



**FINANCIAL STATEMENTS
WITH SUPPLEMENTARY
FINANCIAL INFORMATION
JUNE 30, 2019 AND 2018**

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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, which comprise the statement of net position as of June 30, 2019 and 2018, 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 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, 2019 and 2018, 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 3-12 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 audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary financial information on pages 29-36 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 17, 2019 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 17, 2019

CSULB 49er FOUNDATION

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) JUNE 30, 2019 AND 2018

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, 2019 and 2018. The discussion has been prepared by management and should be read in conjunction with the financial statements and notes thereto, which follow this section.

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

Using the Financial Statements

The 49er Foundation's financial report includes three statements: the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows. These financial statements have been prepared in accordance with Governmental Accounting Standards Board (GASB) principles. GASB establishes standards for external financial reporting for public colleges and universities and requires 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, 2019 AND 2018**

Statement of Net Position

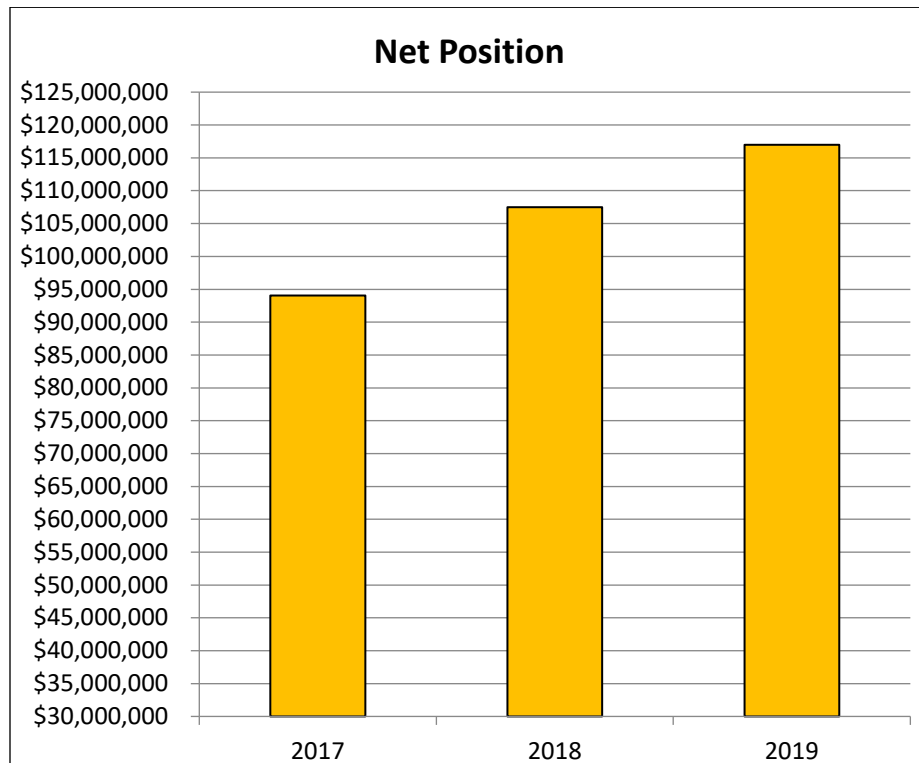
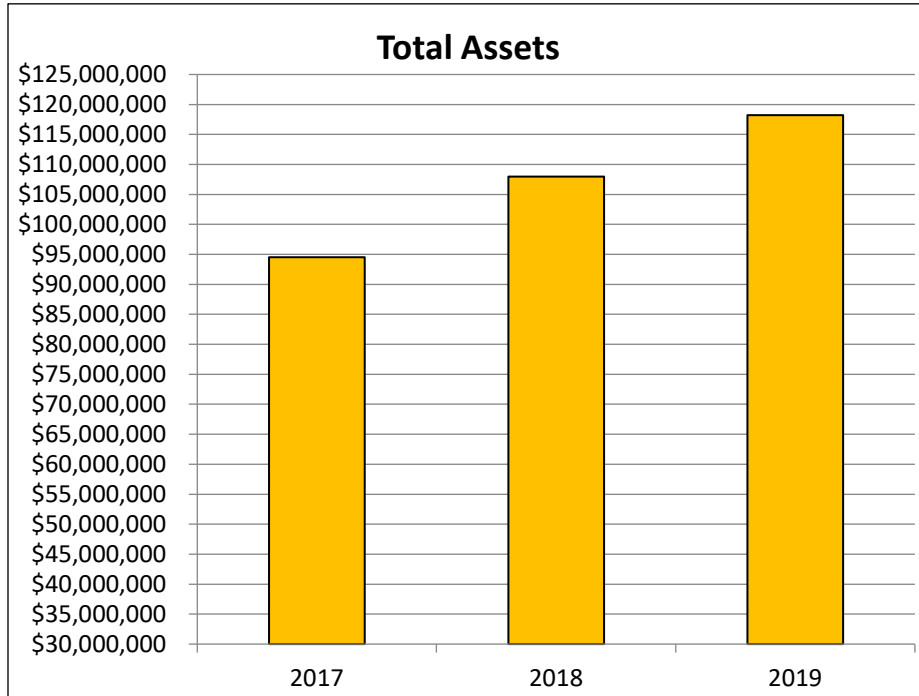
The statement of net position presents the financial position of the 49er Foundation at the end of the fiscal year and includes all assets, liabilities, and deferred outflows/inflows of resources. The difference between total assets, total liabilities, and total deferred outflows/inflows of resources – 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, deferred inflows of resources, and net position at June 30, 2019 and 2018 is as follows:

	June 30,	
	2019	2018
Current assets	\$ 35,400,000	\$ 26,550,000
Noncurrent assets		
Pledges receivable, net	3,400,000	4,200,000
Endowment and other investments	<u>79,400,000</u>	<u>77,250,000</u>
Total assets	<u>118,200,000</u>	<u>108,000,000</u>
Total liabilities	1,100,000	450,000
Deferred inflows of resources	<u>100,000</u>	<u>50,000</u>
	<u>1,200,000</u>	<u>500,000</u>
Net position	<u>\$ 117,000,000</u>	<u>\$ 107,500,000</u>

For fiscal year 2019, total assets increased \$10.2 million, or 9%, primarily due to increase in pledges receivable, endowment, and other investments.

CSULB 49er FOUNDATION

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2019 AND 2018**



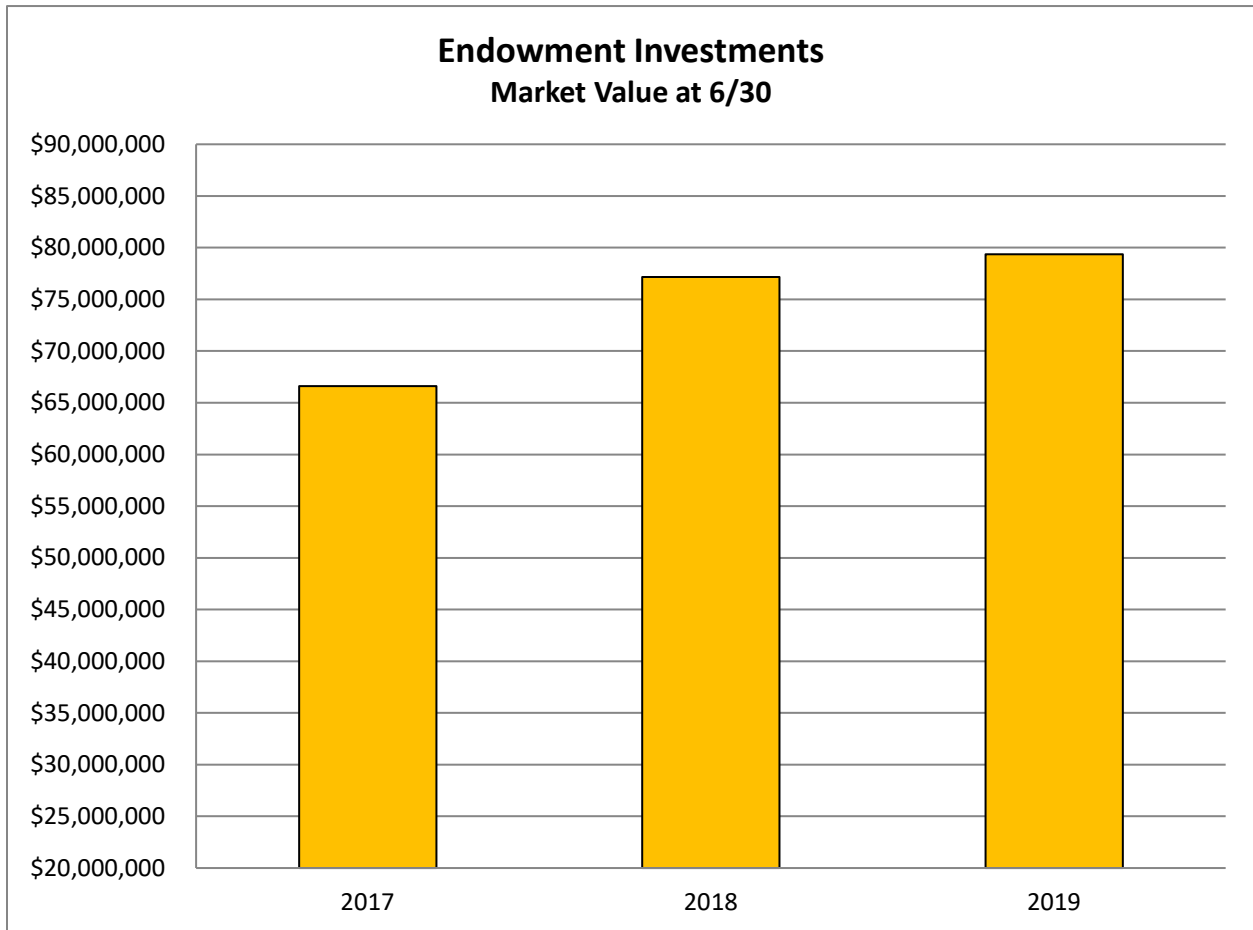
CSULB 49er FOUNDATION

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2019 AND 2018**

Endowment Investments

The 49er Foundation's endowment is \$79.4 million and \$77.2 million at June 30, 2019 and 2018, respectively. The increase is attributed to additional donations and market returns during the fiscal 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, fees and inflation protection.

Permanent endowments are funds received from donors with the stipulation that the fund be invested in perpetuity to produce a return, a portion of which is to be expended for purposes specified by the donor.



CSULB 49er FOUNDATION

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2019 AND 2018**

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,	
	2019	2018
Restricted:		
Nonexpendable	\$ 67,950,000	\$ 65,850,000
Expendable	38,100,000	30,200,000
Unrestricted	<u>10,950,000</u>	<u>11,450,000</u>
Net position	<u>\$ 117,000,000</u>	<u>\$ 107,500,000</u>

During fiscal year 2019, net position increased \$9.5 million, or 9%. The increase is attributed to new gifts to current use and endowed funds, and favorable market conditions.

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

CSULB 49er FOUNDATION

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2019 AND 2018**

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 assets is as follows:

	For the Year Ended	
	June 30,	
	2019	2018
Operating revenues:		
Operating revenues	\$ 1,450,000	\$ 900,000
Operating expenses	(13,150,000)	(12,100,000)
Operating loss	(11,700,000)	(11,200,000)
Nonoperating revenues:		
Gifts	14,300,000	9,000,000
Investment income, net	900,000	900,000
Endowment income	3,900,000	5,300,000
Endowment gifts	2,100,000	8,800,000
Total nonoperating revenues	21,200,000	24,000,000
Increase in net position	9,500,000	12,800,000
Special item:		
Transfer of net assets from CSULB Research Foundation	-	650,000
Net position at beginning of year	107,500,000	94,050,000
Net position at end of year	\$ 117,000,000	\$ 107,500,000

Operating revenues consist primarily of fund raising revenues, alumni relations revenue, and administrative fees. In fiscal year 2019, the increase in operating revenue of \$550,000 is due primarily to alumni relations revenue, which was new in this year.

Operating expenses consist of salaries and benefits, scholarships, supplies and services. The 49er Foundation does not itself have employees. Salaries and benefits of University faculty, staff, and students are, however, charged back to the 49er Foundation for work performed in connection with 49er Foundation activities. The costs associated with two Research Foundation employees are also charged back to the 49er Foundation for the same reason. In 2019, salaries and benefits were charged back in the following areas: operating funds \$575,000, endowment funds \$543,000, and campus program funds \$958,000.

CSULB 49er FOUNDATION

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2019 AND 2018**

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

In fiscal year 2019, total operating expenses increased \$1.1 million, or 9%. Salaries and benefits increased \$590,000, scholarships increased \$300,000, and supplies and services increased by \$210,000.

The persistent "operating loss" on the 49er Foundation statement occurs because government accounting standards require that gifts be classified as non-operating although related expense is classified as operating.

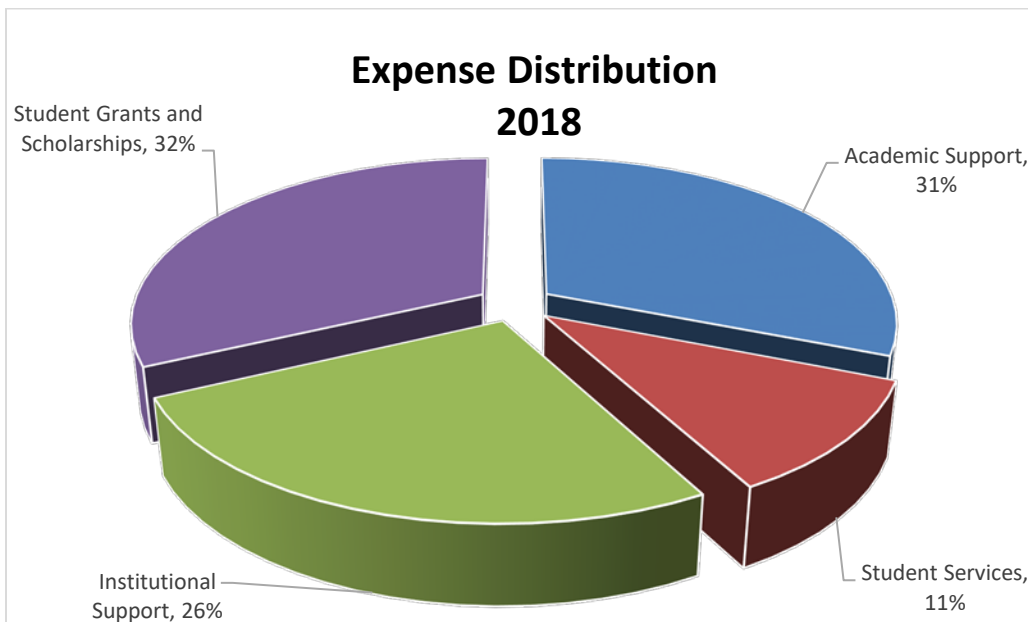
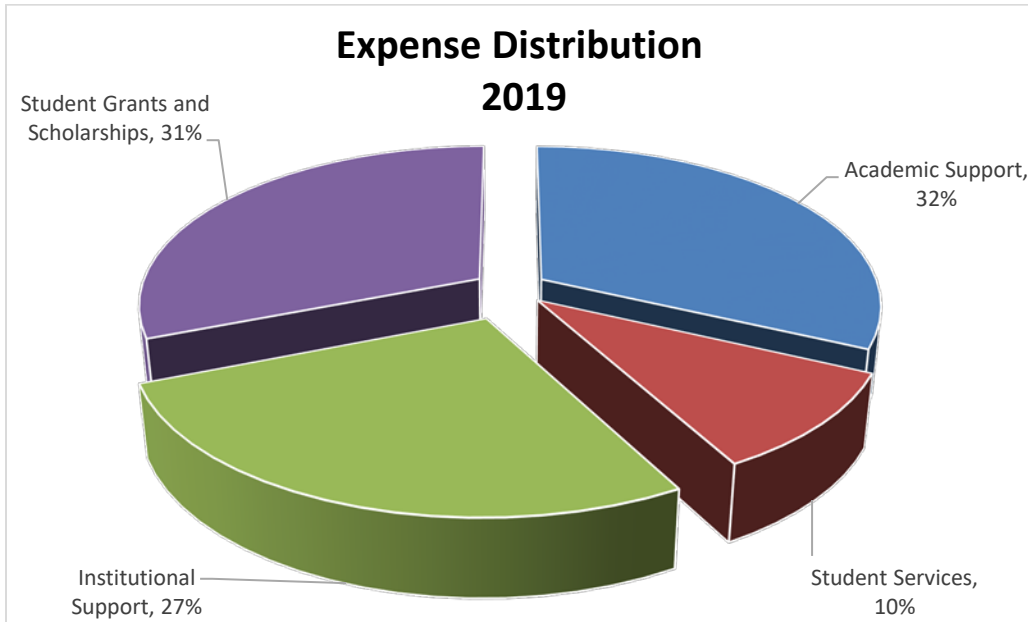
Non-operating revenues consists of gifts and investment income. In fiscal year 2019, non-operating revenues decreased \$2.8 million, or 12%. The decrease in total gifts was \$1.4 million that is partially due to the fact that fiscal year 2018 gifts were unusually high as a result of several large donations. The decrease in investment income was \$1.4 million due to market fluctuations.

In fiscal year 2019, there is no transfers from the Research Foundation and none are anticipated in the future. See Note 6 for a further explanation of the composition of this item.

CSULB 49er FOUNDATION

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2019 AND 2018**

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



CSULB 49er FOUNDATION

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2019 AND 2018**

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 49er Foundation's expenses by functional classification is as follows:

	For the Year Ended June 30,	
	2019	2018
Operating		
Public service	\$ 10,000	\$ 10,000
Academic support	4,250,000	3,840,000
Student services	1,220,000	1,300,000
Institutional support	3,550,000	3,100,000
Student grants and scholarships	<u>4,120,000</u>	<u>3,850,000</u>
 Total Operating Expenses	 <u>\$ 13,150,000</u>	 <u>\$ 12,100,000</u>

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,	
	2019	2018
Net cash used in operating activities	\$(11,300,000)	\$(11,300,000)
Net cash provided by noncapital financing activities	10,300,000	9,850,000
Net cash used in capital and related financing activities	None	None
Net cash provided by (used in) investing activities	<u>(2,400,000)</u>	<u>5,400,000</u>
Net change in cash and cash equivalents	(3,400,000)	3,950,000
Cash transfer from CSULB Research Foundation	None	650,000
Cash and cash equivalents at beginning of year	<u>6,900,000</u>	<u>2,300,000</u>
 Cash and cash equivalents at end of year	 <u>\$ 3,500,000</u>	 <u>\$ 6,900,000</u>

CSULB 49er FOUNDATION

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) JUNE 30, 2019 AND 2018

Statement of Cash Flows (Continued)

The cash balance decrease in fiscal year 2019 is due to the timing of a change in investment strategy in fiscal year 2018 and lower investment earnings. At 6/30/18, \$5 million of investment assets designated for ESG investment were liquidated and recorded on the financial statements in cash. In July of fiscal year 2019, this \$5 million was moved from cash to investment.

Economic Factors That Will Affect the Future

The CSULB 49er Foundation is comprised of primarily invested assets, as well as funds on deposit for short-term expenditure.

Because the 49er Foundation invested assets have significant exposure to international and domestic equity markets, volatile trade conditions continue to be a concern on the performance of our funds. The Outsourced Chief Investment Officer predicts a 10-year average return of below 5% for the market, which falls below the required investment returns of 6.5% to ensure 4.5% distribution and endowment growth. The Outsourced Chief Investment Officer has provided strategies to the Finance & Investment Committee to adjust future investments, in line with existing policies, to guard against risk in the equity markets and ensure long-term rates of return that will allow for distributions and endowment growth at current policy levels.

Significant Developments

Over the past two years, significant large gifts have been realized, including a \$10 million gift to name the Carolyn Campagna Kleefeld Contemporary Museum and a \$3 million gift from John Molina to complete the fundraising efforts for the Anna Ngai Alumni Center – construction begins in spring 2020. As such, FY 18/19 saw the largest fundraising year on record for Cal State Long Beach of just over \$38 million with an endowment of \$79 million. Currently plans are being developed for a second comprehensive campaign and the hiring of Bentz Waley Flessner as the Campaign Counsel.

The CSULB 49er Foundation, on advice of the Outsourced Chief Investment Officer, will move up to 10% of the endowment funds into illiquid private equities and up to 15% of the endowment funds into short-term (12 months) illiquid assets. This is a shift from the existing portfolio management of maintaining assets that can be liquidated within 30 days.

Brian Lawver, Associate Vice President, Operation and COO of the 49er Foundation board retired June 7, 2019, Michele Cesca, Vice President of University Relations & Development and CEO 49er Foundation joined the campus on August 1, 2018 and Christopher Reese, Associate Vice President, University Relations & COO of 49er Foundation joined the campus on April 8, 2019.

CSULB 49er FOUNDATION

STATEMENT OF NET POSITION

ASSETS

	<u>June 30,</u>	
	<u>2019</u>	<u>2018</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,486,112	\$ 6,899,108
Short-term investments	24,233,162	17,024,657
Accounts receivable, net	337,340	54,732
Pledges receivable, net	7,281,038	2,533,073
Prepaid expenses and other assets	78,129	49,054
	<u>35,415,781</u>	<u>26,560,624</u>
 NONCURRENT ASSETS		
Pledges receivable, net	3,411,450	4,192,862
Long-term investments	22,052	21,275
Endowment investments	79,351,657	77,174,529
	<u>82,785,159</u>	<u>81,388,666</u>
 TOTAL ASSETS	 <u>118,200,940</u>	 <u>107,949,290</u>

LIABILITIES

CURRENT LIABILITIES		
Accounts payable	117,642	143,024
Other liabilities	998,885	284,256
	<u>1,116,527</u>	<u>427,280</u>
 DEFERRED INFLOW OF RESOURCES	 <u>103,064</u>	 <u>45,526</u>

NET POSITION

NET POSITION		
Restricted for:		
Nonexpendable - endowments	67,940,410	65,826,640
Expendable:		
Scholarships and fellowships	4,850,550	2,879,828
Other	33,223,824	27,324,777
Unrestricted	<u>10,966,565</u>	<u>11,445,239</u>
 TOTAL NET POSITION	 <u>\$ 116,981,349</u>	 <u>\$ 107,476,484</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,	
	2019	2018
REVENUES		
Operating revenues	\$ 1,460,543	\$ 920,007
EXPENSES		
Operating Expenses		
Public service	10,381	7,734
Academic support	4,245,855	3,837,585
Student services	1,225,808	1,287,095
Institutional support	3,558,278	3,115,031
Student grants and scholarships	4,116,504	3,834,334
	13,156,826	12,081,779
OPERATING LOSS	(11,696,283)	(11,161,772)
NONOPERATING REVENUES		
Gifts, noncapital	14,307,628	8,943,318
Investment income, net	869,235	890,964
Endowment income, net	3,910,515	5,312,792
	19,087,378	15,147,074
INCOME BEFORE OTHER ADDITIONS	7,391,095	3,985,302
ADDITIONS TO PERMANENT ENDOWMENTS	2,113,770	8,794,264
INCREASE IN NET POSITION BEFORE SPECIAL ITEM	9,504,865	12,779,566
SPECIAL ITEM		
Transfer of net position from CSULB Research Foundation, net	-	654,816
INCREASE IN NET POSITION	9,504,865	13,434,382
NET POSITION AT BEGINNING OF YEAR	107,476,484	94,042,102
NET POSITION AT END OF YEAR	\$ 116,981,349	\$ 107,476,484

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

CSULB 49er FOUNDATION

STATEMENT OF CASH FLOWS

	For the Year Ended	
	June 30,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to or on behalf of the University departments	\$ (6,275,241)	\$ (6,796,317)
Payments to employees	(2,075,834)	(1,490,854)
Payments to students	(4,116,504)	(3,834,334)
Other receipts	1,148,860	839,188
Net Cash Used In Operating Activities	(11,318,719)	(11,282,317)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Gifts received for other than capital purposes	10,251,107	9,829,610
Net Cash Provided By Noncapital Financing Activities	10,251,107	9,829,610
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Net Cash Used In Capital and Related Financing Activities	-	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	20,777,149	17,034,325
Investment income, net	869,235	890,964
Endowment income, net	3,910,515	5,312,792
Additions to permanent endowments	2,113,770	8,794,111
Purchase of investments	(30,016,053)	(26,630,562)
Net Cash Provided By (Used In) Investing Activities	(2,345,384)	5,401,630
NET CHANGE IN CASH AND CASH EQUIVALENTS	(3,412,996)	3,948,923
CASH TRANSFER FROM CSULB RESEARCH FOUNDATION	-	654,816
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	6,899,108	2,295,369
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 3,486,112	\$ 6,899,108

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

CSULB 49er FOUNDATION

**STATEMENT OF CASH FLOWS
(Continued)**

	For the Year Ended	
	June 30,	
	2019	2018
RECONCILIATION OF OPERATING LOSS TO NET CASH		
FROM OPERATING ACTIVITIES:		
Operating loss	\$ (11,696,283)	\$ (11,161,772)
Change in assets and liabilities:		
Accounts receivable, net	(282,608)	(33,507)
Prepaid expenses and other assets	(29,075)	(47,312)
Accounts payable	(25,382)	55,967
Other liabilities	<u>714,629</u>	<u>(95,693)</u>
 Net Cash Used In Operating Activities	 <u>\$ (11,318,719)</u>	 <u>\$ (11,282,317)</u>

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

CSULB 49er FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2019 AND 2018

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 unit 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.

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, 2019 and 2018, the 49er Foundation has no capital assets or debt.

CSULB 49er FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 1 – Statement of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

The 49er Foundation adopted GASB Statement No. 81 – *Irrevocable Split-Interest Agreements*. This Statement provides recognition and measurement guidance for irrevocable split-interest agreements. Split-interest agreements are types of donor arrangements where resources are provided to two or more beneficiaries, including the 49er Foundation. This Statement will require an organization that enters into an irrevocable split-interest agreement to recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Assets could be resources (i.e. cash or investment) received or administered by a third party. Liabilities would be amounts due to other beneficiaries and deferred inflow of resources would be the organization’s share of the agreement. Changes to the assets or liabilities are recognized as increases or decreases in the deferred inflow of resources. Revenue is only recognized at the termination of the split-interest agreement.

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.

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. The 49er Foundation had no capital assets as of June 30, 2019 and 2018.

CSULB 49er FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 1 – Statement of Significant Accounting Policies (Continued)

Net Position (Continued)

- *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.

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 estimate relates to the allowance for uncollectible pledges receivable. Actual results could vary from the estimates that were assumed in preparing the financial statements.

CSULB 49er FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 1 – Statement of Significant Accounting Policies (Continued)

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

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 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 \$1,016,000 and \$312,000 at June 30, 2019 and 2018, respectively). The determination includes such factors as prior collection history, type of gift, and nature of fund-raising.

CSULB 49er FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 1 – Statement of Significant Accounting Policies (Continued)

Deferred Outflows and Inflows of Resources

In accordance with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, the Statement of Net Position reports separate sections for Deferred Outflows of Resources and Deferred Inflows of Resources, when applicable.

Deferred Outflows of Resources – represent outflow of resources (consumption of net position) that apply to future periods and, therefore, will not be recognized as an expense until that time.

Deferred Inflows of Resources – (acquisition of net position) that apply to future periods and, therefore, are not recognized as revenue until that time.

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.

Future Accounting Pronouncements

In June 2017, the GASB issued Statement No. 87 – *Leases*. Under the new guidance, lessees will be required to recognize a lease liability and a right of use asset for all leases (with the exception of short-term leases) at the commencement date of the lease, recognize inflows or outflows of resources based on payment provisions of the lease, and disclose key information about leasing arrangements. The provisions of this Statement are effective beginning in fiscal year ending June 30, 2020 and will be applied on a modified retrospective basis. The 49er Foundation is currently evaluating the impact of this Statement.

CSULB 49er FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

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, 2019 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, 2019 are summarized as follows:

<u>Due in the Year</u> <u>Ending June 30,</u>	
2020	\$ 7,972,964
2021	1,687,285
2022	1,107,108
2023	665,688
2024	564,500
Thereafter	<u>88,222</u>
	12,085,767
Less allowance for uncollectible pledges	(1,015,672)
Less present value discounts	<u>(377,607)</u>
	10,692,488
Less current portion of pledges receivable	<u>(7,281,038)</u>
Long-term portion of pledges receivable	<u>\$ 3,411,450</u>

NOTE 3 – Investments

At June 30, 2019 and 2018, 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, 2019 AND 2018**

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 net position.

CSULB 49er FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 3 – Investments (Continued)

Concentration of Credit Risk (Continued)

The following is a summary of investments:

	June 30,	
	2019	2018
Investments at fair value as determined by quoted market price or estimated fair value:		
Local Agency Investment Fund (LAIF)	\$ 1,943,675	\$ 2,889,871
Corporate bonds	1,893,232	1,656,291
Mutual funds	37,249,476	37,705,920
Government securities	3,141,055	3,090,011
Equity securities	38,858,154	32,080,280
Exchange traded funds (ETFs)	20,499,227	16,776,813
Other investments	22,052	21,275
	103,606,871	94,220,461
Less short-term portion of investments	(24,233,162)	(17,024,657)
Less long-term portion of investments	(22,052)	(21,275)
Endowment investments	\$ 79,351,657	\$ 77,174,529

The Foundation follows the provisions of GASB No. 72 for fair value measurements of financial assets and financial liabilities and for fair value measurements that are recognized or disclosed at fair value in the financial statements on a recurring basis. GASB No. 72 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets that the Foundation has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset.

CSULB 49er FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 3 – Investments (Continued)

The following table sets forth by level, within the fair value hierarchy, the Foundation’s investments at fair value measurements:

	Fair Value Measurements at June 30, 2019				
	(Level 1)	(Level 2)	(Level 3)	Net Asset Value^(a)	Total
LAIF	\$ -	\$ -	\$ -	\$ 1,943,675	\$ 1,943,675
Corporate bonds	-	1,893,232	-	-	1,893,232
Mutual funds	37,249,476	-	-	-	37,249,476
Government securities	3,141,055	-	-	-	3,141,055
Equity securities	38,858,154	-	-	-	38,858,154
Exchange traded funds	20,499,227	-	-	-	20,499,227
Other investment funds	-	22,052	-	-	22,052
	<u>\$ 99,747,912</u>	<u>\$ 1,915,284</u>	<u>None</u>	<u>\$ 1,943,675</u>	<u>\$ 103,606,871</u>

	Fair Value Measurements at June 30, 2018				
	(Level 1)	(Level 2)	(Level 3)	Net Asset Value^(a)	Total
LAIF	\$ -	\$ -	\$ -	\$ 2,889,871	\$ 2,889,871
Corporate bonds	-	1,656,291	-	-	1,656,291
Mutual funds	37,705,920	-	-	-	37,705,920
Government securities	3,090,011	-	-	-	3,090,011
Equity securities	32,080,280	-	-	-	32,080,280
Exchange traded funds	16,776,813	-	-	-	16,776,813
Other investment funds	-	21,275	-	-	21,275
	<u>\$ 89,653,024</u>	<u>\$ 1,677,566</u>	<u>None</u>	<u>\$ 2,889,871</u>	<u>\$ 94,220,461</u>

^(a) In accordance with GASB 72, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statement of net position.

CSULB 49er FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 3 – Investments (Continued)

Investment income is summarized as follows:

	For the Year Ended June 30,	
	2019	2018
Interest and dividend income	\$ 2,417,764	\$ 2,063,372
Net unrealized gains	1,680,958	1,628,079
Net realized gains	1,115,480	2,887,604
Fees	<u>(434,452)</u>	<u>(375,299)</u>
	<u>\$ 4,779,750</u>	<u>\$ 6,203,756</u>

NOTE 4 – Operating Expenses by Function

	For the Year Ended June 30, 2019			
	Compensation and Benefits	Supplies and Services	Scholarship and Fellowship	Total
Public service	\$ 2,536	\$ 7,845	\$ -	\$ 10,381
Academic support	1,394,977	2,850,878	-	4,245,855
Student services	21,640	1,204,168	-	1,225,808
Institutional support	656,680	2,901,598	-	3,558,278
Student grants and scholarships	<u>-</u>	<u>-</u>	4,116,504	4,116,504
Total Operating Expenses	<u>\$ 2,075,833</u>	<u>\$ 6,964,489</u>	<u>\$ 4,116,504</u>	<u>\$ 13,156,826</u>

	For the Year Ended June 30, 2018			
	Compensation and Benefits	Supplies and Services	Scholarship and Fellowship	Total
Public service	\$ 1,347	\$ 6,387	\$ -	\$ 7,734
Academic support	1,025,620	2,811,965	-	3,837,585
Student services	34,728	1,252,367	-	1,287,095
Institutional support	429,163	2,685,868	-	3,115,031
Student grants and scholarships	<u>-</u>	<u>-</u>	3,834,334	3,834,334
Total Operating Expenses	<u>\$ 1,490,858</u>	<u>\$ 6,756,587</u>	<u>\$ 3,834,334</u>	<u>\$ 12,081,779</u>

Institutional support includes expenses supporting University programs, initiatives, and operations, as directed by the 49er Foundation in accordance with the donor intent.

CSULB 49er FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

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 years ended June 30, 2019 and 2018, as follows:

	<u>June 30,</u>	
	<u>2019</u>	<u>2018</u>
Payments to the University for salaries of University personnel working on contracts, grants, and other programs	\$ 1,470,303	\$ 751,782
Payments to the University for other than salaries of University personnel	\$ 7,281,801	\$ 7,664,128
Payments received from the University for services, space, and programs	\$ 291,445	\$ 183,320
Payments to the CSULB Research Foundation for salaries and other expenses	\$ 1,018,129	\$ 1,269,268
Gifts-in-kind to the University from discretely presented component units	\$ 360,640	\$ 260,294
Gifts (cash or assets) to the University from discretely presented component units	\$ 4,309,166	\$ 4,405,637
Amounts due to the University	\$ 879,314	\$ 236,526
Amounts due to the Research Foundation	\$ 113,802	\$ 47,598
Amounts due to other CSU business units	\$ 5,769	\$ 17,433
Amounts receivable from the University	\$ 212,045	\$ 3,167
Amounts due from the Research Foundation	\$ 7,434	\$ 40,173

CSULB 49er FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

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. Assets relating to endowments, scholarships, and certain pledges were transferred from the Research Foundation to the 49er Foundation at the inception of operations. Some assets related to campus program donations were retained in the Research Foundation until specified obligations were satisfied. Once the specified obligations are satisfied, the assets are transferred to the 49er Foundation in the year the obligation is satisfied. In addition, the Research Foundation administered several philanthropic events on behalf of the 49er Foundation during the year. The purpose of those events was to generate donations designated for University-related uses. The proceeds net of any associated expenses are transferred to the 49er Foundation after the event. During the year ended June 30, 2018, the Research Foundation transferred \$654,816 of cash related to obligations satisfied and net proceeds from philanthropic events to the 49er Foundation. There were no amounts transferred in the year ended June 30, 2019.

<u>Transfers by Type</u>	For the Year Ended June 30,	
	<u>2019</u>	<u>2018</u>
Obligations satisfied (campus programs)	\$ -	\$ 423,709
Proceeds from philanthropic events	<u>-</u>	<u>231,107</u>
Total Transfer	<u>\$ -</u>	<u>\$ 654,816</u>

SUPPLEMENTARY FINANCIAL INFORMATION

CSULB 49er FOUNDATION

**SUPPLEMENTARY FINANCIAL INFORMATION
OTHER INFORMATION
JUNE 30, 2019**

1. CASH AND CASH EQUIVALENTS:

Portion of restricted cash and cash equivalents related to endowments	\$	-	
All other restricted cash and cash equivalents		-	
Noncurrent restricted cash and cash equivalents		-	
Current restricted cash and equivalents		<u>3,486,112</u>	
Total	\$	<u>3,486,112</u>	

2.1. COMPOSITION OF INVESTMENTS:

	<u>Current</u>	<u>Noncurrent</u>	<u>Total</u>
Money Market funds	\$ -	\$ -	\$ -
Repurchase agreements	-	-	-
Certificates of deposit	-	-	-
U.S. agency securities	-	-	-
U.S. treasury securities	3,141,055	-	3,141,055
Municipal bonds	-	-	-
Corporate bonds	1,893,232	-	1,893,232
Asset backed securities	-	-	-
Mortgage backed securities	-	-	-
Commercial paper	-	-	-
Mutual funds	9,469,932	27,779,544	37,249,476
Exchange traded funds	5,699,636	14,799,591	20,499,227
Equity securities	2,085,632	36,772,522	38,858,154
Alternative investments:			
Private equity (including limited partnerships)	-	-	-
Hedge funds	-	-	-
Managed futures	-	-	-
Real estate investments (including REITs)	-	-	-
Commodities	-	-	-
Derivatives	-	-	-
Other alternative investment types	-	-	-
Other external investment pools (excluding SWIFT)	-	-	-
Other investments	-	22,052	22,052
State of California Local Agency Investment Fund (LAIF)	1,943,675	-	1,943,675
State of California Surplus Money Investment Fund (SMIF)	-	-	-
Total investments	<u>24,233,162</u>	<u>79,373,709</u>	<u>103,606,871</u>
Less endowment investments	<u>-</u>	<u>(79,351,657)</u>	<u>(79,351,657)</u>
Total investments	<u>\$ 24,233,162</u>	<u>\$ 22,052</u>	<u>\$ 24,255,214</u>

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CSULB 49er FOUNDATION

**SUPPLEMENTARY FINANCIAL INFORMATION
OTHER INFORMATION
JUNE 30, 2019
(Continued)**

2.2 FAIR VALUE HIERARCHY IN INVESTMENTS:

	FAIR VALUE MEASUREMENTS USING				
	Total	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value (NAV)
Money Market funds	\$ -	\$ -	\$ -	\$ -	\$ -
Repurchase agreements	-	-	-	-	-
Certificates of deposit	-	-	-	-	-
U.S. agency securities	-	-	-	-	-
U.S. treasury securities	3,141,055	3,141,055	-	-	-
Municipal bonds	-	-	-	-	-
Corporate bonds	1,893,232	-	1,893,232	-	-
Asset backed securities	-	-	-	-	-
Mortgage backed securities	-	-	-	-	-
Commercial paper	-	-	-	-	-
Mutual funds	37,249,476	37,249,476	-	-	-
Exchange traded funds	20,499,227	20,499,227	-	-	-
Equity securities	38,858,154	38,858,154	-	-	-
Alternative investments:					
Private equity (including limited partnerships)	-	-	-	-	-
Hedge funds	-	-	-	-	-
Managed futures	-	-	-	-	-
Real estate investments (including REITs)	-	-	-	-	-
Commodities	-	-	-	-	-
Derivatives	-	-	-	-	-
Other alternative investment types	-	-	-	-	-
Other external investment pools (excluding SWIFT)	-	-	-	-	-
Other investments	22,052	-	22,052	-	-
State of California Local Agency Investment Fund (LAIF)	1,943,675	-	-	-	1,943,675
State of California Surplus Money Investment Fund (SMIF)	-	-	-	-	-
 Total investments	 <u>\$ 103,606,871</u>	 <u>\$ 99,747,912</u>	 <u>\$ 1,915,284</u>	 <u>\$ -</u>	 <u>\$ 1,943,675</u>

2.3 INVESTMENTS HELD BY THE UNIVERSITY UNDER CONTRACTUAL AGREEMENTS:

	Current	Noncurrent	Total
Investments held by the University under contractual agreements (e.g. CSU Consolidated SWIFT Inv Pool)	\$ -	\$ -	\$ -
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Independent Auditors' Report

CSULB 49er FOUNDATION

**SUPPLEMENTARY FINANCIAL INFORMATION
OTHER INFORMATION
JUNE 30, 2019
(Continued)**

3.1. COMPOSITION OF CAPITAL ASSETS:

	Balance June 30, 2018	Reclassifications	Prior-Period Additions	Prior-Period Retirements
Nondepreciable/nonamortizable capital assets:				
Land and land improvements	\$ -	\$ -	\$ -	\$ -
Works of art and historical treasures	-	-	-	-
Construction work in progress (CWIP)	-	-	-	-
Intangible assets:				
Rights and easements	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-
Intangible assets in progress (PWIP)	-	-	-	-
Licenses and permits	-	-	-	-
Other intangible assets	-	-	-	-
Total intangible assets	-	-	-	-
Total nondepreciable/nonamortizable capital assets	-	-	-	-
Depreciable/amortizable capital assets:				
Buildings and building improvements	-	-	-	-
Improvements, other than buildings	-	-	-	-
Infrastructure	-	-	-	-
Leasehold improvements	-	-	-	-
Personal property:				
Equipment	-	-	-	-
Library books and materials	-	-	-	-
Intangible assets:				
Software and websites	-	-	-	-
Rights and easements	-	-	-	-
Patents, copyright and trademarks	-	-	-	-
Licenses and permits	-	-	-	-
Other intangible assets	-	-	-	-
Total intangible assets	-	-	-	-
Total depreciable/amortizable capital assets	-	-	-	-
Total capital assets	-	-	-	-
Less accumulated depreciation/amortization:				
Buildings and building improvements	-	-	-	-
Improvements, other than buildings	-	-	-	-
Infrastructure	-	-	-	-
Leasehold improvements	-	-	-	-
Personal property:				
Equipment	-	-	-	-
Library books and materials	-	-	-	-
Intangible assets:				
Software and websites	-	-	-	-
Rights and easements	-	-	-	-
Patents, copyright and trademarks	-	-	-	-
Licenses and permits	-	-	-	-
Other intangible assets	-	-	-	-
Total intangible assets	-	-	-	-
Total accumulated depreciation/amortization	-	-	-	-
Total capital assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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CSULB 49er FOUNDATION

**SUPPLEMENTARY FINANCIAL INFORMATION
OTHER INFORMATION
JUNE 30, 2019
(Continued)**

3.2 DETAIL OF DEPRECIATION AND AMORTIZATION EXPENSE:

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

4. LONG-TERM LIABILITIES ACTIVITY SCHEDULE:

	<u>Balance</u>	<u>Prior-Period</u>	<u>Balance</u>	<u>Balance</u>	<u>Balance</u>	<u>Balance</u>
	<u>June 30, 2018</u>	<u>Adjustments/ Reclassifications</u>	<u>June 30, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2019</u>
			<u>(Restated)</u>			
Accrued compensated absences	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Claims liability for losses and loss adjustment expenses	-	-	-	-	-	-
Capitalized lease obligations:						
Gross balance	-	-	-	-	-	-
Unamortized premium/(discount)	-	-	-	-	-	-
Total capitalized lease obligations	-	-	-	-	-	-
Long-term debt obligations:						
Auxiliary revenue bonds (non-SRB related)	-	-	-	-	-	-
Commercial Paper	-	-	-	-	-	-
Note payable related to SRB	-	-	-	-	-	-
Other:	-	-	-	-	-	-
Total long-term debt obligations	-	-	-	-	-	-
Unamortized bond premium/(discount)	-	-	-	-	-	-
Total long-term debt obligations, net	-	-	-	-	-	-
Total long-term liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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<u>Current Portion</u>	<u>Noncurrent Portion</u>
\$ -	\$ -
-	-
-	-
<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>
-	-
-	-
-	-
<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>
-	-
-	-
<u>\$ -</u>	<u>\$ -</u>

CSULB 49er FOUNDATION

**SUPPLEMENTARY FINANCIAL INFORMATION
OTHER INFORMATION
JUNE 30, 2019
(Continued)**

5. CAPITALIZED LEASE OBLIGATIONS SCHEDULE:

<u>Year Ending June 30,</u>	<u>Capitalized Lease Obligations Related to SRB</u>		
	<u>Principal Only</u>	<u>Interest Only</u>	<u>Principal and Interest</u>
2020	\$ -	\$ -	\$ -
2021	-	-	-
2022	-	-	-
2023	-	-	-
2024	-	-	-
2025 - 2029	-	-	-
2030 - 2034	-	-	-
2035 - 2039	-	-	-
2040 - 2044	-	-	-
2045 - 2049	-	-	-
Thereafter	-	-	-
Total Minimum Lease Payment	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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CSULB 49er FOUNDATION

**SUPPLEMENTARY FINANCIAL INFORMATION
OTHER INFORMATION
JUNE 30, 2019
(Continued)**

6. LONG-TERM DEBT OBLIGATION SCHEDULE:

<u>Year Ending June 30,</u>	<u>Auxiliary Revenue Bonds (non-SRB related)</u>		
	<u>Principal Only</u>	<u>Interest Only</u>	<u>Principal and Interest</u>
2020	\$ -	\$ -	\$ -
2021	-	-	-
2022	-	-	-
2023	-	-	-
2024	-	-	-
2025 - 2029	-	-	-
2030 - 2034	-	-	-
2035 - 2039	-	-	-
2040 - 2044	-	-	-
2045 - 2049	-	-	-
Thereafter	-	-	-
Total Minimum Payment	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

All Other Long-Term Debt Obligations			Total Long-Term Debt Obligations		
Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	-
			Less amounts representing interest		-
			Present value of future minimum payments		-
			Unamortized net premium (discount)		-
			Total long-term debt obligations		-
			Less current portion		-
			Long-term debt obligations, net of current portion		<u>\$ -</u>

CSULB 49er FOUNDATION

SUPPLEMENTARY FINANCIAL INFORMATION

OTHER INFORMATION

JUNE 30, 2019

(Continued)

7. TRANSACTIONS WITH RELATED ENTITIES

	<u>Amount</u>
Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$ 1,470,303
Payments to University for other than salaries of University personnel	\$ 7,281,801
Payments received from University for services, space, and programs	\$ 291,445
Gifts-in-kind to the University from discretely presented component units	\$ 360,640
Gifts (cash or assets) to the University from discretely presented component units	\$ 4,309,166
Accounts (payable to) University	\$ (879,314)
Other amounts (payable to) University	\$ -
Accounts receivable from University	\$ 212,045
Other amounts receivable from University	\$ -

8. RESTATEMENTS/PRIOR-PERIOD ADJUSTMENTS

Intentionally left blank - no restatements/prior-period adjustments

CSULB 49er FOUNDATION

**SUPPLEMENTARY FINANCIAL INFORMATION
OTHER INFORMATION**

JUNE 30, 2019

(Continued)

9. NATURAL CLASSIFICATIONS OF OPERATING EXPENSES:

	Salaries	Benefits - Other	Benefits - Pension	Benefits - OPEB	Scholarships and fellowships
Instruction	\$ -	\$ -	\$ -	\$ -	\$ -
Research	-	-	-	-	-
Public service	2,500	36	-	-	-
Academic support	1,090,573	304,404	-	-	-
Student services	21,640	-	-	-	-
Institutional support	504,914	137,092	14,674	-	-
Operation and maintenance of plant	-	-	-	-	-
Student grants and scholarships	-	-	-	-	4,116,504
Auxiliary enterprise expenses	-	-	-	-	-
Depreciation and amortization	-	-	-	-	-
Total	\$ 1,619,627	\$ 441,532	\$ 14,674	\$ -	\$ 4,116,504

10. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred outflows of resources	
Deferred outflows - unamortized loss on refunding(s)	\$ -
Deferred outflows - net pension liability	-
Deferred outflows - net OPEB liability	-
Deferred outflows - other	-
Total deferred outflows of resources	\$ -
Deferred inflows of resources	
Deferred inflows - service concession arrangements	\$ -
Deferred inflows - net pension liability	-
Deferred inflows - net OPEB liability	-
Deferred inflows - unamortized gain on debt refunding(s)	-
Deferred inflows - nonexchange transactions	-
Deferred inflows - other:	
Charitable gift annuities	103,064
Total deferred inflows of resources	\$ 103,064

See Independent Auditors' Report

<u>Supplies and other services</u>	<u>Depreciation and amortization</u>	<u>Total operating expenses</u>
\$ -	\$ -	\$ -
-	-	-
7,845	-	10,381
2,850,878	-	4,245,855
1,204,168	-	1,225,808
2,901,598	-	3,558,278
-	-	-
-	-	4,116,504
-	-	-
-	-	-
\$ 6,964,489	\$ -	\$ 13,156,826

**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, 2019, 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 17, 2019.

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.

Winder, Inc.

Long Beach, California
September 17, 2019

CSULB 49er FOUNDATION
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

The auditors express an unmodified opinion on whether the financial statements of CSULB 49er Foundation were prepared in accordance with generally accepted accounting principles.

Internal control over financial reporting

1. Material weakness(es) identified? – No
2. Significant deficiencies identified? – None reported
3. Noncompliance material to financial statements noted? – No

SECTION II - FINDINGS - FINANCIAL STATEMENTS AUDIT

None