

**Financial Statements
With Supplementary
Financial Information
June 30, 2014 and 2013**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
CSULB 49er Foundation:

Report on the Financial Statements

We have audited the accompanying financial statements of CSULB 49er Foundation (the 49er Foundation), which comprise the statement of net position as of June 30, 2014 and 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 CSULB 49er Foundation as of June 30, 2014 and 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 3-11 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 Information

Our audits were conducted for the purpose of forming opinions on the financial statements as a whole. The supplementary financial information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary financial information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary financial information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2014 on our consideration of CSULB 49er Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 CSULB 49er Foundation's internal control over financial reporting and compliance.



Long Beach, California
September 19, 2014

CSULB 49er FOUNDATION

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) JUNE 30, 2014 AND 2013

Introduction

The following discussion and analysis provides an overview of the financial position and activities of the CSULB 49er Foundation (the 49er Foundation) for the years ended June 30, 2014 and 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 mission of California State University, Long Beach (the University). To fulfill this mission, the 49er Foundation pursues a wide range of opportunities in the areas of campus programs, public-private partnerships, technology transfer, and other entrepreneurial activities to complement and strengthen the University's teaching, research, scholarly, creative, and public service goals.

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. These principles 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

CSULB 49er FOUNDATION

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2014 AND 2013**

Statement of Net Position

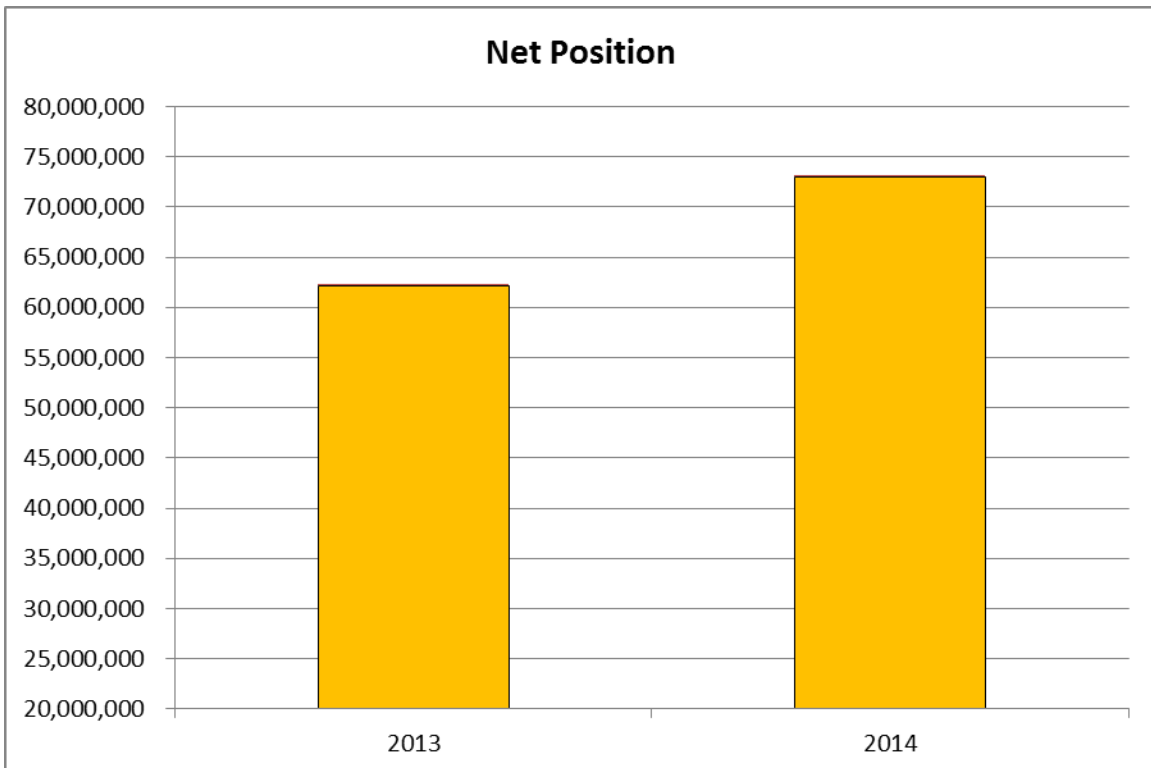
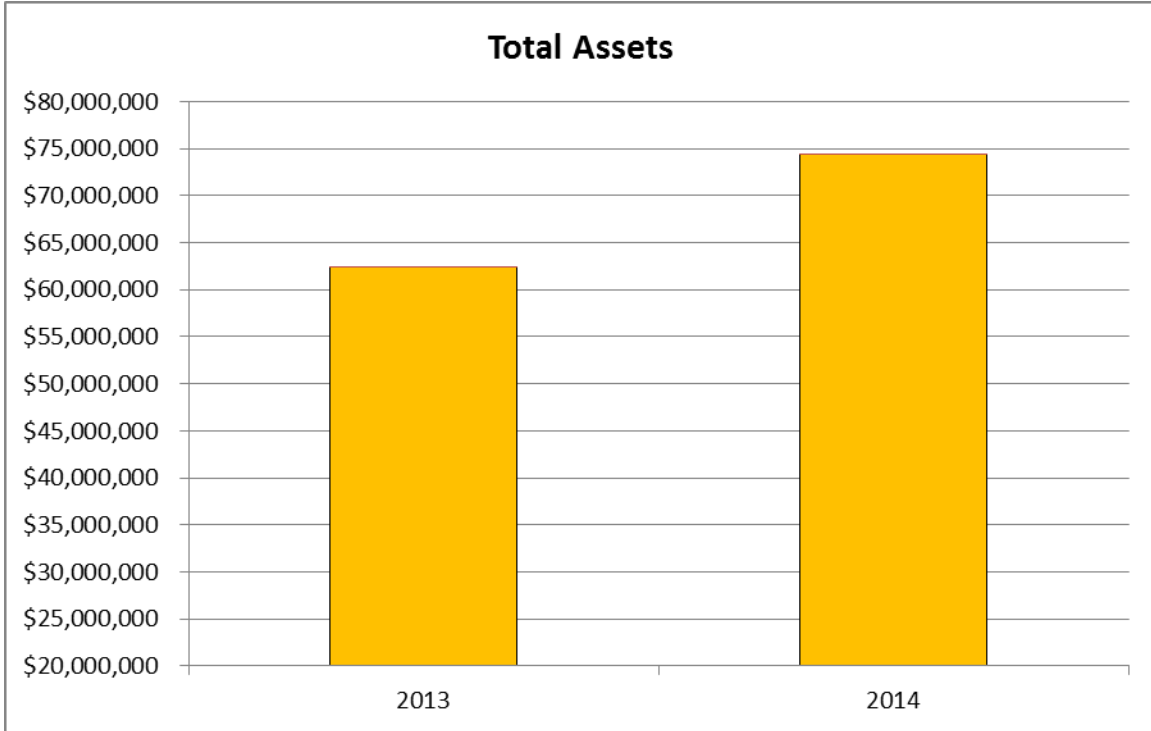
The statement of net position presents the financial position of the 49er Foundation at the end of the fiscal year and includes all assets and liabilities of the 49er Foundation. The difference between total assets and total liabilities – net position – is one indicator of the current financial condition 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, 2014 and 2013 is as follows:

	<u>June 30,</u>	
	<u>2014</u>	<u>2013</u>
Current assets	\$ 14,800,000	\$9,300,000
Noncurrent assets		
Pledges receivable, net	2,600,000	2,600,000
Endowment investments	<u>57,000,000</u>	<u>50,500,000</u>
Total assets	<u>74,400,000</u>	<u>62,400,000</u>
Total liabilities	<u>1,400,000</u>	<u>200,000</u>
Net position	<u>\$ 73,000,000</u>	<u>\$ 62,200,000</u>

Total assets increased \$12 million, or 19%, primarily due to an increase of \$4.3 million in cash and cash equivalents and \$6.5 million in endowment investments. Total liabilities increased \$1.2 million, or 600%, due to an increase in accounts payable at year-end.

CSULB 49er FOUNDATION

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2014 AND 2013**



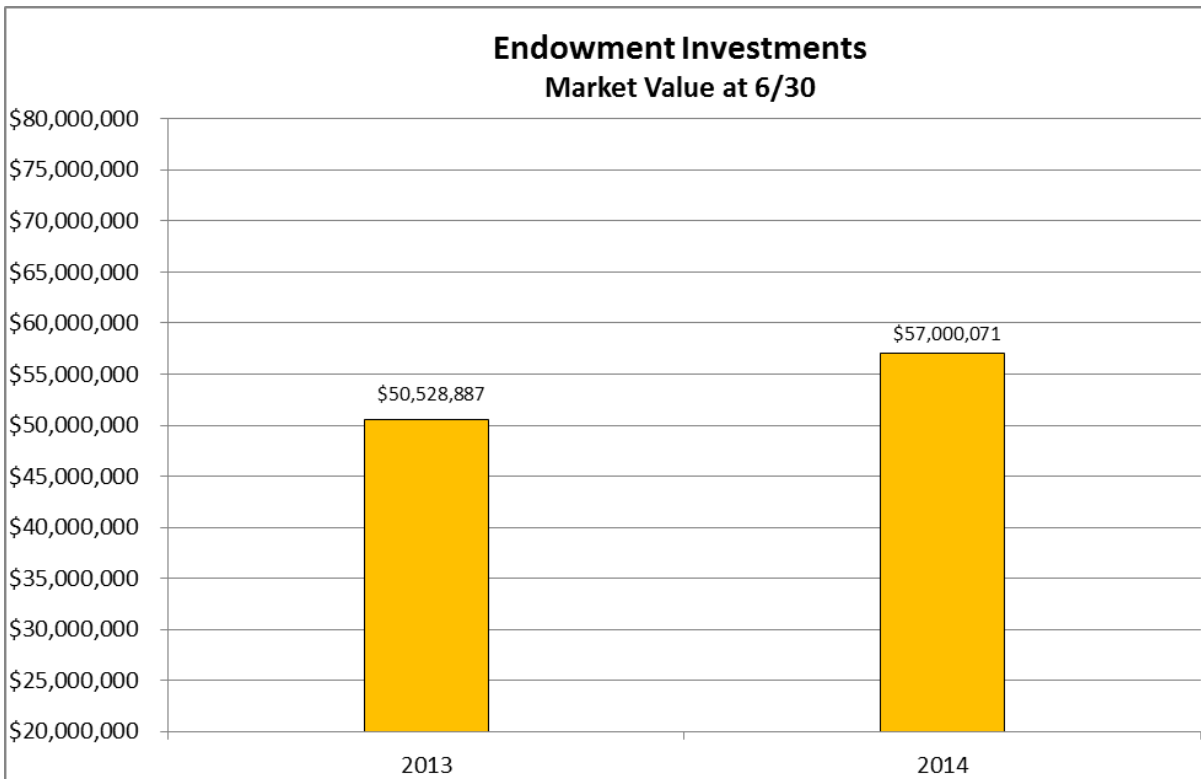
CSULB 49er FOUNDATION

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2014 AND 2013**

Endowment Investments

The 49er Foundation's endowment is \$57 million and \$50.5 million in fiscal years June 30, 2014 and 2013, respectively. The increase of \$6.5 million can be attributed to favorable market conditions for the current year. The 49er Foundation's 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.



CSULB 49er FOUNDATION

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2014 AND 2013**

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,	
	2014	2013
Restricted:		
Nonexpendable	\$45,000,000	\$ 43,300,000
Expendable	23,100,000	15,000,000
Unrestricted	<u>4,900,000</u>	<u>3,900,000</u>
Net Position	<u>\$73,000,000</u>	<u>\$ 62,200,000</u>

Net position increased \$10.8 million, or 17%. This change is attributed to a positive return on investments due to favorable market conditions, new gifts and additional transfers from CSULB Research Foundation.

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

CSULB 49er FOUNDATION

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2014 AND 2013**

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,	
	<u>2014</u>	<u>2013</u>
Operating revenues:		
Other	\$ 900,000	\$ 900,000
Total operating revenues	900,000	900,000
Operating expenses	(5,600,000)	(4,200,000)
Operating loss	(4,700,000)	(3,300,000)
Nonoperating revenues:		
Gifts, noncapital	5,600,000	5,800,000
Investment income, net	100,000	
Endowment income	6,500,000	4,900,000
Endowment gifts	<u>1,700,000</u>	<u>1,300,000</u>
Total nonoperating revenues, net	<u>13,900,000</u>	<u>12,000,000</u>
Increase in net position	9,200,000	8,700,000
Special item-transfer from Research Foundation	1,600,000	53,500,000
Net position at beginning of year	<u>62,200,000</u>	<u>None</u>
Net position at end of year	<u><u>\$ 73,000,000</u></u>	<u><u>\$ 62,200,000</u></u>

Total operating expenses consist of salaries, benefits, scholarships, supplies and services. Total nonoperating revenues consist of gifts, investment income and endowment income. Nonoperating revenues increased \$1.9 million, or 16%, due to increase in endowment and investment income.

CSULB 49er FOUNDATION

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2014 AND 2013**

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, while corresponding gift expenditures (i.e., student grants, scholarships, supplies and services) are treated as operating expenses. The 49er Foundation's program activities are allowed to use balances from prior years. Expenditures in the current year may be more or less than revenues recorded during the same year.

Endowment and investment income, net of fees, consists of a change in the fair market value of investments, including interest, dividends, and realized and unrealized gains and losses of \$6.6 million in 2014 and \$4.9 million in 2013.

In 2014, operating expenses consist of salaries and benefits of \$960,000, supplies and services of \$2.1 million, and scholarships of \$2.5 million. Supplies and services in the institutional support category include administrative expenses, travel, postage, telephone, fundraising, contractual services and office supplies for development funds such as Annual Fund, program funds, and administrative operating fund.

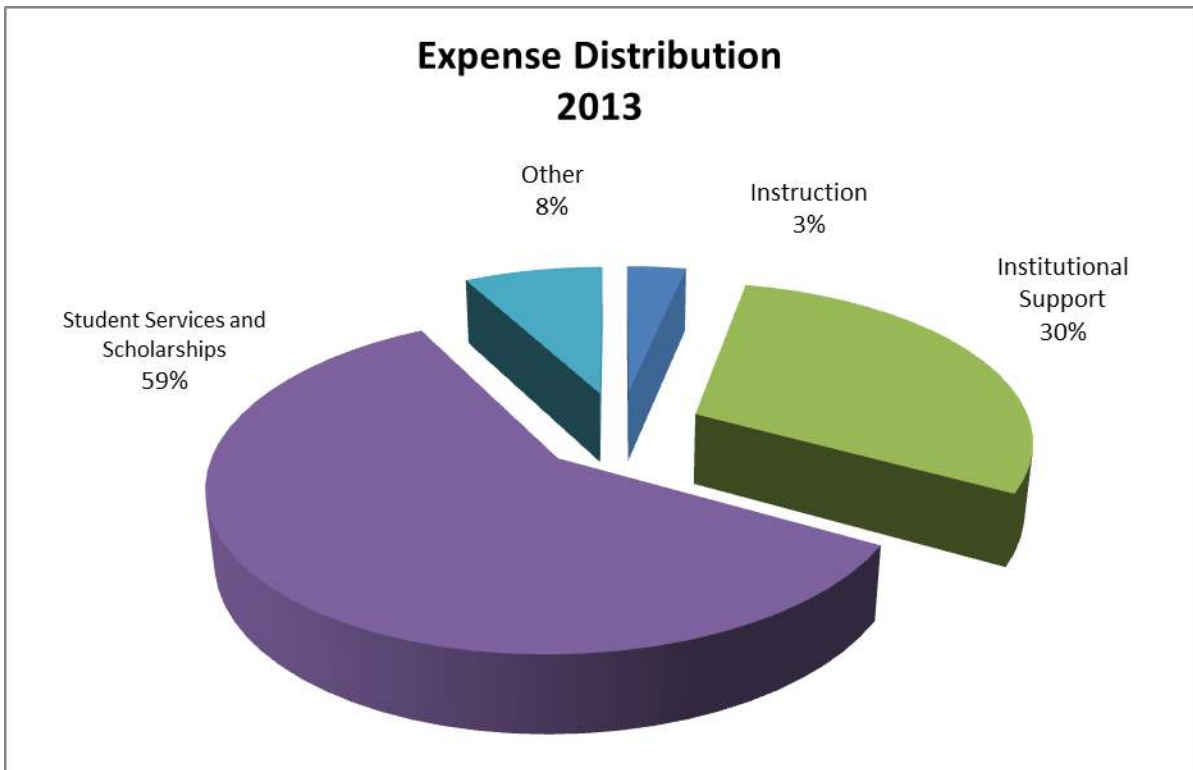
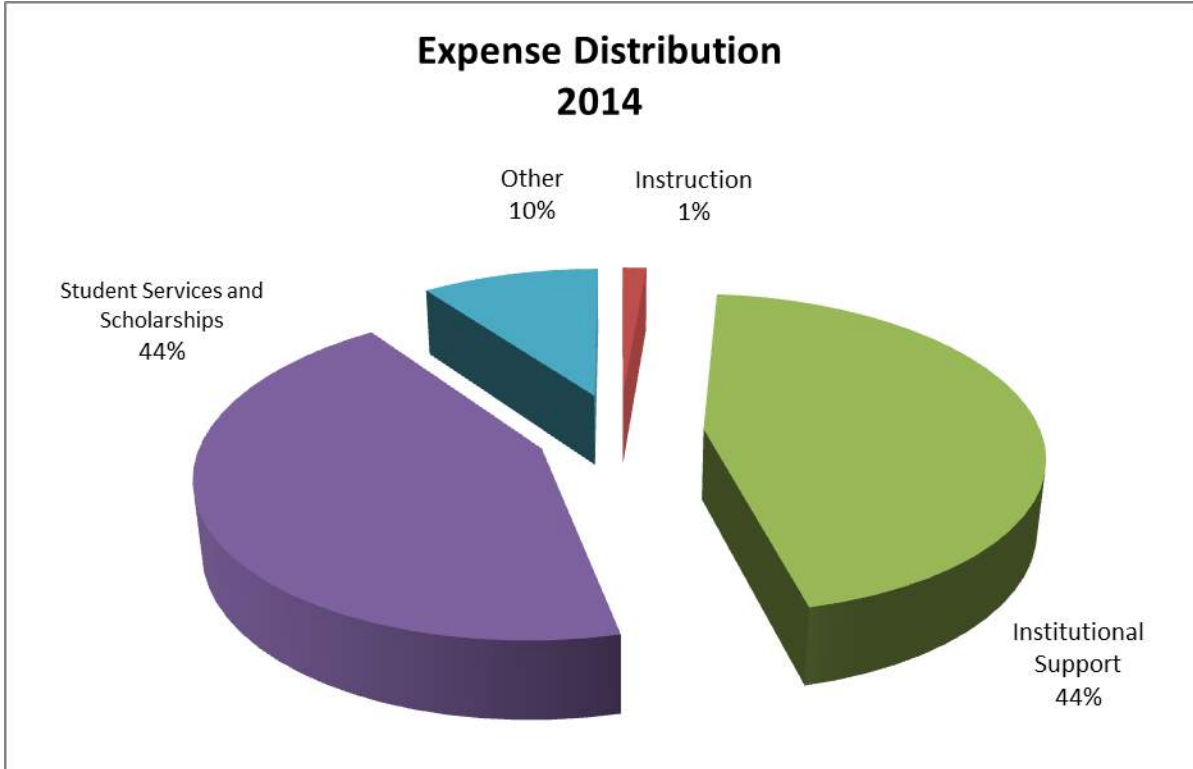
In 2013, operating expenses consist of salaries and fringe benefits of \$640,000, supplies and services of \$1.1 million, scholarships of \$2.4 million.

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 are as follows:

	For the Year Ended June 30,	
	2014	2013
Operating		
Instruction	\$ 75,000	\$ 140,000
Public service	78,000	15,000
Academic support	424,000	315,000
Student services	59,000	80,000
Institutional support	2,518,000	1,250,000
Student grants and scholarships	2,446,000	2,400,000
Total Operating Expenses	<u>\$ 5,600,000</u>	<u>\$ 4,200,000</u>

CSULB 49er FOUNDATION

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2014 AND 2013**



CSULB 49er FOUNDATION

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2014 AND 2013**

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,	
	2014	2013
Net cash used in operating activities	(\$ 3,100,000)	(\$ 3,800,000)
Net cash provided by noncapital financing activities	4,900,000	4,000,000
Net cash provided by (used in) investing activities	<u>900,000</u>	<u>(1,900,000)</u>
Net change in cash and cash equivalents	2,700,000	(1,700,000)
Cash transfer from CSULB Research Foundation	1,600,000	9,200,000
Cash and cash equivalents at beginning of year	<u>7,500,000</u>	<u>None</u>
Cash and cash equivalents at end of year	<u>\$ 11,800,000</u>	<u>\$ 7,500,000</u>

Economic Factors That Will Affect the Future

The CSULB 49er Foundation's endowment will be affected by the value of the equity markets, currently near all-time highs. Principal gifts to the 49er Foundation typically involve appreciated securities or real estate, both of which are directly affected by their valuations. The funding model for the 49er Foundation is directly related to the cash (or cash-value) of gifts received, as well as the value of the endowment.

As before, management believes our current funding model of a combination of fees (primarily gift and endowment fees) will be sufficient to cover all operating expenses as is required by Chancellor's Executive Order 1000.

Significant Development

The University will launch the public phase of its fundraising campaign in October 2014. As such, we expect the CSULB 49er Foundation to increase the gift transactions as the campaign moves towards its final phase. We don't anticipate any other significant developments in the year ahead.

CSULB 49er FOUNDATION

STATEMENT OF NET POSITION

	ASSETS	
	June 30,	
	2014	2013
CURRENT ASSETS		
Cash and cash equivalents	\$ 11,820,142	\$ 7,467,064
Short-term investments	936,717	
Accounts receivable, net	167,686	590,155
Pledges receivable, net	1,791,552	1,085,946
Prepaid expenses and other assets	<u>103,213</u>	<u>137,616</u>
	<u>14,819,310</u>	<u>9,280,781</u>
NONCURRENT ASSETS		
Pledges receivable, net	2,573,670	2,606,054
Endowment investments	<u>57,000,071</u>	<u>50,528,887</u>
	<u>59,573,741</u>	<u>53,134,941</u>
TOTAL ASSETS	<u>74,393,051</u>	<u>62,415,722</u>
	LIABILITIES	
CURRENT LIABILITIES		
Accounts payable	301,906	16,866
Other liabilities	<u>1,105,390</u>	<u>201,199</u>
	<u>1,407,296</u>	<u>218,065</u>
	NET POSITION	
NET POSITION		
Restricted for:		
Nonexpendable – endowments	44,963,041	43,262,228
Expendable:		
Scholarships and fellowships	3,583,863	4,323,555
Other	19,556,912	10,649,781
Unrestricted	<u>4,881,939</u>	<u>3,962,093</u>
TOTAL NET POSITION	<u>\$ 72,985,755</u>	<u>\$ 62,197,657</u>

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

CSULB 49er FOUNDATION

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	For the Year Ended June 30,	
	2014	2013
REVENUES		
Operating revenues	\$ 897,133	\$ 841,153
EXPENSES		
Operating Expenses:		
Instruction	75,666	137,023
Public service	78,095	15,023
Academic support	424,455	314,674
Student services	59,105	79,918
Institutional support	2,518,477	1,263,364
Student grants and scholarships	2,482,457	2,375,805
	<u>5,638,255</u>	<u>4,185,807</u>
OPERATING LOSS	(4,741,122)	(3,344,654)
NONOPERATING REVENUES		
Gifts, noncapital	5,615,557	5,840,476
Investment income, net	94,401	1,045
Endowment income, net	6,506,119	4,855,235
	<u>12,216,097</u>	<u>10,696,756</u>
INCOME BEFORE OTHER ADDITIONS	7,474,955	7,352,102
ADDITIONS TO PERMANENT ENDOWMENTS	<u>1,686,855</u>	<u>1,319,681</u>
INCREASE IN NET POSITION BEFORE SPECIAL ITEM	9,161,810	8,671,783
SPECIAL ITEM		
Transfer of net position from CSULB Research Foundation	<u>1,626,288</u>	<u>53,525,874</u>
INCREASE IN NET POSITION	10,788,098	62,197,657
NET POSITION AT BEGINNING OF YEAR	<u>62,197,657</u>	<u>None</u>
NET POSITION AT END OF YEAR	<u>\$ 72,985,755</u>	<u>\$ 62,197,657</u>

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

CSULB 49er FOUNDATION

STATEMENT OF CASH FLOWS

	For the Year Ended June 30,	
	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to or on behalf of the University departments	(\$ 1,200,609)	(\$ 1,055,106)
Payments to employees	(962,523)	(637,702)
Payments to students	(2,525,678)	(2,412,550)
Other receipts	<u>1,593,791</u>	<u>250,998</u>
Net Cash Used In Operating Activities	<u>(3,095,019)</u>	<u>(3,854,360)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Gifts received for other than capital purposes	<u>4,942,335</u>	<u>4,055,554</u>
Net Cash Provided By Noncapital Financing Activities	<u>4,942,335</u>	<u>4,055,554</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Net Cash Used In Capital and Related Financing Activities	<u>None</u>	<u>None</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments		53,272
Investment income, net	94,401	1,045
Endowment income, net	1,100,466	4,855,235
Additions to permanent endowments	1,686,855	1,319,681
Purchase of investments	<u>(2,002,248)</u>	<u>(8,083,433)</u>
Net Cash Provided by (Used In) Investing Activities	<u>879,474</u>	<u>(1,854,200)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	2,726,790	(1,653,006)
CASH TRANSFER FROM CSULB RESEARCH FOUNDATION	1,626,288	9,120,070
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>7,467,064</u>	<u>None</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 11,820,142</u></u>	<u><u>\$ 7,467,064</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH FROM OPERATING ACTIVITIES:		
Operating loss	(\$ 4,741,122)	(\$ 3,344,654)
Adjustments to reconcile operating loss to net cash from operating activities:		
Change in assets and liabilities:		
Accounts receivable, net	422,469	(590,155)
Prepaid expenses and other assets	34,403	(137,616)
Accounts payable	285,040	218,065
Other liabilities	<u>904,191</u>	<u> </u>
Net Cash Used In Operating Activities	<u><u>(\$ 3,095,019)</u></u>	<u><u>(\$ 3,854,360)</u></u>

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

CSULB 49er FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

NOTE 1 – Statement of Significant Accounting Policies

Organization

The CSULB 49er Foundation (the 49er Foundation) is a nonprofit, tax-exempt corporation, which commenced operations on July 1, 2012. The 49er 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 49er 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 49er Foundation reports as a Business Type Activity and, accordingly, has reported its activities within a single column in the basic financial statements.

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, including gifts and investment income.

CSULB 49er FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

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, 2014 and 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.

CSULB 49er FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

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 one that is 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.

CSULB 49er FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

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.

CSULB 49er FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

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 \$464,000 and \$548,000 at June 30, 2014 and 2013, respectively). 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.

Reclassification

Certain amounts in the June 30, 2013 financial statements have been reclassified to conform to the 2014 financial statement presentation.

CSULB 49er FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

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, 2014 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, 2014 are summarized as follows:

<u>Due in the Year</u> <u>Ending June 30,</u>	
2015	\$ 1,981,790
2016	821,500
2017	2,092,448
2018	237,500
2019	15,500
Thereafter	<u>5,500</u>
	5,154,238
Less allowance for uncollectible pledges	(463,525)
Less present value discounts	<u>(325,491)</u>
	4,365,222
Less current portion of pledges receivable	<u>(1,791,552)</u>
Long-term portion of pledges receivable	<u>\$ 2,573,670</u>

NOTE 3 – Investments

At June 30, 2014 and 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.

CSULB 49er FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

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.

CSULB 49er FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

NOTE 3 – Investments (Continued)

Concentration of Credit Risk (Continued)

The following is a summary of investments:

	June 30,	
	2014	2013
Investments at fair value as determined by quoted market price or estimated fair value:		
Common stock		\$ 13,780
Fixed income securities	\$ 12,146,315	
Corporate certificates of deposit	2,749,445	
Mutual funds		
Russell Funds		
Commodities Fund	2,718,857	2,377,460
Emerging Markets Fund	1,737,162	1,498,429
Real Estate Fund	2,844,422	2,370,656
US Defensive Equity Fund	11,014,246	9,108,276
US Core Equity Fund	11,230,190	9,210,995
US Small Cap Equity Fund	2,922,896	2,406,108
Short Duration Bond		15,176,462
International Market Fund	10,573,255	8,366,721
	57,936,788	50,528,887
Less short-term portion of investments	(936,717)	
Endowment investments	<u>\$ 57,000,071</u>	<u>\$ 50,528,887</u>

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

Investment income is summarized as follows:

	June 30,	
	2014	2013
Interest and dividend income	\$ 1,247,613	\$ 1,041,666
Net unrealized gains	6,274,883	4,625,440
Net realized losses	(171,922)	(109,156)
Fees	(750,054)	(701,670)
	<u>\$ 6,600,520</u>	<u>\$ 4,856,280</u>

CSULB 49er FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

NOTE 4 – Operating Expenses by Function

	For the Year Ended June 30, 2014			
	Compensation and Benefits	Supplies and Services	Scholarship and Fellowship	Total
Instruction	\$ 13,757	\$ 39,409	\$ 22,500	\$ 75,666
Public service		6,095	72,000	78,095
Academic support	290,684	127,040	6,731	424,455
Student services		57,105	2,000	59,105
Institutional support	656,184	1,862,293		2,518,477
Student grants and scholarships	<u>1,899</u>	<u>58,111</u>	<u>2,422,447</u>	<u>2,482,457</u>
Total Operating Expenses	<u>\$ 962,524</u>	<u>\$ 2,150,053</u>	<u>\$ 2,525,678</u>	<u>\$ 5,638,255</u>

	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	783,933	3,750	1,263,364
Student grants and scholarships		<u>11,674</u>	<u>2,364,131</u>	<u>2,375,805</u>
Total Operating Expenses	<u>\$ 637,702</u>	<u>\$ 1,135,555</u>	<u>\$ 2,412,550</u>	<u>\$ 4,185,807</u>

Institutional support includes expenses supporting University programs, initiatives, and operations, as directed by the 49er Foundation under the provisions of the donor agreement.

CSULB 49er FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

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, 2014 and 2013, as follows:

	June 30,	
	2014	2013
Reimbursements to the University for salaries, wages, and benefits of University employees working on contracts, grants, and other programs	\$ 177,238	\$ 265,979
Payments to the University for other than salaries of University personnel	\$ 2,763,153	\$ 1,752,605
Payments received from the University for services, space, and programs	\$ 13,477	\$ 1,012
Gifts to the University from recognized auxiliary organization	\$ 537,026	
Amounts receivable from CSU entities and recognized auxiliary organizations	\$ 123,916	\$ 586,928
Amounts due to the University	\$ 954,965	\$ 200,383
Amounts due to the Research Foundation	\$ 150,424	\$ 816

CSULB 49er FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

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:

	<u>June 30,</u>	
	<u>2014</u>	<u>2013</u>
Cash	\$ 1,626,288	\$ 9,120,070
Investments		42,498,726
Pledge receivables, net		<u>1,907,078</u>
Total	<u>\$ 1,626,288</u>	<u>\$ 53,525,874</u>

SUPPLEMENTARY FINANCIAL INFORMATION

CSULB 49er FOUNDATION

**SUPPLEMENTARY FINANCIAL INFORMATION
OTHER INFORMATION**

1. RESTRICTED CASH AND CASH EQUIVALENTS AT JUNE 30, 2014

Portion of restricted cash and cash equivalents related to endowments	\$	0
All other restricted cash and cash equivalents		<u>0</u>
Total restricted cash and cash equivalents	\$	<u>0</u>

2.1 COMPOSITION OF INVESTMENTS AT JUNE 30, 2014

	<u>Current Unrestricted</u>	<u>Current Restricted</u>	<u>Total Current</u>
State of California Surplus			
Money Investment Fund (SMIF)	\$ 0	\$ 0	\$ 0
State of California Local Agency Investment Fund (LAIF)	0	0	0
Wachovia Short-Term Fund	0	0	0
Wachovia Medium-Term Fund	0	0	0
Wachovia Equity Fund	0	0	0
CSU Consolidated Investment Pool (includes SWIFT and 0948 SMIF)	0	0	0
Common Fund – Short-Term Fund	0	0	0
Common Fund – others	0	0	0
Debt securities	0	0	0
Equity securities	0	0	0
Fixed income securities (Treasury notes, GNMA's)	0	0	0
Land and other real estate	0	0	0
Certificates of deposit	936,717	0	936,717
Notes receivable	0	0	0
Mutual funds	0	0	0
Money market funds	0	0	0
Collateralized mortgage obligations:			
Inverse floaters	0	0	0
Interest-only strips	0	0	0
Agency pass-through	0	0	0
Partnership interests (includes private pass-through)	0	0	0
Alternative investments	0	0	0
Hedge funds	0	0	0
Other major investments	0	0	0
Total investments	<u>936,717</u>	<u>0</u>	<u>936,717</u>
Less endowment investments	(0)	(0)	(0)
Total investments	<u>\$ 936,717</u>	<u>\$ 0</u>	<u>\$ 936,717</u>

See Independent Auditors' Report

<u>Noncurrent Unrestricted</u>	<u>Noncurrent Restricted</u>	<u>Total Noncurrent</u>	<u>Total</u>
\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	12,146,315	12,146,315	12,146,315
0	0	0	0
0	1,812,728	1,812,728	2,749,445
0	0	0	0
0	43,041,028	43,041,028	43,041,028
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
<u>0</u>	<u>57,000,071</u>	<u>57,000,071</u>	<u>57,936,788</u>
(<u>0</u>)	(<u>57,000,071</u>)	(<u>57,000,071</u>)	(<u>57,000,071</u>)
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 936,717</u>

CSULB 49er FOUNDATION

**SUPPLEMENTARY FINANCIAL INFORMATION
OTHER INFORMATION
(Continued)**

2.2 INVESTMENTS HELD BY THE UNIVERSITY UNDER CONTRACTUAL AGREEMENTS AT JUNE 30, 2014:

Portion of investments in Note 2.1
held by the University under contractual
agreements at June 30, 2014: \$ 0

2.3 RESTRICTED CURRENT INVESTMENTS AT JUNE 30, 2014 RELATED TO:

Total restricted current investments
at June 30, 2014 \$ 0

2.4 RESTRICTED NONCURRENT INVESTMENTS AT JUNE 30, 2014 RELATED TO:

	<u>Amount</u>
Endowment investment	<u>\$ 57,000,071</u>
Total restricted noncurrent investments at June 30, 2014	<u>\$ 57,000,071</u>

CSULB 49er FOUNDATION

**SUPPLEMENTARY FINANCIAL INFORMATION
OTHER INFORMATION
(Continued)**

3.1 COMPOSITION OF CAPITAL ASSETS AT JUNE 30, 2014

	<u>Balance June 30, 2013</u>	<u>Prior-Period Adjustments</u>	<u>Reclassifications</u>	<u>Balance June 30, 2013 (Restated)</u>
Nondepreciable/Nonamortizable				
Capital Assets				
Land and land improvements	\$ 0	\$ 0	\$ 0	\$ 0
Works of art and historical treasures	0	0	0	0
Construction Work in Progress (CWIP)	0	0	0	0
Intangible assets	0	0	0	0
Total nondepreciable/nonamortizable capital assets	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Depreciable/Amortizable Capital Assets				
Buildings and building improvements	0	0	0	0
Improvements, other than buildings	0	0	0	0
Infrastructure	0	0	0	0
Leasehold improvements	0	0	0	0
Personal property:				
Equipment	0	0	0	0
Library books and materials	0	0	0	0
Intangible assets	0	0	0	0
Total depreciable/amortizable capital assets	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total capital assets	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Less Accumulated Depreciation/ Amortization				
Buildings and building improvements	0	0	0	0
Improvements, other than buildings	0	0	0	0
Infrastructure	0	0	0	0
Leasehold improvements	0	0	0	0
Personal property:				
Equipment	0	0	0	0
Library books and materials	0	0	0	0
Intangible assets	0	0	0	0
Total accumulated depreciation/ amortization	<u>(0)</u>	<u>(0)</u>	<u>(0)</u>	<u>(0)</u>
Total capital assets, net	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

See Independent Auditors' Report

<u>Additions</u>	<u>Reductions</u>	<u>Transfers of Completed CWIP</u>	<u>Balance June 30, 2014</u>
\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0
0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>(0)</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>(0)</u>	<u>0</u>	<u>0</u>
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>(0)</u>	<u>(0)</u>	<u>(0)</u>	<u>(0)</u>
<u>\$ 0</u>	<u>(\$ 0)</u>	<u>\$ 0</u>	<u>\$ 0</u>

CSULB 49er FOUNDATION

**SUPPLEMENTARY FINANCIAL INFORMATION
OTHER INFORMATION
(Continued)**

3.2 DETAIL OF DEPRECIATION AND AMORTIZATION EXPENSE FOR THE YEAR ENDED JUNE 30, 2014:

Depreciation and amortization expense related to capital assets	\$	0
Amortization expense related to other assets		<u>0</u>
Total depreciation and amortization	\$	<u>0</u>

4. LONG-TERM LIABILITIES ACTIVITY SCHEDULE

	<u>Balance June 30, 2013</u>	<u>Prior-Period Adjustments</u>	<u>Reclassi- fications</u>	<u>Balance June 30, 2013 (Restated)</u>	<u>Additions</u>	<u>Reductions</u>
Accrued compensated absences	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	(\$ 0)
Capitalized lease obligations:						
Gross balance	0	0	0	0	0	(0)
Unamortized premium/(discount) on capitalized lease obligations	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(0)</u>
Total Capitalized Lease Obligations	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(0)</u>
Long-term debt obligations:						
Revenue Bonds	0	0	0	0	0	(0)
Other bonds (non-revenue bonds)	0	0	0	0	0	(0)
Commercial Paper	0	0	0	0	0	(0)
Note payable related to SRB	0	0	0	0	0	(0)
Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(0)</u>
Total Long-Term Debt Obligations	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(0)</u>
Unamortized Bond Premium/(discount)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(0)</u>
Total Long-Term Debt Obligations, Net	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(0)</u>
Total Long-Term Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>(\$ 0)</u>

See Independent Auditors' Report

<u>Balance June 30, 2014</u>	<u>Current Portion</u>	<u>Long-Term Portion</u>
\$ 0	\$ 0	\$ 0
0	0	0
<u>0</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>0</u>
0	0	0
0	0	0
0	0	0
<u>0</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>0</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

CSULB 49er FOUNDATION

**SUPPLEMENTARY FINANCIAL INFORMATION
OTHER INFORMATION
(Continued)**

5. FUTURE MINIMUM LEASE PAYMENTS - CAPITAL LEASE OBLIGATIONS

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal and Interest</u>
2015	\$ 0	\$ 0	\$ 0
2016	0	0	0
2017	0	0	0
2018	0	0	0
2019	0	0	0
2020 - 2024	0	0	0
2025 - 2029	0	0	0
2030 - 2034	0	0	0
2035 - 2039	0	0	0
2040 - 2044	0	0	0
2045 - 2049	0	0	0
2050 - 2054	0	0	0
2055 - 2059	0	0	0
2060 - 2064	<u>0</u>	<u>0</u>	<u>0</u>
Total minimum lease payments			0
Less amounts representing interest			(0)
Present value of future minimum lease payments			0
Less current portion			(0)
Capitalized lease obligation, net of current portion			<u>\$ 0</u>

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CSULB 49er FOUNDATION

**SUPPLEMENTARY FINANCIAL INFORMATION
OTHER INFORMATION
(Continued)**

6. LONG-TERM DEBT OBLIGATION SCHEDULE

<u>Year ending June 30,</u>	<u>Revenue Bonds</u>			<u>All other long-term debt obligations</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Principal & Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal & Interest</u>
2015	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
2016	0	0	0	0	0	0
2017	0	0	0	0	0	0
2018	0	0	0	0	0	0
2019	0	0	0	0	0	0
2020 - 2024	0	0	0	0	0	0
2025 - 2029	0	0	0	0	0	0
2030 - 2034	0	0	0	0	0	0
2035 - 2039	0	0	0	0	0	0
2040 - 2044	0	0	0	0	0	0
2045 - 2049	0	0	0	0	0	0
2050 - 2054	0	0	0	0	0	0
2055 - 2059	0	0	0	0	0	0
2060 - 2064	0	0	0	0	0	0
Total	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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Total		
<u>Principal</u>	<u>Interest</u>	<u>Principal & Interest</u>
\$ 0	\$ 0	\$ 0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
<u>0</u>	<u>0</u>	<u>0</u>
 \$ 0	 \$ 0	 \$ 0

CSULB 49er FOUNDATION

**SUPPLEMENTARY FINANCIAL INFORMATION
OTHER INFORMATION
(Continued)**

7 CALCULATION OF NET POSITION

7.1 CALCULATION OF NET POSITION – NET INVESTMENT IN CAPITAL ASSETS

	Auxiliary Organizations		Total Auxiliaries
	GASB	FASB	
Capital assets, net of accumulated depreciation	\$ 0	\$ 0	\$ 0
Capitalized lease obligations, current portion	0	0	0
Capitalized lease obligations, net of current portion	0	0	0
Long-term debt obligations, current portion	(0)	(0)	(0)
Long-term debt obligations, net of current portion	(0)	(0)	(0)
Portion of outstanding debt that is unspent at year-end	0	0	0
Other adjustments:	(0)	(0)	(0)
Net position – net investment in capital assets	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

7.2 CALCULATION OF NET POSITION – RESTRICTED FOR NONEXPENDABLE – ENDOWMENTS

Portion of restricted cash and cash equivalents related to endowments	\$ 0	\$ 0	\$ 0
Endowment investments	57,000,071	0	57,000,071
Other adjustments:			
Quasi endowment and market adjustments	(12,037,030)	(0)	(12,037,030)
Net position – restricted for nonexpendable endowments per SNP	<u>\$ 44,963,041</u>	<u>\$ 0</u>	<u>\$ 44,963,041</u>

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CSULB 49er FOUNDATION

**SUPPLEMENTARY FINANCIAL INFORMATION
OTHER INFORMATION
(Continued)**

8. TRANSACTIONS WITH RELATED ENTITIES

	<u>Amount</u>
Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$ 177,238
Payments to University for other than salaries of University personnel	2,763,153
Payments received from University for services, space, and programs	13,477
Gifts-in-kind to the University from discretely presented component units	0
Gifts (cash or assets) to the University from recognized discretely presented component units	537,026
Amounts payable to University	(954,965)
Other amounts payable to University	0
Amounts receivable from University	0
Other amounts receivable from University	0

9. OTHER POSTEMPLOYMENT BENEFITS OBLIGATION (OPEB)

	<u>Amount</u>
Annual required contribution (ARC)	\$ 0
Contributions during the year	<u>0</u>
Increase (decrease) in net OPEB obligation (NOO)	0
NOO – beginning of year	<u>0</u>
NOO – end of year	<u>\$ 0</u>

10. POLLUTION REMEDIATION LIABILITIES UNDER GASB STATEMENT NO. 49:

Total pollution remediation liabilities	\$ 0
Less: current portion	<u>0</u>
Pollution remediation liabilities, net of current portion	<u>\$ 0</u>

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CSULB 49er FOUNDATION

**SUPPLEMENTARY FINANCIAL INFORMATION
OTHER INFORMATION
(Continued)**

11. THE NATURE AND AMOUNT OF THE PRIOR-PERIOD ADJUSTMENT(S) RECORDED TO BEGINNING NET POSITION

	<u>Net Position Class</u>	<u>Amount Dr. (Cr.)</u>
Net position as of June 30, 2013, as previously reported		\$ 62,197,657
Prior-period adjustments:		<u>0</u>
Net position as of June 30, 2013, as restated		<u>\$ 62,197,657</u>

PROVIDE A DETAILED BREAKDOWN OF THE JOURNAL ENTRIES BOOKED TO RECORD EACH PRIOR-PERIOD ADJUSTMENT

	<u>Debit</u>	<u>Credit</u>
Net position class:	\$ 0	\$ 0

**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
CSULB 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 CSULB 49er Foundation (a nonprofit organization), which comprise the statement of net position as of June 30, 2014, 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 19, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered CSULB 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 CSULB 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 CSULB 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 19, 2014