statement of net position as of June 30, 2013, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 24, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered California State University, Long Beach 49er Foundation's internal control over financial reporting (internal control) to determine the 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, Long Beach 49er Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

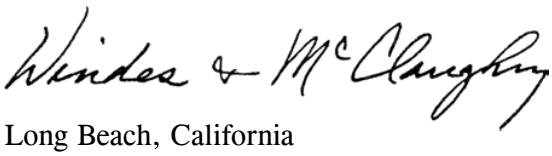
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether California State University, Long Beach 49er Foundation's financial statements are free of 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 determination of financial statement amounts. 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*.

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 the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Long Beach, California
September 24, 2013