



CALIFORNIA STATE UNIVERSITY
LONG BEACH
RESEARCH FOUNDATION

Financial Statements
with Supplementary Financial Information
June 30, 2014 and 2013

CONTENTS

Independent Auditors' Report	1-3
Management's Discussion and Analysis (Unaudited)	4-15
Statement of Net Position	16-17
Statement of Revenues, Expenses, and Changes in Net Position	18-19
Statement of Cash Flows	20-21
Notes to the Financial Statements.....	22-42
Supplementary Financial Information.....	43-52

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of California State University, Long Beach Research Foundation (the Research 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 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 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 audits 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 Research Foundation as of June 30, 2014 and 2013, and the changes in its net position and its cash flows for the years 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 4-15 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 an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The supplemental informational schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplemental informational schedule is the responsibility of management and was derived from and relate 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 audit 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 supplemental informational schedule 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 California State University, Long Beach Research 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 Research Foundation's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Windes, Inc.".

Long Beach, California
September 19, 2014

CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH 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 California State University, Long Beach Research Foundation (the Research 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 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 Foundation pursues a wide range of opportunities in the areas of grants and contracts, 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 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 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 asset categories:

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

CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH 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 Foundation at the end of the fiscal year and includes all assets and liabilities of the Foundation. The difference between total assets and total liabilities – net position – is one indicator of the current financial condition of the 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. One notable exception is capital assets, which are stated at historical costs less an allowance for depreciation. 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 Foundation's assets, liabilities, and net position at June 30, 2014 and 2013 is as follows:

	June 30,	
	2014	2013
		(As Restated)
Current assets	\$ 39,200,000	\$ 39,900,000
Noncurrent assets		
Accounts receivable, net	16,800,000	16,700,000
Pledges receivable, net	2,100,000	2,000,000
Endowment and other investments	0	0
Other investments	4,600,000	4,400,000
Capital assets	<u>44,700,000</u>	<u>46,000,000</u>
Total assets	<u>107,400,000</u>	<u>109,000,000</u>
Deferred outflows of resources	<u>200,000</u>	<u>300,000</u>
Current liabilities	12,600,000	14,500,000
Noncurrent liabilities	<u>49,600,000</u>	<u>49,100,000</u>
Total liabilities	<u>62,200,000</u>	<u>63,600,000</u>
Net position	<u>\$ 45,400,000</u>	<u>\$ 45,700,000</u>

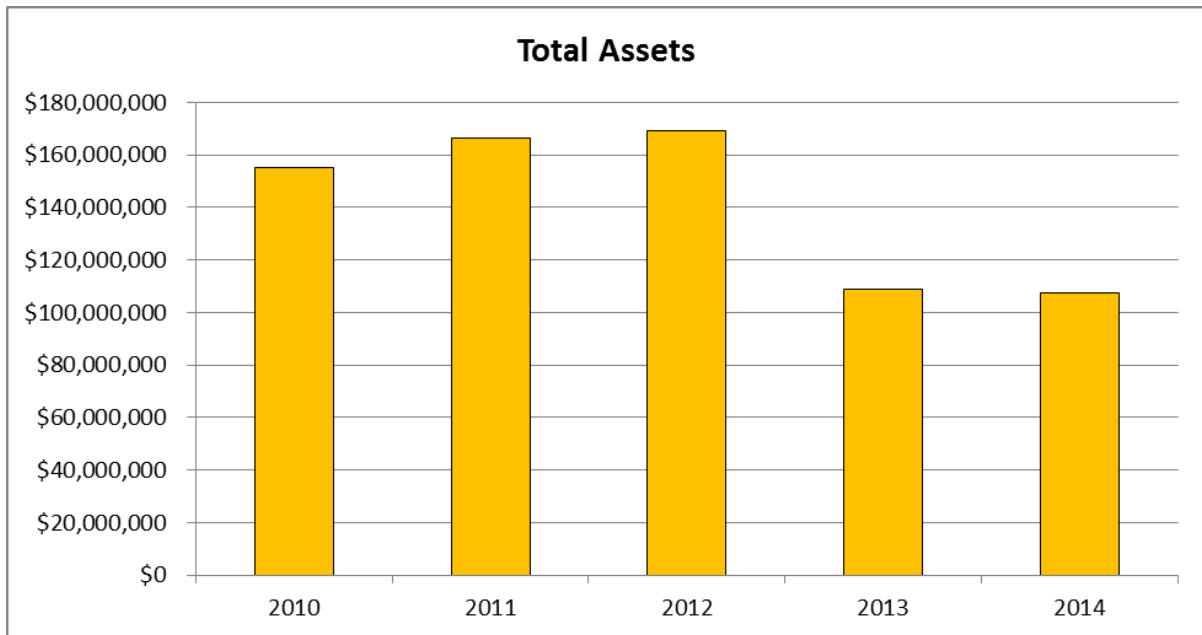
Total assets decreased \$1.6 million, or 1.4%, during fiscal year 2014 and decreased \$55 million, or 33%, during fiscal year 2013. The change in 2014 is mainly due to decrease in receivables from grant activities. The decrease in 2013 is attributed to the transfer of endowment assets to the 49er Foundation at the start of the fiscal year. Current assets of \$39.2 million were \$700,000, or 1.8% less than 2013. Current assets of \$39.9 million were \$9.4 million, or 19% less than 2012 due to transfer cash of scholarship and program funds to the 49er Foundation.

CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

JUNE 30, 2014 AND 2013

Statement of Net Position (Continued)



Total liabilities decreased \$1.4 million during fiscal year 2014 and increased \$1.1 million, or 2%, during fiscal year 2013. Current liabilities include accounts payable of \$3.2 million, accrued salaries, benefits, and compensated absences payable of \$2.2 million, unearned revenues of \$6.2 million, and the current portion of long-term debt of \$955,000.

Current unearned revenues represent unexpended cash advances received for sponsored programs.

Net position decreased by \$300,000, or 0.6%, during fiscal year 2014. Net position decreased by \$57.3 million, or 55.6%, from \$103.0 million in 2012 to \$45.7 million in 2013. This decrease was due to the transfer of endowment and scholarship net position to the 49er Foundation.

CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

JUNE 30, 2014 AND 2013

Other Investments

The other investments were \$4.6 million in 2014 and \$4.4 million in 2013. These investments consist of funds that have been allocated by the Foundation for long-term investment purposes without donor restrictions.

Capital Assets and Long-Term Debt Activities

At June 30, 2014, The Foundation had \$44.7 million invested in capital assets, net of accumulated depreciation of \$13.3 million.

At June 30, 2013, the Foundation had \$46 million invested in capital assets, net of accumulated depreciation of \$12 million.

Depreciation charges for the years ended June 30, 2014 and 2013 totaled \$1.34 million and \$1.4 million, respectively. A summary of capital assets, net of accumulated depreciation, is as follows:

	June 30,	
	2014	2013
Building and improvements	\$33,100,000	\$ 33,100,000
Furniture and fixtures	<u>3,300,000</u>	<u>3,300,000</u>
	36,400,000	36,400,000
Less: accumulated depreciation and amortization	(13,300,000)	(12,000,000)
	23,100,000	24,400,000
Collection items (works of art)	4,500,000	4,500,000
Land and land improvements	<u>17,100,000</u>	<u>17,100,000</u>
	<u>\$44,700,000</u>	<u>\$ 46,000,000</u>

There were no capital assets added in 2014 and \$183,000 in capital assets was added in 2013.

Long-term debt obligations consist of bonds of \$31 million in 2014 and \$32 million in 2013.

CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

JUNE 30, 2014 AND 2013

Net Position

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

	June 30,	
	2014	2013
		(As Restated)
Invested in capital assets, net of related debt	\$13,200,000	\$ 13,500,000
Restricted:		
Nonexpendable	0	0
Expendable	26,700,000	27,300,000
Unrestricted	<u>5,500,000</u>	<u>4,900,000</u>
Net position	<u>\$45,400,000</u>	<u>\$45,700,000</u>

Net position decreased \$300,000, or 0.6%, in 2014 and \$57.3 million, or 55.6%, in 2013. Net invested in capital assets, net of related debt, represent the Foundation's capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of these assets.

In 2014, restricted net position decreased by \$600,000. Unrestricted net position increased by \$600,000, or 12% due to the prior period adjustment of the post-employment benefit accrual of \$4.5 million to conform to the net OPEB obligation at the end of fiscal year 2014.

In 2013, restricted net position decreased \$59.3 million due to the transfer of the scholarship and endowment funds to the newly created CSULB 49er Foundation.

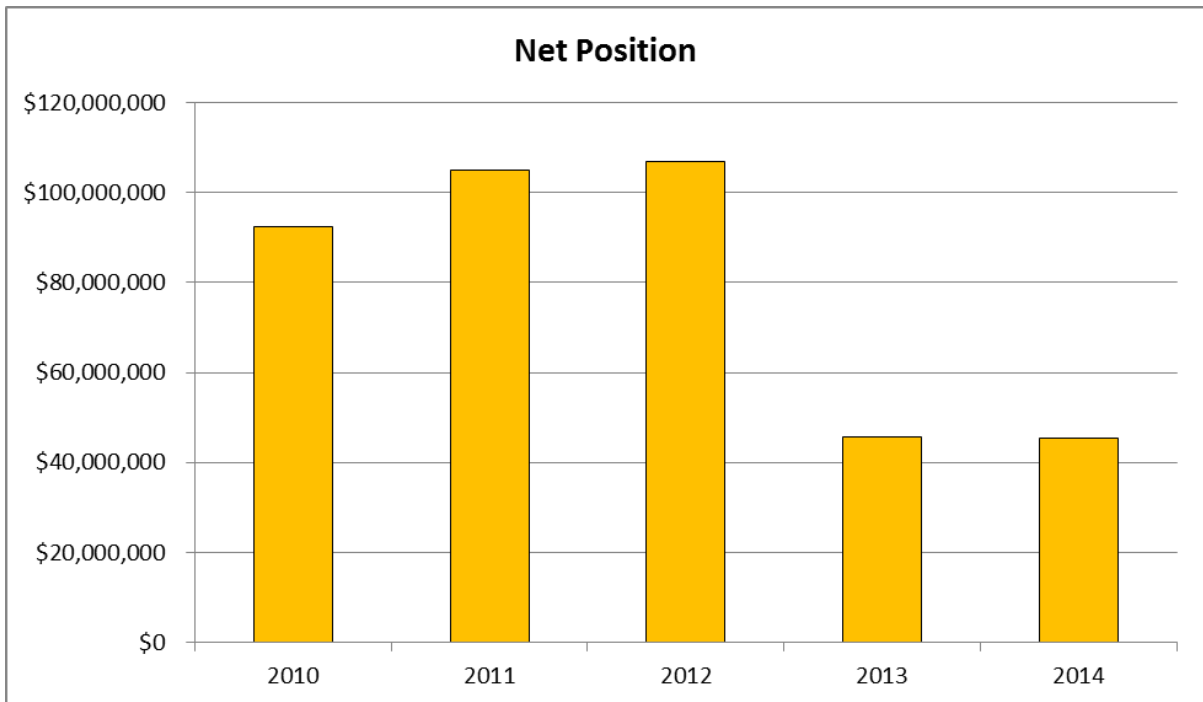
Items included in the restricted expendable net position are program funds designated to support research, and other program activities.

CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

JUNE 30, 2014 AND 2013

Net Position (Continued)



CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH 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 Foundation's results of operations. A summary of the Foundation's revenues, expenses, and changes in net position is as follows:

	For the Year Ended	
	June 30,	
	2014	2013
		(As Restated)
Operating revenues:		
Grants and contracts	\$ 28,500,000	\$ 34,400,000
Other	11,500,000	13,200,000
Total operating revenues	<u>40,000,000</u>	<u>47,600,000</u>
Operating expenses	(44,100,000)	(52,100,000)
Operating loss	<u>(4,100,000)</u>	<u>(4,500,000)</u>
Nonoperating revenues (expenses):		
Gifts	3,400,000	200,000
Investment income (loss), net	3,700,000	2,600,000
Nonoperating expenses	(1,700,000)	(2,000,000)
Total nonoperating revenues, net	<u>5,400,000</u>	<u>800,000</u>
Increase (decrease) in net position	1,300,000	(3,700,000)
Special item-Transfer to 49er Foundation	(1,600,000)	(53,600,000)
Net position at beginning of year (as restated)	<u>45,700,000</u>	<u>103,000,000</u>
Net position at end of year	<u>\$ 45,400,000</u>	<u>\$ 45,700,000</u>

During fiscal year 2014, total nonoperating revenues increased \$4.4 million, or 575%, due to gifts in program funds administered by Foundation and favorable market conditions.

During fiscal year 2013, total nonoperating revenues decreased \$6.8 million, or 89%. This change is attributed to the significant decrease in gifts which were accepted by the 49er Foundation.

CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH 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 affected by Foundation program activities which 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.

During fiscal year 2014, grants and contracts revenues consist of federal grants and contracts of \$19 million, state and local grants and contracts of \$6.5 million, and non-governmental grants and contracts of \$3 million.

During fiscal year 2013, grants and contracts revenues consist of federal grants and contracts of \$23.3 million, state and local grants and contracts of \$7.2 million, and non-governmental grants and contracts of \$3 million.

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 a positive \$3.7 million in 2014 and positive \$2.6 million in 2013.

In 2014, operating expenses consist of salaries and fringe benefits of \$23.7 million, supplies and services of \$15.4 million, scholarships and fellowship of \$3.8 million, and depreciation of \$1.35 million.

In 2013, operating expenses consist of salaries and fringe benefits of \$26.2 million, supplies and services of \$21 million, scholarships and fellowship of \$3.5 million, and depreciation of \$1.4 million.

CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

JUNE 30, 2014 AND 2013

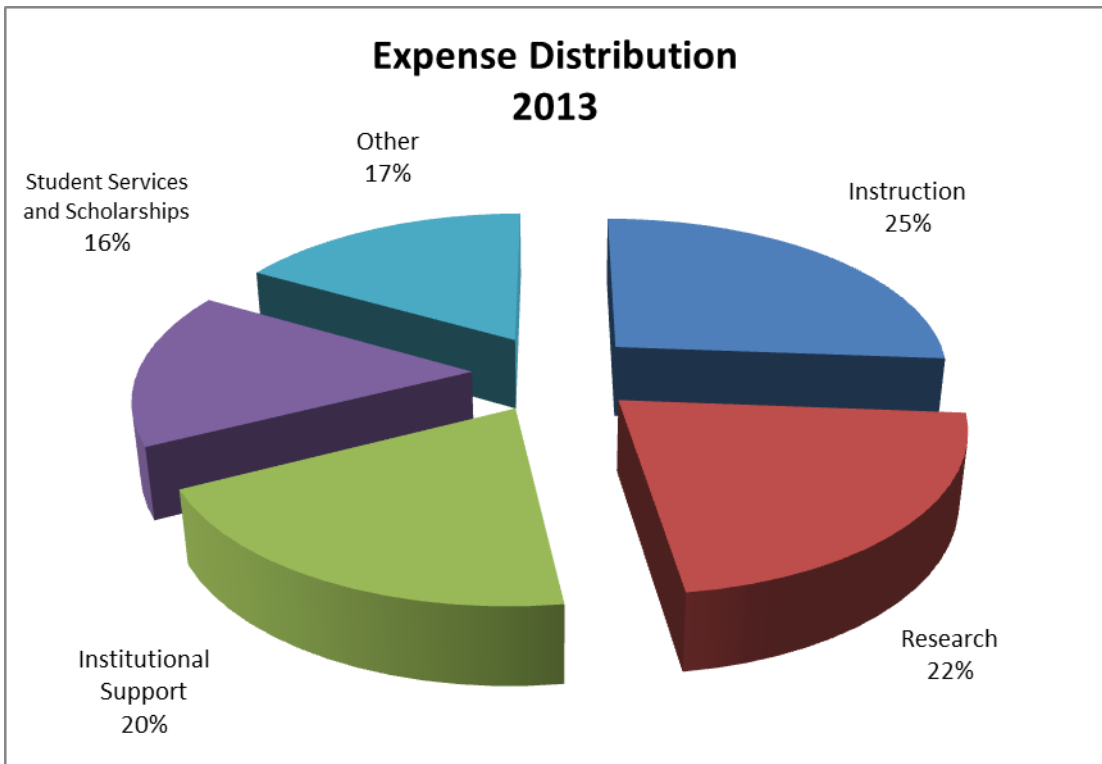
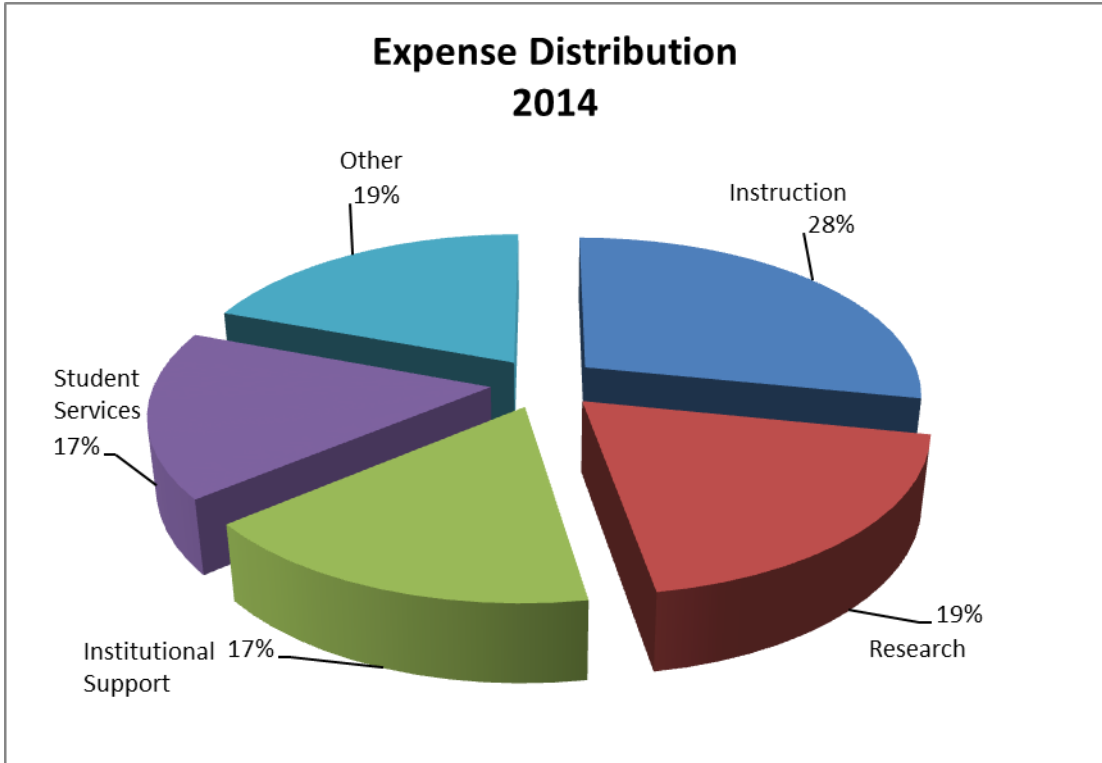
Statement of Revenues, Expenses and Changes in Net Position (Continued)

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

	For the Year Ended	
	June 30,	
	2014	2013
Operating		
Instruction	\$ 12,500,000	\$ 13,700,000
Research	8,500,000	11,300,000
Public service	3,500,000	4,200,000
Academic support	2,600,000	2,000,000
Student services	6,500,000	7,200,000
Institutional support	7,300,000	10,300,000
Student grants and scholarships	900,000	900,000
Auxiliary enterprise expenses	1,000,000	1,100,000
Depreciation and amortization	<u>1,300,000</u>	<u>1,400,000</u>
Total Operating Expenses	<u>\$ 44,100,000</u>	<u>\$ 52,100,000</u>

CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION

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



CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH 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 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,	
	<u>2014</u>	<u>2013</u>
Cash received from operations	\$ 41,600,000	\$ 51,500,000
Cash expended from operations	(42,500,000)	(49,000,000)
Net cash provided by (used in) operating activities	(900,000)	2,500,000
Net cash provided by noncapital financing activities (gifts and grants)	3,300,000	1,100,000
Net cash used in capital and related financing activities	(2,500,000)	(2,900,000)
Net cash provided by investing activities	<u>2,800,000</u>	<u>10,100,000</u>
Net change in cash and cash equivalents	2,700,000	10,800,000
Cash transfer to CSULB 49er Foundation	(1,600,000)	(9,100,000)
Cash and cash equivalents at beginning of year	<u>2,400,000</u>	<u>700,000</u>
Cash and cash equivalents at end of year	<u>\$ 3,500,000</u>	<u>\$ 2,400,000</u>

During fiscal year 2014, the cash position increased \$1.1 million primarily due to contributions. During fiscal year 2013, the cash position at end of year increased \$1.7 million due mainly to year-end payroll expense disbursed during the first week of July.

CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

JUNE 30, 2014 AND 2013

Economic Factors That Will Affect the Future

Revenue received from the CSULB Office of Research and Sponsored Programs (ORSP) for providing support services to programs funded by grants and contracts makes up a significant portion of the operating revenue for the Research Foundation. In FY 2013-14, ORSP received 129 new awards totaling approximately \$23 million. These new awards represent almost a 20% increase over the new awards received in the prior fiscal year. Approximately 36% of the new awards came from federal agencies, 22% were from state agencies, 9% were from local agencies, and 33% came from private foundations. ORSP saw a similar increase in new proposals. In FY 2013-14 ORSP submitted 285 proposals, which was a 20% increase from FY 2012-13. The total funding requested in these proposals was approximately \$125 million, a 78% increase in the amount requested in FY 2012-13. We remain optimistic that the increases in new awards and in proposals will result in a steady revenue stream.

Significant Development

In early FY 2013-14, the Research Foundation and the campus began exploring opportunities to share certain business services. Rather than duplicating services that are substantially similar, we looked for value-added work flow opportunities with all campus organizations, including the University. The first area explored and later implemented under a Shared Services Agreement was Procurement. By the end of FY 2013-14 we had also integrated the following services into the agreement: Risk Management, Cashiering, CMS Financial Services, University Controller, Asset Management. We believe this agreement will benefit the campus community.

CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION

STATEMENT OF NET POSITION

ASSETS

	June 30,	
	<u>2014</u>	<u>2013</u>
		(As Restated)
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,508,105	\$ 2,460,763
Short-term investments	28,319,111	27,705,569
Accounts receivable, net	6,773,789	9,055,216
Pledges receivable, net	426,937	465,515
Prepaid expenses and other assets	<u>128,226</u>	<u>227,781</u>
	<u>39,156,168</u>	<u>39,914,844</u>
NONCURRENT ASSETS		
Accounts receivable, net	16,789,436	16,703,406
Pledges receivable, net	2,158,099	1,996,022
Other long-term investments	4,596,279	4,355,900
Capital assets, net	<u>44,682,342</u>	<u>46,026,353</u>
	<u>68,226,156</u>	<u>69,081,681</u>
TOTAL ASSETS	<u>107,382,324</u>	<u>108,996,525</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Unamortized loss on refunding	<u>240,721</u>	<u>271,452</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>240,721</u>	<u>271,452</u>

LIABILITIES

CURRENT LIABILITIES		
Accounts payable	3,203,882	3,668,644
Accrued salaries and benefits payable	1,280,930	1,538,396
Accrued compensated absences, current portion	869,548	937,977
Unearned revenue	6,204,716	6,783,967
Long-term debt obligations, current portion	955,000	934,085
Other liabilities	<u>98,916</u>	<u>586,928</u>
	<u>12,612,992</u>	<u>14,449,997</u>

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

CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION

**STATEMENT OF NET POSITION
(Continued)**

**LIABILITIES
(Continued)**

	June 30,	
	<u>2014</u>	<u>2013</u>
		(As Restated)
NONCURRENT LIABILITIES		
Long-term debt obligations, net of current portion	30,555,121	31,510,121
Other postemployment benefits obligations	10,001,184	8,412,265
Other liabilities	<u>9,043,417</u>	<u>9,160,638</u>
	<u>49,599,722</u>	<u>49,083,024</u>
TOTAL LIABILITIES	<u>62,212,714</u>	<u>63,533,021</u>
NET POSITION		
NET POSITION		
Net investment in capital assets	13,172,221	13,582,147
Restricted for:		
Expendable:		
Research	5,186,246	4,854,411
Other	21,502,721	22,451,323
Unrestricted	<u>5,549,143</u>	<u>4,847,075</u>
TOTAL NET POSITION	<u>\$ 45,410,331</u>	<u>\$ 45,734,956</u>

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

CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	For the Year Ended June 30,	
	2014	2013
		(As Restated)
REVENUES		
Operating Revenues:		
Grants and contracts, noncapital:		
Federal	\$ 19,029,160	\$ 23,348,572
State	4,416,562	5,221,916
Local	2,134,495	2,010,706
Nongovernmental	2,982,845	3,046,064
Sales and services of auxiliary enterprises	4,918,601	4,865,720
Other operating revenues	6,548,390	9,054,011
	<u>40,030,053</u>	<u>47,546,989</u>
EXPENSES		
Operating Expenses:		
Instruction	12,451,218	13,666,283
Research	8,451,340	11,257,159
Public service	3,507,925	4,221,952
Academic support	2,610,465	1,961,498
Student services	6,438,566	7,255,793
Institutional support	7,285,340	10,285,184
Student grants and scholarships	983,418	967,322
Auxiliary enterprise expenses	1,082,480	1,143,798
Depreciation and amortization	1,344,011	1,377,376
	<u>44,154,763</u>	<u>52,136,365</u>
OPERATING LOSS	<u>(4,124,710)</u>	<u>(4,589,376)</u>

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

CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
(Continued)

	For the Year Ended June 30,	
	2014	2013 (As Restated)
NONOPERATING REVENUES (EXPENSES)		
Gifts, noncapital	3,457,734	248,975
Investment income, net	3,678,082	2,629,996
Interest expense	(1,579,946)	(1,848,380)
Other nonoperating revenue (expense)	(129,497)	(215,643)
	5,426,373	814,948
INCREASE IN NET POSITION BEFORE SPECIAL ITEM	1,301,663	(3,774,428)
SPECIAL ITEM		
Transfer of net position to CSULB 49er Foundation	(1,626,288)	(53,525,874)
DECREASE IN NET POSITION	(324,625)	(57,300,302)
NET POSITION AT BEGINNING OF YEAR, (AS RESTATED)	45,734,956	103,035,258
NET POSITION AT END OF YEAR	\$ 45,410,331	\$ 45,734,956

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

CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION

STATEMENT OF CASH FLOWS

	For the Year Ended June 30,	
	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Federal grants and contracts	\$ 20,105,862	\$ 25,520,109
State grants and contracts	4,666,458	5,707,582
Local grants and contracts	2,255,268	2,197,712
Nongovernmental grants and contracts	3,151,620	4,193,521
Payments to suppliers	(16,648,214)	(20,302,659)
Payments to employees	(22,126,142)	(25,225,181)
Payments to students	(3,751,988)	(3,518,850)
Sales and services of auxiliary enterprises	4,918,601	4,856,016
Other receipts	6,538,708	9,054,011
Net Cash Provided By (Used In) Operating Activities	<u>(889,827)</u>	<u>2,482,261</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Gifts and grants received for other than capital purposes	3,761,541	1,347,919
Other noncapital financing activities	(556,803)	(215,643)
Net Cash Provided By Noncapital Financing Activities	<u>3,204,738</u>	<u>1,132,276</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets		(182,610)
Payments to retire bonds	(910,000)	(875,000)
Interest paid on capital-related debt	(1,555,442)	(1,846,585)
Net Cash Used In Capital and Related Financing Activities	<u>(2,465,442)</u>	<u>(2,904,195)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	1,689,443	7,520,009
Investment income (loss), net	2,415,377	2,629,996
Purchase of investments	(1,280,659)	
Net Cash Provided By Investing Activities	<u>2,824,161</u>	<u>10,150,005</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	2,673,630	10,860,347
CASH TRANSFER TO CSULB 49er FOUNDATION	(1,626,288)	(9,120,070)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>2,460,763</u>	<u>720,486</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 3,508,105</u>	<u>\$ 2,460,763</u>

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

CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION

**STATEMENT OF CASH FLOWS
(Continued)**

	For the Year Ended June 30,	
	<u>2014</u>	<u>2013</u>
		(As Restated)
RECONCILIATION OF OPERATING LOSS TO NET		
CASH FROM OPERATING ACTIVITIES:		
Operating loss	(\$ 4,124,710)	(\$ 4,589,376)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation and amortization	1,344,011	1,377,376
Change in assets and liabilities		
Accounts receivable, net	2,195,397	3,628,573
Prepaid expenses and other assets	99,555	164,523
Accounts payable	(458,535)	(1,637)
Accrued salaries and benefits payable	(257,466)	(207,065)
Accrued compensated absences	(68,429)	(73,003)
Unearned revenue	(579,251)	353,389
Other liabilities	<u>959,601</u>	<u>1,829,481</u>
 Net Cash Provided By (Used In) Provided By Operating Activities	 <u><u>(\$ 889,827)</u></u>	 <u><u>\$ 2,482,261</u></u>

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

CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION

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

NOTE 1 – Statement of Significant Accounting Policies

Organization

The California State University, Long Beach Foundation is a nonprofit, tax-exempt corporation, incorporated in the state of California on October 3, 1956. In November 2011, the corporation amended its articles of incorporation and changed its name to the California State University, Long Beach Research Foundation (the Research Foundation). The Research Foundation is organized to administer grants from governmental and private agencies for research and other activities related to the programs of California State University, Long Beach (the University), and to accept donations, gifts, and bequests for any University-related use. The Research 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 Research Foundation reports as a Business Type Activity and, accordingly, has reported its activities within a single column in the basic financial statements.

The Research 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 exchange transactions such as payments received for providing services and payments made for services or goods received. Nearly all of the Research Foundation's expenses are from exchange transactions. Certain significant revenue streams relied upon for operations are recorded as nonoperating revenues as defined by GASB, including gifts and investment income.

CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION

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

NOTE 1 – Statement of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

The Research 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 Research Foundation has met all applicable eligibility requirements. This statement also requires that unspent cash advances received for sponsored programs be recorded as deferred revenue rather than as restricted expendable net assets. 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.

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

The Research 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 Research 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 investment accounting policy.

CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION

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

NOTE 1 – Statement of Significant Accounting Policies (Continued)

Net Position

The Research 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 Research Foundation. Such assets include the Research Foundation's permanent endowment funds.

Expendable – Net position whose use by the Research Foundation is subject to externally imposed stipulations that can be fulfilled by actions of the Research 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 Research Foundation is an affiliated organization component unit of the University. As such, the Research Foundation's financial data will be included in the financial statements of the University.

CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH 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. The most significant estimates relate to allowance for uncollectible accounts receivable and pledges receivable, estimated useful lives of capital assets, post employment benefit obligation, and charitable unitrust agreements. Actual results could vary from the estimates that were assumed in preparing the financial statements.

Cash and Cash Equivalents

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

Custodial Credit Risk for Deposits

Custodial credit risk for deposits is the risk that the Research Foundation will not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. The California Government Code and Education Code do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the provision that a financial institution must secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by depository regulated under state law. The Research Foundation mitigates the risk by maintaining the deposits at financial institutions that are fully insured or collateralized as required by state law.

CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION

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

NOTE 1 – Statement of Significant Accounting Policies (Continued)

Investments

The Research 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.

Accounts Receivable

Accounts receivable primarily consists of amounts due from the federal government, state and local governments, and private sources in connection with reimbursement of allowable expenditures made pursuant to contracts and grants. Accounts receivable also includes charges for auxiliary enterprises' sales and services. Management provides for probable uncollectible amounts through a charge to revenue and a credit to a valuation allowance based on its assessment of the current status of the receivables. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to receivables.

Pledges Receivable

The Research 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 \$1,000,000 and \$1,300,000 at June 30, 2014 and 2013, respectively). The determination includes such factors as prior collection history, type of gift, and nature of fund-raising.

CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION

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

NOTE 1 – Statement of Significant Accounting Policies (Continued)

Capital Assets

Capital assets of the Research Foundation are stated at cost or, if acquired by gift, at estimated fair value at the date of donation. Major renewals and betterments are charged to capital assets, while replacements, maintenance and repairs that do not improve or extend the life of the respective assets are currently expensed. Depreciation and amortization is charged on a straight-line basis over the lives of the assets, which range from five to forty years.

Collection Items and Works of Art

The Research Foundation's collection items are made up of artifacts of historical significance and art objects that are held for educational research and curatorial purposes. Each of the items is cataloged, preserved and cared for, and activities verifying their existence and assessing their condition are performed continuously. Monies recovered from any collections that are sold must be used to acquire other items for collections.

Collection items acquired on or after July 1, 1996 are capitalized at cost, if the items were purchased, or at their appraised or fair market value on the accession date, if the items were contributed. The fair market value of donated collection items was approximately \$24,000 for the year ended June 30, 2013. There were no donated collection items received during the year ended June 30, 2014.

Unearned Revenue

Unearned revenue consists primarily of amounts received from grant and contract sponsors which have not yet been earned under the terms of the agreement and lease payments received in advance from lessees on long-term leases.

Compensated Absences

Research Foundation employees accrue annual leave at rates based on length of service and job classification.

CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION

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

NOTE 1 – Statement of Significant Accounting Policies (Continued)

Classification of Revenues and Expenses

The Research Foundation considers operating revenues and expenses in the statement of revenues, expenses, and changes in net position to be those revenues and expenses that result from exchange transactions or from other activities that are connected directly to the Research Foundation’s primary functions. Exchange transactions include charges for services rendered and the acquisition of goods and services. Certain other transactions are reported as nonoperating revenues and expenses in accordance with GASB Statement No. 35. These nonoperating activities include net investment income, gifts (noncapital), endowments and interest expense.

Income Taxes

The Research 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 – Accounts Receivable

The composition of accounts receivable is summarized as follows:

	June 30,	
	2014	2013
		(As Restated)
Grants and contracts	\$ 6,931,617	\$ 9,194,533
Other	16,789,436	16,721,917
	<u>23,721,053</u>	<u>25,916,450</u>
Less allowance for uncollectible accounts	<u>(157,828)</u>	<u>(157,828)</u>
	23,563,225	25,758,622
Less current portion	<u>(6,773,789)</u>	<u>(9,055,216)</u>
Noncurrent portion	<u>\$ 16,789,436</u>	<u>\$ 16,703,406</u>

CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION

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

NOTE 3 – 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 3.39% to 3.95%, which approximated the Research 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	\$ 600,000
2016	200,500
2017	254,500
2018	200,500
2019	200,500
Thereafter	<u>3,598,401</u>
	5,054,401
Less allowance for uncollectible pledges	(1,050,895)
Less present value discounts	<u>(1,418,470)</u>
	2,585,036
Less current portion of pledges receivable	<u>(426,937)</u>
Long-term portion of pledges receivable	<u>\$ 2,158,099</u>

NOTE 4 – Investments

At June 30, 2014, the Research 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 Research Foundation's investment policy is to safeguard the principal. The secondary objective is to meet the liquidity needs of the Research Foundation. The third objective is to return an acceptable yield. In general, the Research Foundation's investment policy permits investments in obligations of the federal and state governments, equities, corporate bonds, and certain other investment instruments.

CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION

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

NOTE 4 – 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.

The Research 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 statements of revenues, expenses, and changes in net position.

The following is a summary of investments:

	<u>June 30,</u>	
	<u>2014</u>	<u>2013</u>
Investments at fair value as determined by quoted market price or estimated fair value:		
Common stock	\$ 23,506	\$ 23,050
Mutual funds	27,362,985	24,880,310
Bonds	838,311	930,102
LAIF	<u>4,690,588</u>	<u>6,228,007</u>
	<u>\$ 32,915,390</u>	<u>\$ 32,061,469</u>
	<u>June 30,</u>	
	<u>2014</u>	<u>2013</u>
Investments by classification:		
Current portion	\$ 28,319,111	\$ 27,705,569
Endowment investments		
Noncurrent portion	<u>4,596,279</u>	<u>4,355,900</u>
	<u>\$ 32,915,390</u>	<u>\$ 32,061,469</u>

CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION

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

NOTE 4 – Investments (Continued)

Credit Risk (Continued)

Investments are valued at quoted market price if available, otherwise they are recorded at estimated fair value. Other investments consists of a treasury note that is valued at fair value based on market prices.

Investment income (loss) is summarized as follows:

	For the Year Ended June 30,	
	<u>2014</u>	<u>2013</u>
Interest and dividend income	\$ 167,097	\$ 43,260
Net unrealized gains	3,102,201	2,468,734
Net realized gains	<u>408,784</u>	<u>118,002</u>
	<u><u>\$ 3,678,082</u></u>	<u><u>\$ 2,629,996</u></u>

Investment fees totaled \$128,870 and \$122,731 for the years ended June 30, 2014 and 2013, respectively, and are included in investment income on the accompanying statement of revenues, expenses, and changes in net position.

NOTE 5 – Capital Assets

Capital assets activity for the year ended June 30, 2014 is summarized below:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Land	\$ 17,066,474			\$ 17,066,474
Building and improvements	33,095,044			33,095,044
Furniture and fixtures	3,307,623			3,307,623
Collections items	<u>4,513,298</u>			<u>4,513,298</u>
	57,982,439			57,982,439
Less accumulated depreciation and amortization	(11,956,086)	(\$ 1,344,011)		(13,300,097)
	<u><u>\$ 46,026,353</u></u>	<u><u>(\$ 1,344,011)</u></u>	<u><u>None</u></u>	<u><u>\$ 44,682,342</u></u>

CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION

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

NOTE 5 – Capital Assets (Continued)

Capital assets activity for the year ended June 30, 2013 is summarized below:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Land	\$ 17,066,474			\$ 17,066,474
Building and improvements	32,936,634	\$ 158,410		33,095,044
Furniture and fixtures	3,307,623			3,307,623
Collections items	<u>4,489,098</u>	<u>24,200</u>		<u>4,513,298</u>
	57,799,829	182,610		57,982,439
Less accumulated depreciation and amortization	<u>(10,578,710)</u>	<u>(1,377,376)</u>		<u>(11,956,086)</u>
	<u>\$ 47,221,119</u>	<u>(\$ 1,194,766)</u>	<u>None</u>	<u>\$ 46,026,353</u>

NOTE 6 – Long-Term Debt

Long-term debt consists of:

	<u>June 30,</u>	
	<u>2014</u>	<u>2013</u>
Bonds payable with interest at rates ranging from 3.5% to 5.00%, due semi-annually, principal payments due annually, final installment due May 2033	\$ 10,050,000	\$ 10,370,000
Bonds payable with interest at rates ranging from 3.5% to 5.00%, due semi-annually, principal payments due annually, final installment due May 2033	7,260,000	7,490,000
Bonds payable with interest at rates ranging from 2.5% to 5.75%, due semi-annually, principal payments due annually, final installment due May 2035	<u>13,745,000</u>	<u>14,105,000</u>
	31,055,000	31,965,000
Unamortized Bond Premium	455,121	479,206
Less current portion	<u>(955,000)</u>	<u>(934,085)</u>
Noncurrent portion	<u>\$ 30,555,121</u>	<u>\$ 31,510,121</u>

CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION

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

NOTE 6 – Long-Term Debt (Continued)

Long-term debt activity for the year ended June 30, 2014 is summarized as follows:

	<u>Beginning Balance</u>	<u>Borrowings</u>	<u>Principal Repayment</u>	<u>Ending Balance</u>
Bonds payable	<u>\$ 31,965,000</u>	<u>None</u>	<u>(\$ 910,000)</u>	<u>\$ 31,055,000</u>

Long-term debt activity for the year ended June 30, 2013 is summarized as follows:

	<u>Beginning Balance</u>	<u>Borrowings</u>	<u>Principal Repayment</u>	<u>Ending Balance</u>
Bonds payable	<u>\$ 32,840,000</u>	<u>None</u>	<u>(\$ 875,000)</u>	<u>\$ 31,965,000</u>

Future maturities of long-term debt are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 955,000	\$ 1,528,119
2016	1,000,000	1,482,418
2017	1,040,000	1,437,601
2018	1,090,000	1,392,636
2019	1,140,000	1,339,268
2020-2024	6,635,000	5,753,535
2025-2029	8,530,000	3,831,285
Thereafter	<u>10,665,000</u>	<u>1,359,007</u>
	<u>\$ 31,055,000</u>	<u>\$ 18,123,869</u>

The bonds contain certain covenants with respect to a minimum debt service coverage ratio and minimum unrestricted net assets for which the Research Foundation is in compliance at June 30, 2014. Included in net investment in capital assets are unrestricted net position of approximately \$13,200,000 and \$13,600,000 for the years ended 2014 and 2013, respectively.

CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION

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

NOTE 7 – Pension Plan and Postemployment Health Care Plan

Pension Plan

The Research Foundation has a defined contribution retirement plan (the Plan) which covers all regular full-time employees and part-time employees who have provided services of at least 1,000 hours during the year. There is a two-year waiting period to enter the Plan. The basic plan contribution rate is equal to 10% of gross earnings. Pension expense was approximately \$574,000 and \$656,000 for the years ended June 30, 2014 and 2013, respectively.

Postemployment Health Care Plan

Plan Description. CSULB Research Foundation's defined benefit postemployment health care plan, California Public Employees Retirement System (CalPERS), provides medical benefits to eligible retired Foundation employees and their beneficiaries through December 31, 2011. Effective January 1, 2012, a new medical insurance program was established through an Auxiliary Organizations Association group contract with Wells Fargo to provide comparable coverages.

Funding Policy. The contribution requirements of plan members and the Research Foundation are established and may be amended by the Research Foundation's board of directors. The Research Foundation is required to contribute the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The current ARC rate is 22.09% of annual covered payroll.

CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION

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

NOTE 7 – Pension Plan and Postemployment Health Care Plan (Continued)

Postemployment Health Care Plan (Continued)

Annual OPEB Cost. For 2013, the Research Foundation’s annual OPEB (expense) of \$1,950,532 approximated the ARC. The Research Foundation’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 and the two preceding years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Annual OPEB Obligation</u>	<u>Net OPEB Obligation</u>
6/30/12	\$1,568,294	14.60%	\$1,339,394	\$6,899,458
6/30/13	\$1,799,869	15.95%	\$1,512,807	\$8,412,265
6/30/14	\$1,950,532	18.54%	\$1,588,919	\$10,001,184

Funded Status and Funding Progress. The funded status of the plan as of June 30, 2014, was follows:

Actuarial accrued liability (AAL)	\$ 16,833,712
Actuarial value of plan assets	—
Unfunded actuarial accrued liability (UAAL)	<u>\$ 16,833,712</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 7,513,214
UAAL as a percentage of covered payroll	224.05%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION

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

NOTE 7 – Pension Plan and Postemployment Health Care Plan (Continued)

Postemployment Health Care Plan (Continued)

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

At June 30, 2014, using the assumptions based on the 2012 actuarial valuation, the entry age actuarial cost method was used. An actuarial cost method is a procedure for allocating the actuarial present value of benefits and expenses and for developing an actuarially equivalent allocation of such value to time periods, usually in the form of a normal cost and an actuarial accrued liability. The entry age normal cost method allocates the present value of future benefits on a level basis over the earnings or service (which in this case, earnings were used) of each employee between the hire date and assumed retirement age. The portion of the present value of future benefits allocated to a valuation year is called the normal cost. The portion allocated to all prior years is called the actuarial accrued liability. Valuation results were computed at a 5.5% discount rate.

NOTE 8 – Commitments and Contingencies

Charitable Unitrust Agreements

The Research Foundation is obligated under various charitable unitrust agreements. The trusts provide a fixed percentage of the fair market value to be paid periodically to the trustor. Certain trusts limit the payment to the net income earned on the assets, while the remaining trusts allow for invasion of the principal to make the required payments. Upon termination, the remaining trust assets are to be distributed to designated beneficiaries and the Research Foundation in a manner designated by the grantor. The amounts due to the designated beneficiaries are reported as other liabilities on the statement of net position.

CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION

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

NOTE 8 – Commitments and Contingencies (Continued)

Contingencies

The Research Foundation receives a significant portion of its support and revenue from government grants, which are subject to government audit. The ultimate determination of amounts received under these programs generally is based upon allowable costs reported to and audited by the government. Until any such audits have been completed and final settlement reached, there exists a contingent liability to refund any amount received in excess of allowable costs. Based on prior history, management believes that no material liability will result from such audits.

As Lessor

The total investment in the land and building is approximately \$39,700,000, with \$35,800,000 allocated to the space available for lease, approximately \$8,400,000 of accumulated depreciation at June 30, 2014.

Lease terms range from three to four years and require tenants to pay a pro-rata share of common area maintenance. The following is a schedule by years of future minimum rents receivable under noncancellable operating leases that have initial or remaining lease terms in excess of one year as of June 30, 2014:

<u>Year Ending June 30,</u>	
2015	\$ 3,699,043
2016	80,791
2017	40,411
2018	<u>38,154</u>
	<u>\$ 3,858,399</u>

Rental income was approximately \$4,694,000 and \$4,612,000 for the years ended June 30, 2014 and 2013, respectively.

CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION

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

NOTE 8 – Commitments and Contingencies (Continued)

As Lessee

The Research Foundation has entered into multiple leases at different locations under agreements expiring at various dates through December 2015, not including any renewal options. Generally, these agreements provide for periodic adjustments to base rents based upon changes in the CPI.

The following is a schedule of future minimum rental payments required under operating leases that have initial or remaining noncancellable lease terms in excess of one year at June 30, 2014:

<u>Year Ending June 30,</u>	
2015	\$ 157,573
2016	<u>27,580</u>
	<u>\$ 185,153</u>

Rental expense under all operating leases was approximately \$532,000 and \$686,000 for the years ended June 30, 2014 and 2013, respectively.

CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION

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

NOTE 9 – Operating Expenses by Function

	For the Year Ended June 30, 2014				
	Compensation and Benefits	Supplies and Services	Scholarship and Fellowship	Depreciation and Amortization	Total
Instruction	\$ 5,775,616	\$ 4,545,117	\$ 2,130,485		\$ 12,451,218
Research	4,567,805	3,463,992	419,543		8,451,340
Public service	2,210,756	1,277,169	20,000		3,507,925
Academic support	903,903	1,658,664	47,898		2,610,465
Student services	4,326,193	1,988,059	124,314		6,438,566
Institutional support	5,485,425	1,770,668	29,247		7,285,340
Student grants and scholarships	2,248	670	980,500		983,418
Auxiliary enterprise expenses	445,019	637,461			1,082,480
Depreciation and amortization				\$ 1,344,011	1,344,011
Total Operating Expenses	\$ 23,715,965	\$ 15,341,800	\$ 3,751,957	\$ 1,344,011	\$ 44,154,763

	For the Year Ended June 30, 2013				
	Compensation and Benefits	Supplies and Services	Scholarship and Fellowship	Depreciation and Amortization	Total
Instruction	\$ 6,514,681	\$ 5,131,489	\$ 2,020,113		\$ 13,666,283
Research	6,898,799	4,268,043	90,317		11,257,159
Public service	2,307,637	1,891,561	22,754		4,221,952
Academic support	479,303	1,437,085	45,110		1,961,498
Student services	4,228,554	2,696,563	330,676		7,255,793
Institutional support	5,316,459	4,924,646	44,079		10,285,184
Student grants and scholarships		1,522	965,800		967,322
Auxiliary enterprise expenses	475,369	668,429			1,143,798
Depreciation and amortization				\$ 1,377,376	1,377,376
Total Operating Expenses	\$ 26,220,802	\$ 21,019,338	\$ 3,518,849	\$ 1,377,376	\$ 52,136,365

CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION

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

NOTE 10 – Transactions with Related Entities

As described in Note 1, the Research Foundation is an auxiliary organization affiliated with the University and the California State University (CSU) System statewide. The Research Foundation is also affiliated with CSULB 49er Foundation (49er Foundation), an auxiliary organization of the University and CSU. The accompanying financial statements include transactions with related parties as of and for the years ended June 30, 2014 and 2013, as follows:

	<u>June 30,</u>	
	<u>2014</u>	<u>2013</u>
Payments to the University for salaries, wages, and benefits of University employees working on contracts, grants, and other programs	\$ 2,960,768	\$ 2,293,211
Payments to University for other than salaries of University personnel	\$10,541,838	\$ 6,665,391
Payments received from the University for services, space, and programs	\$ 5,086,757	\$ 5,570,139
Gifts to the University from recognized auxiliary organizations	\$ 813,577	\$ 4,327,153
Amounts receivable from CSU entities and recognized auxiliary organizations	\$ 25,891	\$ 816
Amounts due to the University	\$ 1,945,450	\$ 2,263,712
Amounts receivable from the University	\$ 724,094	\$ 261,552
Amounts due to the 49er Foundation	\$ 88,896	\$ 586,928

CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION

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

NOTE 11 – Transfer of Net Position

On July 1, 2012, the 49er Foundation began operations 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 Research Foundation transferred the following assets as summarized below:

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

CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION

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

NOTE 12 – Restatement of Prior Financial Statements

Subsequent to issuance of the financial statements for the year ended June 30, 2013, the Foundation determined that approximately \$4,500,000 of accounts receivable related to post retirement health benefits dating back to fiscal year 2007 was deemed uncollectible. Management determined the amount would not be reimbursed separately and should never have been accrued for in the Foundation’s records. As such, the financial statements have been restated as of July 1, 2012 for the correction of an error.

The effect of the restatement on the June 30, 2013 financial statement is as follows:

	<u>As Previously Reported</u>	<u>Adjustment</u>	<u>As Restated</u>
Statement of Net Position			
Account receivable	\$ 13,566,403	(\$ 4,511,187)	\$ 9,055,216
Total Assets	\$113,507,712	(\$ 4,511,187)	\$ 108,996,525
Net Position			
Unrestricted	\$ 9,358,262	(\$ 4,511,187)	\$ 4,847,075
Total Net Position	\$ 50,246,143	(\$ 4,511,187)	\$ 45,734,956
Statement of Revenues, Expenses, and Change in Net Assets			
Revenues			
Nongovernmental	\$ 3,826,988	(\$ 780,924)	\$ 3,046,064
Operating loss	(\$ 3,808,452)	(\$ 780,924)	(\$ 4,589,376)
Increase in net position before special item	(\$ 2,993,504)	(\$ 780,924)	(\$ 3,774,428)
Increase (decrease) in net position	(\$ 56,519,378)	(\$ 780,924)	(\$ 57,300,302)
Net position at beginning of year	\$106,765,521	(\$ 3,730,263)	\$ 103,035,258
Net position at end of year	\$ 50,246,143	(\$ 4,511,187)	\$ 45,734,956

SUPPLEMENTARY FINANCIAL INFORMATION

CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION

SUPPLEMENTARY FINANCIAL INFORMATION

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/12	\$ 0	\$ 12,066,863	\$ 12,066,863	0%	\$ 8,204,700	147.07%
6/30/13	\$ 0	\$ 15,320,305	\$ 15,320,305	0%	\$ 8,148,443	188.02%
6/30/14	\$ 0	\$ 16,833,712	\$ 16,833,712	0%	\$ 7,513,214	224.05%

See Independent Auditors' Report

CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH 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)	4,690,588	0	4,690,588
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	23,506	0	23,506
Fixed income securities (Treasury notes, GNMA's)	0	0	0
Land and other real estate	0	0	0
Certificates of deposit	0	0	0
Notes receivable	0	0	0
Mutual funds	23,605,017	0	23,605,017
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>28,319,111</u>	<u>0</u>	<u>28,319,111</u>
Less endowment investments	<u>(0)</u>	<u>(0)</u>	<u>(0)</u>
Total investments	<u>\$ 28,319,111</u>	<u>\$ 0</u>	<u>\$ 28,319,111</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	4,690,588
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	23,506
0	838,311	838,311	838,311
0	0	0	0
0	0	0	0
0	0	0	0
0	3,757,968	3,757,968	27,362,985
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>4,596,279</u>	<u>4,596,279</u>	<u>32,915,390</u>
(0)	(0)	(0)	(0)
<u>\$ 0</u>	<u>\$ 4,596,279</u>	<u>\$ 4,596,279</u>	<u>\$ 32,915,390</u>

CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH 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	\$ 0
Trust accounts	<u>4,596,279</u>
Total restricted noncurrent investments at June 30, 2014	<u>\$ 4,596,279</u>

CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH 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	\$ 17,066,474	\$ 0	\$ 0	\$ 17,066,474
Works of art and historical treasures	4,513,298	0	0	4,513,298
Construction Work in Progress (CWIP)	0	0	0	0
Intangible assets	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total nondepreciable/nonamortizable capital assets	<u>21,579,772</u>	<u>0</u>	<u>0</u>	<u>21,579,772</u>
Depreciable/Amortizable Capital Assets				
Buildings and building improvements	33,095,044	0	0	33,095,044
Improvements, other than buildings	0	0	0	0
Infrastructure	0	0	0	0
Leasehold improvements	0	0	0	0
Personal property:				
Equipment	3,017,661	0	0	3,017,661
Library books and materials	0	0	0	0
Intangible assets				
Software and websites	<u>289,962</u>	<u>0</u>	<u>0</u>	<u>289,962</u>
Total depreciable/amortizable capital assets	<u>36,402,667</u>	<u>0</u>	<u>0</u>	<u>36,402,667</u>
Total capital assets	<u>57,982,439</u>	<u>0</u>	<u>0</u>	<u>57,982,439</u>
Less Accumulated Depreciation/ Amortization				
Buildings and building improvements	(8,872,208)	0	0	(8,872,208)
Improvements, other than buildings	0	0	0	0
Infrastructure	0	0	0	0
Leasehold improvements	0	0	0	0
Personal property:				
Equipment	(2,793,916)	0	0	(2,793,916)
Library books and materials	0	0	0	0
Intangible assets				
Software and websites	<u>(289,962)</u>	<u>0</u>	<u>0</u>	<u>(289,962)</u>
Total accumulated depreciation/ amortization	<u>(11,956,086)</u>	<u>(0)</u>	<u>(0)</u>	<u>(11,956,086)</u>
Total capital assets, net	<u>\$ 46,026,353</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 46,026,353</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	\$ 17,066,474
			4,513,298
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>21,579,772</u>
	0	0	33,095,044
00	0	0	0
0	0	0	0
0	0	0	0
0	0	0	3,017,661
0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>289,962</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>36,402,667</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>57,982,439</u>
(1,163,978)	0	0	(10,036,186)
0	0	0	0
0	0	0	0
0	0	0	0
(180,033)		0	(2,973,949)
0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>(289,962)</u>
(1,344,011)	<u>0</u>	<u>0</u>	(13,300,097)
<u>(\$ 1,344,011)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 44,682,342</u>

CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH 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	\$ 1,344,011
Amortization expense related to other assets	<u>0</u>
Total depreciation and amortization	<u>\$ 1,344,011</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	\$ 937,977	\$ 0	\$ 0	\$ 937,977	\$ 0	(\$ 68,429)
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	31,965,000	0	0	31,965,000	0	(910,000)
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>31,965,000</u>	<u>0</u>	<u>0</u>	<u>31,965,000</u>	<u>0</u>	<u>(910,000)</u>
Unamortized Bond Premium/ (discount)	<u>(479,206)</u>	<u>0</u>	<u>0</u>	<u>(479,206)</u>	<u>0</u>	<u>(24,085)</u>
Total Long-Term Debt Obligations, Net	<u>32,444,206</u>	<u>0</u>	<u>0</u>	<u>32,444,206</u>	<u>0</u>	<u>(934,085)</u>
Total Long-Term Liabilities	<u>\$ 33,382,183</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 33,382,183</u>	<u>\$ 0</u>	<u>(\$1,002,514)</u>

See Independent Auditors' Report

<u>Balance June 30, 2014</u>	<u>Current Portion</u>	<u>Long-Term Portion</u>
\$ 869,548	\$ 869,548	\$ 0
0	0	0
<u>0</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>0</u>
31,055,000	955,000	30,100,000
0	0	0
0	0	0
0	0	0
<u>0</u>	<u>0</u>	<u>0</u>
<u>31,055,000</u>	<u>955,000</u>	<u>30,100,000</u>
<u>455,121</u>	<u>0</u>	<u>455,121</u>
<u>31,510,121</u>	<u>955,000</u>	<u>30,555,121</u>
<u>\$ 32,379,669</u>	<u>\$ 1,824,548</u>	<u>\$ 30,555,121</u>

CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH 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>

See Independent Auditors' Report

**CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH
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	\$ 955,000	\$ 1,528,119	\$ 2,483,119	\$ 0	\$ 0	\$ 0
2016	1,000,000	1,482,418	2,482,418	0	0	0
2017	1,040,000	1,437,601	2,477,601	0	0	0
2018	1,090,000	1,392,636	2,482,636	0	0	0
2019	1,140,000	1,339,268	2,479,268	0	0	0
2020 - 2024	6,635,000	5,753,535	12,388,535	0	0	0
2025 - 2029	8,530,000	3,831,285	12,361,285	0	0	0
2030 - 2034	9,610,000	1,340,490	10,950,490	0	0	0
2035 - 2039	1,055,000	18,517	1,073,517	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>\$ 31,055,000</u>	<u>\$ 18,123,869</u>	<u>\$ 49,178,869</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

See Independent Auditors' Report

Total		
Principal	Interest	Principal & Interest
\$ 955,000	\$ 1,528,119	\$ 2,483,119
1,000,000	1,482,418	2,482,418
1,040,000	1,437,601	2,477,601
1,090,000	1,392,636	2,482,636
1,140,000	1,339,268	2,479,268
6,635,000	5,753,535	12,388,535
8,530,000	3,831,285	12,361,285
9,610,000	1,340,490	10,950,490
1,055,000	18,517	1,073,517
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>\$ 31,055,000</u>	<u>\$ 18,123,869</u>	<u>\$ 47,178,869</u>

CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH 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
	GASB	FASB	Auxiliaries
Capital assets, net of accumulated depreciation	\$ 44,682,342	\$ 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	(955,000)	0	(0)
Long-term debt obligations, net of current portion	(30,555,121)	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	\$ 13,172,221	\$ 0	\$ 0

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	0	0	0
Other adjustments:	0	0	0
Net position – restricted for nonexpendable endowments per SNP	\$ 0	\$ 0	\$ 0

CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH 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	\$ 2,960,768
Payments to University for other than salaries of University personnel	10,541,838
Payments received from University for services, space, and programs	5,086,757
Gifts-in-kind to the University from discretely presented component unit	0
Gifts (cash or assets) to the University from recognized discretely presented component unit	813,577
Amounts (payable to) University	(1,945,450)
Other amounts payable to University	0
Amounts receivable from University	724,094
Other amounts receivable from University	0

9. OTHER POSTEMPLOYMENT BENEFITS OBLIGATION (OPEB)

	<u>Amount</u>
Annual required contribution (ARC)	\$ 1,588,919
Contributions during the year	<u>0</u>
Increase (decrease) in net OPEB obligation (NOO)	1,588,919
NOO – beginning of year	<u>8,412,265</u>
NOO – end of year	<u>\$ 10,001,184</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>

CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH 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		(\$ 50,246,143)
Prior-period adjustments:		<u>4,511,187</u>
Net position as of June 30, 2013, as restated		<u>(\$ 45,734,956)</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: unrestricted		
Accounts receivable	\$ 0	\$ 3,730,263
Net position	\$ 3,730,263	\$ 0
Nongovernmental income	\$ 780,924	\$ 0