CALIFORNIA STATE UNIVERSITY, EAST BAY
FOUNDATION, INC.
(a Component Unit of California State
University, East Bay)

Basic Financial Statements
and Supplementary Information

Year Ended June 30, 2015

(With Independent Auditor’s Report Thereon)
CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.

Table of Contents

Independent Auditor’s Report .............................................................................................................. 1
Management’s Discussion and Analysis (Unaudited) ......................................................................... 3
Basic Financial Statements:
  Statement of Net Position ........................................................................................................... 8
  Statement of Revenues, Expenses and Changes in Net Position ............................................... 9
  Statement of Cash Flows ............................................................................................................. 10
  Notes to Financial Statements .................................................................................................. 11
Required Supplementary Information: (Unaudited)
  Schedules of Required Supplementary Information - Pension ................................................... 31
  Schedule of Funding Progress – Other Postemployment Benefits ............................................. 33
Other Supplementary Information for California State University Office of the Chancellor:
  Schedule of Net Position ......................................................................................................... 35
  Schedule of Revenues, Expenses and Changes in Net Position ............................................... 36
  Other Information .................................................................................................................... 37
  Note to Supplementary Information ........................................................................................ 43
Independent Auditor’s Report

Board of Directors
California State University,
East Bay Foundation, Inc.
Hayward, California

Report on the Financial Statements

We have audited the accompanying financial statements of California State University, East Bay Foundation, Inc. (Foundation), a component unit of California State University, East Bay, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Foundation’s basic financial statements, as listed in the table of contents.

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.

Auditor’s Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of California State University, East Bay Foundation, Inc. as of June 30, 2015, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.
**Emphasis of Matter**

As described in Note 1 to the financial statements, the Foundation implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*, effective July 1, 2014. The implementation of these statements resulted in a restatement of net position as of July 1, 2014, in the amount of $4,079,094. Our opinion is not modified with respect to this matter.

**Other Matters**

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis on pages 3-7 and the schedules of required supplementary information – pension and schedule of funding progress – other postemployment benefits on pages 31-33 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB 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 an opinion on the financial statements that collectively comprise the Foundation’s basic financial statements. The supplementary information for the California State University Office of the Chancellor on pages 35-43 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 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 25, 2015, on our consideration of the 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 the Foundation’s internal control over financial reporting and compliance.

Macias Gini & O’Connell LLP

Walnut Creek, California

September 25, 2015
This section of the California State University, East Bay Foundation, Inc. (the Foundation) annual financial report includes some of management's insights and analyses of the Foundation's financial performance for the year ended June 30, 2015. This discussion has been prepared by management and should be read in conjunction with the financial statements and notes.

### Financial Highlights

- Revenues from research grants and contracts decreased by $3.2 million, or 17%, in the current year as activity decreased due to several grants approaching their expiration date.

- The Foundation implemented Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27, and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68, in the year ended June 30, 2015. This statement establishes standards for measuring and recognizing pension liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. The implementation of the statement required the Foundation to record a beginning net pension liability as of July 1, 2014 and a deferred outflow of resources for contributions made by the Foundation after the measurement date (contributions made during the year ended June 30, 2014). As a result, net position was restated by approximately $4.1 million. The comparative 2014 financial statements presented in this management’s discussion and analysis were not restated for the implementation of GASB Statement No. 68 because prior year pension amounts were not available from the pension plans. Accordingly, certain financial statement accounts are not comparable.

### Overview of the Basic Financial Statements

The annual report consists of a series of financial statements, prepared in accordance with the GASB Statement No. 35, Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities. This standard is applicable to the Foundation because it is a component unit of California State University, East Bay (University). Consistent with the University, the Foundation has adopted the business-type activity (BTA) reporting model to represent its activities.

The financial statements include: the statement of net position, the statement of revenues, expenses, and changes in net position and the statement of cash flows. These statements are supported in the annual report by the notes to the financial statements and this section. All sections should be considered together to obtain a complete understanding of the financial picture of the Foundation.

*Statement of Net Position:* The statement of net position includes all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the Foundation with the difference between these reported as net position. It is prepared under the accrual basis of accounting, whereby revenues and receivables are recognized when the service is provided and expenses and liabilities are recognized when incurred, regardless of when cash is exchanged. It also identifies major categories of restrictions on the net position of the Foundation.
Statement of Revenues, Expenses, and Changes in Net Position: The statement of revenues, expenses, and changes in net position presents the revenues earned and expenses incurred during the year on an accrual basis.

Statement of Cash Flows: The statement of cash flows presents the inflows and outflows of cash, summarized by operating, noncapital financing, capital and related financing, and investing activities. The statement is prepared using the direct method of cash flows, and therefore, presents gross rather than net amounts for the year's operating activities.

Notes to Financial Statements: The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the Foundation’s basic financial statements. The notes are included immediately following the basic financial statements within this report.

A summary of key financial statement information is presented below:

<table>
<thead>
<tr>
<th>Condensed Statements of Net Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
</tr>
<tr>
<td>---</td>
</tr>
<tr>
<td><strong>Assets:</strong></td>
</tr>
<tr>
<td>Current assets</td>
</tr>
<tr>
<td>Capital assets, net</td>
</tr>
<tr>
<td>Total assets</td>
</tr>
<tr>
<td>Deferred outflows of resources</td>
</tr>
<tr>
<td><strong>Liabilities:</strong></td>
</tr>
<tr>
<td>Current liabilities</td>
</tr>
<tr>
<td>Noncurrent liabilities</td>
</tr>
<tr>
<td>Total liabilities</td>
</tr>
<tr>
<td>Deferred inflows of resources</td>
</tr>
<tr>
<td><strong>Net position:</strong></td>
</tr>
<tr>
<td>Net investment in capital assets</td>
</tr>
<tr>
<td>Unrestricted</td>
</tr>
<tr>
<td>Total net position</td>
</tr>
</tbody>
</table>

Total current assets decreased by $1.5 million, or 5%, primarily due to a 26% decrease, or $1.5 million, in accounts receivable that resulted from an overall decrease in research grants and contracts activity. The decrease was offset by a 57% increase, or $0.3 million, in cash. Investments decreased by 1%, or $0.3 million, due to lower investment returns.

Total noncurrent assets decreased by $0.2 million, or 3%, for the year ended June 30, 2015. The decrease is attributable to the recognition of depreciation expense during the year.
Total current liabilities decreased by $1.3 million, or 10%, primarily due to a $1.0 million decrease in accounts payable in connection with research grants and contracts activity. Accrued salaries and benefits also decreased by $0.4 million due to the transition of all grants and contracts employees to the University effective July 2014.

Total noncurrent liabilities increased by $2.3 million, or 44%, primarily due to the recognition of $3.1 million in net pension liability as the result of the implementation of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, that took effect in the current year. The increase was offset by a $0.4 million decrease in long-term unearned revenue in connection with grants and contracts transferring to current. In addition, $0.2 million in long-term debt was transferred to current and other postemployment benefits obligation was reduced by $0.2 million as result of expense recognition for the current year.

Total net position decreased by $3.3 million, or 20%, primarily due to the implementation of GASB 68 that required the Foundation to restate the beginning net position by approximately $4.1 million. The decrease was offset by net operating income of $0.5 million and net investment income of $0.3 million.

Condensed Statements of Revenues, Expenses and Changes in Net Position

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenues:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research grants and contracts</td>
<td>$15,454,161</td>
<td>$18,654,648</td>
</tr>
<tr>
<td>Commercial services</td>
<td>626,937</td>
<td>600,470</td>
</tr>
<tr>
<td>Management fees</td>
<td>246,289</td>
<td>229,343</td>
</tr>
<tr>
<td>Other income</td>
<td>-</td>
<td>79,275</td>
</tr>
<tr>
<td>Total operating revenues</td>
<td>16,327,387</td>
<td>19,563,736</td>
</tr>
<tr>
<td>Operating expenses:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of research</td>
<td>15,454,204</td>
<td>18,655,234</td>
</tr>
<tr>
<td>Other auxiliary enterprise expenses</td>
<td>223,936</td>
<td>460,721</td>
</tr>
<tr>
<td>Depreciation</td>
<td>158,699</td>
<td>174,079</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>15,836,839</td>
<td>19,290,034</td>
</tr>
<tr>
<td>Operating income</td>
<td>490,548</td>
<td>273,702</td>
</tr>
<tr>
<td>Net nonoperating revenue</td>
<td>256,825</td>
<td>1,049,200</td>
</tr>
<tr>
<td>Increase in net position</td>
<td>747,373</td>
<td>1,322,902</td>
</tr>
<tr>
<td>Net position at beginning of year, as previously reported</td>
<td>16,360,201</td>
<td>15,037,299</td>
</tr>
<tr>
<td>Restatement</td>
<td>(4,079,094)</td>
<td>-</td>
</tr>
<tr>
<td>Net position at beginning of year, as restated</td>
<td>12,281,107</td>
<td>15,037,299</td>
</tr>
<tr>
<td>Net position at end of year</td>
<td>$13,028,480</td>
<td>$16,360,201</td>
</tr>
</tbody>
</table>
Revenues in research grants and contracts revenue, the largest component, decreased by $3.2 million, or 17%. This decrease is attributed to lower spending activity in sponsored research programs that in turn causes a decrease in operating revenues. The lower spending activity is a result of several major programs approaching the expiration date.

The second largest component is commercial services revenue. Commercial services revenues are generated from offerings on campus such as the bookstore and access to banking services mainly through automated teller machines. The revenue increased slightly as a result of better performance from the bookstore sales activity.

Management fees also increased slightly as a program held in trust collected more revenue this year, which in turn drove up the fee collections. Other income was eliminated this year as the Foundation ceased assessing cost recovery charges as the processing of grants and contracts activities moved to the University on a go forward basis.

Operating expenses decreased by $3.4 million, or 18%, primarily due to the lower spending in grants and contracts activity as several major programs had expired and approaching the expiration date.

Nonoperating revenue (expenses) primarily consisted of interest expense offset by investment earnings. The decrease of approximately $0.5 million in net nonoperating revenue is primarily the result of lower investment earnings.

**Capital Asset and Debt Administration**

Capital Assets, net of accumulated depreciation, totaled $4.6 million and $4.8 million as of June 30, 2015 and 2014, respectively. The following table summarizes the components of capital assets as of June 30, 2015 and 2014:

<table>
<thead>
<tr>
<th>Summary of Capital Assets</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings</td>
<td>$ 7,649,921</td>
<td>$ 7,649,921</td>
</tr>
<tr>
<td>Furniture, fixtures, and equipments</td>
<td>529,456</td>
<td>530,932</td>
</tr>
<tr>
<td>Land</td>
<td>35,000</td>
<td>35,000</td>
</tr>
<tr>
<td>Total capital assets</td>
<td>8,214,377</td>
<td>8,215,853</td>
</tr>
<tr>
<td>Less: accumulated depreciation</td>
<td>(3,606,573)</td>
<td>(3,449,350)</td>
</tr>
<tr>
<td>Capital assets, net</td>
<td>$ 4,607,804</td>
<td>$ 4,766,503</td>
</tr>
</tbody>
</table>

Additional information on capital assets can be found in note 5 to the basic financial statements included in this report.
Long-term debt totaled $2.8 million and $3.1 million at June 30, 2015 and 2014, respectively. These amounts were comprised bonds to fund the cost of construction and acquisition of the Bookstore. The following table summarizes the long-term debt as of June 30, 2015 and 2014:

**Summary of Long-term Debt**

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current portion of long-term debt</td>
<td>$ 200,000</td>
<td>$ 200,000</td>
</tr>
<tr>
<td>Long-term debt</td>
<td>2,625,850</td>
<td>2,859,691</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 2,825,850</strong></td>
<td><strong>$ 3,059,691</strong></td>
</tr>
</tbody>
</table>

Additional information on long-term debt obligations can be found in note 6 to the basic financial statements included in this report.

**Request for Information**

The financial report is designed to provide a general overview of the Foundation’s finances. For questions concerning any information in this report or for additional financial information, contact Sherry Pickering, Director Fiscal Services, California State University East Bay, 25800 Carlos Bee Boulevard, Hayward California 94542 or call (510) 885-7363.
### Assets:

#### Current assets:
- Cash and cash equivalents: $918,148
- Investments: 22,650,327
- Accounts receivable, net: 4,424,893

\[ \text{Total current assets} = 27,993,368 \]

#### Noncurrent assets:
- Capital assets, net: 4,607,804

\[ \text{Total noncurrent assets} = 4,607,804 \]

\[ \text{Total assets} = 32,601,172 \]

#### Deferred outflows of resources:
- Pension contributions made subsequent to the measurement date: 7,838

\[ \text{Total deferred outflows of resources} = 7,838 \]

### Liabilities:

#### Current liabilities:
- Accounts payable: 3,054,061
- Accrued salaries and benefits: 174,840
- Unearned revenue, current portion: 2,282,964
- Long-term debt obligations, current portion: 200,000
- Agency liabilities, current portion: 5,684,685
- Other liabilities: 64,469

\[ \text{Total current liabilities} = 11,461,019 \]

#### Noncurrent liabilities:
- Unearned revenue, net of current portion: 168,032
- Long-term debt obligations, net of current portion: 2,625,850
- Other postemployment benefits obligation: 1,488,441
- Net pension liability: 3,089,169

\[ \text{Total noncurrent liabilities} = 7,371,492 \]

\[ \text{Total liabilities} = 18,832,511 \]

#### Deferred inflows of resources:
- Pension deferrals: 748,019

\[ \text{Total deferred inflows of resources} = 748,019 \]

### Net position:
- Net investment in capital assets: 1,762,088
- Unrestricted: 11,266,392

\[ \text{Total net position} = $13,028,480 \]

See accompanying notes to financial statements.
CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2015

Revenues:
Operating revenues:
Research grants and contracts:
  Federal $ 11,477,719
  State and local 923,092
  Nongovernmental 3,053,350
  Total research grants and contracts 15,454,161

Commercial services 626,937
Management fees 246,289
Total operating revenues 16,327,387

Expenses:
Operating expenses:
  Cost of research 15,454,204
  Other auxiliary enterprise expenses 223,936
  Depreciation 158,699
  Total operating expenses 15,836,839

Operating income 490,548

Nonoperating revenues (expenses):
  Investment income, net 317,094
  Interest expense (87,002)
  Other nonoperating revenues 26,733
  Net nonoperating revenue 256,825

Increase in net position 747,373

Net position:
  Net position at beginning of year, as previously reported 16,360,201
  Restatement (4,079,094)
  Net position at beginning of year, as restated 12,281,107

Net position at end of year $ 13,028,480

See accompanying notes to financial statements.
Cash flows from operating activities:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receipts from grants and contracts</td>
<td>$16,083,338</td>
</tr>
<tr>
<td>Receipts from commercial services</td>
<td>$626,937</td>
</tr>
<tr>
<td>Other receipts</td>
<td>$1,272,755</td>
</tr>
<tr>
<td>Payments to suppliers</td>
<td>$(10,234,872)</td>
</tr>
<tr>
<td>Payments to employees</td>
<td>$(6,656,882)</td>
</tr>
<tr>
<td>Payments to students</td>
<td>$(1,194,417)</td>
</tr>
<tr>
<td><strong>Net cash used in operating activities</strong></td>
<td><strong>$(103,141)</strong></td>
</tr>
</tbody>
</table>

Cash flows from noncapital financing activities:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funds paid on behalf of others</td>
<td>$2,829,340</td>
</tr>
<tr>
<td>Funds received on behalf of others</td>
<td>$(2,686,879)</td>
</tr>
<tr>
<td>Other noncapital financing activities</td>
<td>$26,733</td>
</tr>
<tr>
<td><strong>Net cash provided by noncapital financing activities</strong></td>
<td><strong>$169,194</strong></td>
</tr>
</tbody>
</table>

Cash flows from capital and related financing activities:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payment on principal of capital related debt</td>
<td>$(200,000)</td>
</tr>
<tr>
<td>Interest paid on capital-related debt</td>
<td>$(121,509)</td>
</tr>
<tr>
<td><strong>Net cash used in capital and related financing activities</strong></td>
<td><strong>$(321,509)</strong></td>
</tr>
</tbody>
</table>

Cash flows from investing activities:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchases of investments</td>
<td>$(14,976,191)</td>
</tr>
<tr>
<td>Sales of investments</td>
<td>$14,591,118</td>
</tr>
<tr>
<td>Investment income, net</td>
<td>$975,339</td>
</tr>
<tr>
<td><strong>Net cash provided by investing activities</strong></td>
<td><strong>$590,266</strong></td>
</tr>
</tbody>
</table>

Net increase in cash

<table>
<thead>
<tr>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>$334,810</td>
</tr>
</tbody>
</table>

Cash and cash equivalents at beginning of year

<table>
<thead>
<tr>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>$583,338</td>
</tr>
</tbody>
</table>

Cash and cash equivalents at end of year

<table>
<thead>
<tr>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>$918,148</td>
</tr>
</tbody>
</table>

Reconciliation of operating income to net cash used in operating activities:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating income</td>
<td>$490,548</td>
</tr>
<tr>
<td><strong>Net cash used in operating activities</strong></td>
<td><strong>$(103,141)</strong></td>
</tr>
</tbody>
</table>

Changes in operating assets and liabilities and deferred outflows and inflows of resources:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts receivable, net</td>
<td>$1,534,693</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$(1,036,819)</td>
</tr>
<tr>
<td>Accrued salaries and benefits</td>
<td>$380,418</td>
</tr>
<tr>
<td>Accrued compensated absences</td>
<td>$(27,821)</td>
</tr>
<tr>
<td>Unearned revenue</td>
<td>$(450,038)</td>
</tr>
<tr>
<td>Other postemployment benefits obligation</td>
<td>$(186,793)</td>
</tr>
<tr>
<td>Net pension liability and related changes in deferred outflow and inflows of resources</td>
<td>$(249,744)</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>$44,552</td>
</tr>
<tr>
<td><strong>Net cash used in operating activities</strong></td>
<td><strong>$(103,141)</strong></td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
(1) Organization and Summary of Significant Accounting Policies

(a) Nature of Activities

The California State University, East Bay Foundation, Inc. (the Foundation), a nonprofit organization, is an auxiliary organization of California State University, East Bay (the University) and the California State University system. The Foundation's mission is to support the University's educational mission and to provide quality services that complement the instructional program. The Foundation provides augmented funding for educational-related services at the University that would not otherwise be available through or funded by the state university system. Funds are received from Federal, state, and local government agencies, as well as private individuals and groups.

The Foundation is responsible for the overall operation of all grants and contracts received by the University. The Foundation also approves and issues permits to appropriate vendors that provide the campus with products and services that best fit the campus’ needs.

(b) Financial Reporting Entity

The basic financial statements include the accounts of the Foundation, including its research activities performed on behalf of the University. The Foundation is a government organization under accounting principles generally accepted in the United States of America (U.S. GAAP) and is also a component unit of the University, a public university under the California State University system. The Foundation has chosen to use the reporting model for special-purpose governments engaged only in business-type activities.

(c) Basis of Presentation

The basic financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with U.S. GAAP as prescribed by the Governmental Accounting Standards Board (GASB). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Voluntary non-exchange transactions are recognized as revenue as soon as all eligibility requirements have been met.

(d) Use of Estimates

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

(e) Investments

Investments are reported at fair value using quoted market prices. Gains and losses are included in investment income, net on the accompanying statement of revenues, expenses, and changes in net position.
(f) Accounts Receivable

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

(g) Capital Assets

Acquisitions of capital assets of $5,000 or more are capitalized. Capital assets are stated at cost or, if donated, at the approximate fair value at the date of donation. Expenditures for maintenance and repairs are charged against operations. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets of 5 to 50 years. In accordance with instructions from the California State University System, depreciation expense is shown separately in the statement of revenues, expenses, and changes in net position, rather than being allocated among other categories of operating expenses.

(h) Unearned Revenue

Unearned revenue consists primarily of grant and contract funds received in advance.

(i) Agency Liabilities

The Foundation administers agency assets on behalf of campus organizations. The Foundation generally receives a fee for administering these funds. Depending on the nature of these funds, this fee can be a fixed annual amount, a per-transaction charge, or a fixed percentage charge based upon assets under Foundation administration. It is management's belief that the Foundation is acting as an agent for the transactions of these units. Accordingly, the activity of such organizations is not recorded in the statement of revenues, expenses, and changes in net position.

(j) Restatement

Effective July 1, 2014, the Foundation implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The statement established financial reporting requirements for pensions that are provided to employees of state and local governmental employers through pension plans that are administered through trusts. This statement establishes standards for measuring and recognizing pension liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. The implementation of the statement required the Foundation to record a beginning net pension liability and a deferred outflow of resources for contributions made by the Foundation after the measurement date (contributions made during the year ended June 30, 2014).
The effect of the change was to reduce the net position by the following amounts as of July 1, 2014:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net position at beginning of year, as previously reported</td>
<td>$16,360,201</td>
</tr>
<tr>
<td>Restatement</td>
<td>($4,079,094)</td>
</tr>
<tr>
<td>Net position at beginning of year, as restated</td>
<td>$12,281,107</td>
</tr>
</tbody>
</table>

(k) **Other Postemployment Benefits (OPEB)**


(l) **Net Position**

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

- **Net investment in capital assets**: This category groups all capital assets, net of accumulated depreciation, into one component of net position, which is reduced by the outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

- **Unrestricted**: All other assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including those amounts designated by the board or management.

(m) **Classification of Revenues and Expenses**

The 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 with the 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, *Basic Financial Statements—Management's Discussion and Analysis— for Public Colleges and Universities—an amendment of GASB Statement No. 34*. These nonoperating activities include the Foundation's net investment income, interest expense, and other nonoperating revenues.

(n) **Contracts and Grants**

Contracts and grants represent funds obtained from external agencies for the support of instructional, research, and public service functions of the University. Revenue from contracts and grants is recognized when expensed for the purpose specified. Amounts received in excess of expenses incurred as of the financial statements date are reported as unearned revenue.

Federal awards are subject to review and audit by the grantor agencies. Although such audits could result in expense disallowances under the terms of the grants, management believes that any disallowance would not be material to the Foundation.
(o) Income taxes

The Foundation is a qualified nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization that is not a private foundation under Section 509(a)(1). However, the Foundation remains subject to taxes on any net income, which is derived from a trade or business, regularly carried on, and unrelated to its exempt purpose.

The Foundation recognizes accrued interest and penalties associated with uncertain tax positions as part of the income tax provision, when applicable. There are no amounts accrued in the financial statements related to uncertain tax positions.

The Foundation files informational and income tax returns in the United States and various state and local jurisdictions. The Foundation’s Federal income tax and informational returns are subject to examination by the Internal Revenue Service, generally for 3 years after the returns were filed. State and local jurisdictions have statutes of limitation that generally range from 3 to 5 years.

(2) Cash and Cash Equivalents

The Foundation considers highly liquid investments with a maturity of three months or less to be cash and cash equivalents.

(3) Investments

The Foundation’s goal is to achieve a rate of return of 7.5% over the investment horizon. Investments are diversified to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so. The Foundation’s investment policy dictates that investments in fixed income securities must represent a minimum of 25% of total investments. A maximum of 80% may be invested in domestic equities and a maximum of 25% in international equities. A minimum of 2% must be maintained in cash or cash equivalents, including money market or short-term U.S. Treasury bills.

The Foundation participates in an internal investment pool (the Pool) managed in a 50/50 split by U.S. Bank Corp and Wells Capital Management, asset management and investment advisory firms that serve the University. Securities within the investment pool that are not insured are held in the name of the University. Such short-term investments are reported at fair value. The Foundation’s investment in the pool was $1,188,749, which represented approximately 0.04% of the Pool as of June 30, 2015. The Pool is not rated as of June 30, 2015; however, the Foundation share of the pool is included in the rating and risk disclosures below.
The Local Agency Investment Fund (LAIF) is a voluntary program created by statute as an alternative for California’s local governments and special districts that allows them to participate in a major investment portfolio. It is under the administration of the California State Treasurer’s Office. There are no significant interest rate risks or credit risks to be disclosed in accordance with GASB Statement No. 40. The Foundation also has investments held and managed by UBS Financial Services. Investments are neither insured by the federal government nor the State of California.

Investments consist of the following at June 30, 2015:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity securities</td>
<td>$13,428,715</td>
</tr>
<tr>
<td>U.S. Government securities</td>
<td>3,522,867</td>
</tr>
<tr>
<td>Corporate bonds</td>
<td>2,179,768</td>
</tr>
<tr>
<td>Mutual funds</td>
<td>1,727,679</td>
</tr>
<tr>
<td>Mortgage securities</td>
<td>918,695</td>
</tr>
<tr>
<td>Local agency investment fund</td>
<td>716,395</td>
</tr>
<tr>
<td>Asset backed securities</td>
<td>80,075</td>
</tr>
<tr>
<td>Certificates of deposit</td>
<td>55,148</td>
</tr>
<tr>
<td>Municipal securities</td>
<td>8,280</td>
</tr>
<tr>
<td>Money market funds</td>
<td>9,621</td>
</tr>
<tr>
<td>Repurchase agreements</td>
<td>3,047</td>
</tr>
<tr>
<td>Surplus money investment fund</td>
<td>37</td>
</tr>
<tr>
<td><strong>Total Investments</strong></td>
<td><strong>$22,650,327</strong></td>
</tr>
</tbody>
</table>

Investments are classified into the following categories at June 30, 2015:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted</td>
<td>$15,965,391</td>
</tr>
<tr>
<td>Restricted - agency liabilities</td>
<td>5,820,916</td>
</tr>
<tr>
<td>Restricted - expendable other</td>
<td>864,020</td>
</tr>
<tr>
<td><strong>Total Investments</strong></td>
<td><strong>$22,650,327</strong></td>
</tr>
</tbody>
</table>

Investment income, net consists of the following as of June 30, 2015:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interests and dividends</td>
<td>$449,039</td>
</tr>
<tr>
<td>Realized gains, net</td>
<td>511,790</td>
</tr>
<tr>
<td>Unrealized losses, net</td>
<td>(504,429)</td>
</tr>
<tr>
<td>Investment consulting fees</td>
<td>(139,306)</td>
</tr>
<tr>
<td><strong>Total Investment income, net</strong></td>
<td><strong>$317,094</strong></td>
</tr>
</tbody>
</table>
(a) Credit Risk

This is the risk that an issuer or other counterparty to a debt instrument will not fulfill its obligations. This is measured by the assignment of ratings by nationally recognized statistical rating organizations. The Foundation’s investment policy generally prohibits investments in the following vehicles: private placements, venture capital investments, real estate properties, futures contracts, options, short sales, or margin sales. Investments in cash equivalents, fixed income securities, equity securities and mutual funds are done in a diversified manner that is risk averse with an objective to minimize risk while obtaining a reasonable return.

The following indicates the credit and interest rate risk of investments as of June 30, 2015:

<table>
<thead>
<tr>
<th>Credit Rating</th>
<th>Moody's Credit Rating</th>
<th>Maturity</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Less than 3 months (90 days)</td>
<td>3 to 12 months (90-360 days)</td>
<td>Over 1 year (360+ days)</td>
</tr>
<tr>
<td>Corporate bonds</td>
<td>Baa3-A</td>
<td>$229,734</td>
<td>$1,950,034</td>
</tr>
<tr>
<td>Mutual funds</td>
<td>NR</td>
<td>-</td>
<td>1,468,947</td>
</tr>
<tr>
<td>Mortgage securities</td>
<td>NR-AA</td>
<td>-</td>
<td>918,102</td>
</tr>
<tr>
<td>U.S. Agency securities</td>
<td>AA</td>
<td>-</td>
<td>417,163</td>
</tr>
<tr>
<td>Asset backed securities</td>
<td>AAA</td>
<td>-</td>
<td>80,075</td>
</tr>
<tr>
<td>Certificates of deposit</td>
<td>AA-A</td>
<td>55,148</td>
<td>-</td>
</tr>
<tr>
<td>Municipal securities</td>
<td>AA</td>
<td>-</td>
<td>8,280</td>
</tr>
<tr>
<td>Repurchase Agreements</td>
<td>NR-A</td>
<td>3,047</td>
<td>-</td>
</tr>
</tbody>
</table>

The Foundation is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the Foundation’s investment in this pool is reported in the accompanying financial statements at amounts based upon the Foundation’s pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The value of the pool shares in LAIF, which may be withdrawn, is determined on an amortized cost basis, which is different than the fair value of the pooled treasury’s portion in the pool. Withdrawals from LAIF are done on a dollar for dollar basis.

The total amount invested by all public agencies in LAIF at June 30, 2015 was $21.5 billion. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2015 had a balance of $69.6 billion. Of this amount, 2.08% was invested in structured notes and asset-backed securities at June 30, 2015. PMIA is not SEC-registered, but is required to invest according to California State Code. The average maturity of PMIA investments was 239 days as of June 30, 2015.

The Local Investment Advisory Board has oversight responsibility for LAIF. The Board consists of five members as designated by state statute.
(b) Custodial Credit Risk

Custodial credit risk for deposits is the risk that the 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 governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The risk is mitigated in that the Foundation’s deposits are maintained at financial institutions that are fully insured or collateralized as required by state law.

(c) Interest Rate Risk

This is the risk of loss due to the fair value of an investment falling due to rising interest rates. As a means of limiting its exposure to fair value losses from rising interest rates, short-term investments are limited to relatively liquid instruments such as certificates of deposit, savings accounts, Federally guaranteed notes and bills, money market mutual funds, or LAIF. Interest rate risk is mitigated by ensuring sufficient liquidity to meet cash flow needs and only then investing in longer-term securities. There is no interest rate risk for money market mutual funds as they are available on demand.

(d) Concentration of Credit Risk

This is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. In order to maximize the rate of return in the Foundation’s long-term investment portfolio while preserving capital and limiting concentration of credit risk, the Foundation’s investment policy dictates a diverse asset allocation as follows: domestic equities (core) (25-50%), domestic equities (satellite-high alpha) (15-30%), international equities (10-25%), and fixed income (25-40%). An investment consultant is provided with a maximum and minimum portfolio target for each asset class to ensure proper diversification and to avoid unnecessary risk. U.S. Treasury and Agency securities are not subject to this limitation. More than 5% of Foundation’s investments are in Allianz Fixed Income.

(4) Accounts Receivable

Accounts receivable, net consists of the following at June 30, 2015:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sponsored programs</td>
<td>$4,157,621</td>
</tr>
<tr>
<td>Other receivables</td>
<td>255,485</td>
</tr>
<tr>
<td>Interest</td>
<td>33,868</td>
</tr>
<tr>
<td>Total</td>
<td>4,446,974</td>
</tr>
<tr>
<td>Less allowance for doubtful accounts</td>
<td>(22,081)</td>
</tr>
<tr>
<td>Total</td>
<td>$4,424,893</td>
</tr>
</tbody>
</table>
(5) Capital Assets

Capital assets’ activity for the year ended June 30, 2015 consisted of the following:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings</td>
<td>$ 7,649,921</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 7,649,921</td>
</tr>
<tr>
<td>Furniture, fixtures, and equipments</td>
<td>530,932</td>
<td>$ -</td>
<td>(1,476)</td>
<td>529,456</td>
</tr>
<tr>
<td>Land</td>
<td>35,000</td>
<td>$ -</td>
<td>$ 1,476</td>
<td>35,000</td>
</tr>
<tr>
<td>Total</td>
<td>8,215,853</td>
<td>$ -</td>
<td>(1,476)</td>
<td>8,214,377</td>
</tr>
<tr>
<td>Less accumulated depreciation</td>
<td>(3,449,350)</td>
<td>(158,699)</td>
<td>$ 1,476</td>
<td>(3,606,573)</td>
</tr>
<tr>
<td>Capital asset, net</td>
<td>$ 4,766,503</td>
<td>(158,699)</td>
<td>$ -</td>
<td>$ 4,607,804</td>
</tr>
</tbody>
</table>

(6) Bonds Payable

In 1998, the Foundation issued $5,760,000 in bonds to serve as refunding bonds for a 1994 bond issue, funds that were used to pay for the costs of construction and acquisition of the bookstore. The bonds are subject to mandatory sinking fund requirements. In 2013, these bonds were retired and replaced with Systemwide Revenue Bonds (SRB), Series 2013A. Payments of principal are made annually and payments of interest are made semiannually. The interest rate range of the bonds is between 1.50% and 5.00%. The bonds mature May 2025.

Bonds payable activity for the year ended June 30, 2015 consisted of the following:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Systemwide Revenue Bonds 2013A</td>
<td>$ 2,710,000</td>
<td>$ -</td>
<td>(200,000)</td>
<td>$ 2,510,000</td>
<td>$ 200,000</td>
</tr>
<tr>
<td>Premium on SRB 2013A</td>
<td>349,691</td>
<td>$ -</td>
<td>(33,841)</td>
<td>315,850</td>
<td>-</td>
</tr>
<tr>
<td>Total bonds payable</td>
<td>$ 3,059,691</td>
<td>$ -</td>
<td>(233,841)</td>
<td>$ 2,825,850</td>
<td>$ 200,000</td>
</tr>
</tbody>
</table>

Principal and interest payments are due as follows:

<table>
<thead>
<tr>
<th>Year(s) ending</th>
<th>Principal</th>
<th>Interest</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 30,</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>$ 200,000</td>
<td>$ 115,400</td>
<td>$ 315,400</td>
</tr>
<tr>
<td>2017</td>
<td>215,000</td>
<td>107,050</td>
<td>322,050</td>
</tr>
<tr>
<td>2018</td>
<td>220,000</td>
<td>97,650</td>
<td>317,650</td>
</tr>
<tr>
<td>2019</td>
<td>230,000</td>
<td>86,925</td>
<td>316,925</td>
</tr>
<tr>
<td>2020</td>
<td>245,000</td>
<td>75,325</td>
<td>320,325</td>
</tr>
<tr>
<td>2021-2025</td>
<td>1,400,000</td>
<td>181,150</td>
<td>1,581,150</td>
</tr>
<tr>
<td></td>
<td>$ 2,510,000</td>
<td>$ 663,500</td>
<td>$ 3,173,500</td>
</tr>
</tbody>
</table>
(7) Pension

(a) Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the California Public Employees’ Retirement System (CalPERS) Financial Office for the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS’ website under Forms and Publications.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

Valuation Date (VD) June 30, 2013

Measurement Date (MD) June 30, 2014

Measurement Period (MP) July 1, 2013 to June 30, 2014

(b) General Information About the Pension Plan

Plan Description, Benefits Provided, and Employees Covered

The Plan is a cost-sharing multiple-employer defined benefit pension plan administered by CalPERS. A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes, and membership information is listed in the June 30, 2013 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the June 30, 2013 actuarial valuation report. This report is a publically available valuation report that can be obtained at CalPERS’ website under Forms and Publications.

Contributions

In January 2013, the California Public Employees’ Pension Act (PEPRA) took effect which changes the way CalPERS retirement and health benefits are applied, and places compensation limits on members. Individuals hired on or after January 2013 are under PEPRA. All members, who do not fall under this category, are considered classic member. Classic member will retain existing benefit levels for future service with the same employer.

Section 20814(c) of the California Public Employees’ Retirement Law (PERL) requires that the employer contribution rates for all public agency employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS’ annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous
or Safety risk pools, the Plan’s actuarially determined rate is based on the estimated amount necessary to pay the Plan’s allocated share of the risk pool’s costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2014 (the measurement date), the active employee contribution rate is 5.000 percent of annual pay, and the average employer’s contribution rate is 14.756 percent of annual payroll. Employer contribution rates may change if plan contracts are amended.

Effective July 1, 2014, most of the Foundation’s employees transitioned to the University with the remaining transitioned effective September 30, 2014. As a result, the Foundation contributed $2,770 for the year ended June 30, 2015, and no longer has employees.

**Actuarial Methods and Assumptions Used to Determine Total Pension Liability**

For the measurement period ended June 30, 2014 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2013 total pension liability. Both the June 30, 2013 total pension liability and the June 30, 2014 total pension liability were based on the following actuarial methods and assumptions:

<table>
<thead>
<tr>
<th>Actuarial Cost Method</th>
<th>Entry Age Normal in accordance with the requirements of GASB Statement No. 68</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actuarial Assumptions</td>
<td></td>
</tr>
<tr>
<td>Discount Rate</td>
<td>7.50%</td>
</tr>
<tr>
<td>Inflation</td>
<td>2.75%</td>
</tr>
<tr>
<td>Salary Increases</td>
<td>Varies by Entry Age and Service</td>
</tr>
<tr>
<td>Investment Rate of Return</td>
<td>7.50% Net of Pension Plan Investment and Administrative Expenses, includes Inflation</td>
</tr>
<tr>
<td>Mortality Rate Table¹</td>
<td>Derived using CalPERS’ Membership Data for all Funds</td>
</tr>
<tr>
<td>Post Retirement Benefit Increase</td>
<td>Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter</td>
</tr>
</tbody>
</table>

¹The mortality table used was developed based on CalPERS’s specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the fiscal years 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS’ website under Forms and Publications.
Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.50 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained at CalPERS’ website under the GASB 68 section.

According to Paragraph 30 of GASB 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. This difference was deemed immaterial to the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.
The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>New Strategic Allocation</th>
<th>Real Return Years 1 – 10(^1)</th>
<th>Real Return Years 11+(^2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Equity</td>
<td>47.0%</td>
<td>5.25%</td>
<td>5.71%</td>
</tr>
<tr>
<td>Global Fixed Income</td>
<td>19.0</td>
<td>0.99</td>
<td>2.43</td>
</tr>
<tr>
<td>Inflation Sensitive</td>
<td>6.0</td>
<td>0.45</td>
<td>3.36</td>
</tr>
<tr>
<td>Private Equity</td>
<td>12.0</td>
<td>6.83</td>
<td>6.95</td>
</tr>
<tr>
<td>Real Estate</td>
<td>11.0</td>
<td>4.50</td>
<td>5.13</td>
</tr>
<tr>
<td>Infrastructure and</td>
<td>3.0</td>
<td>4.50</td>
<td>5.09</td>
</tr>
<tr>
<td>Forestland</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liquidity</td>
<td>2.0</td>
<td>(0.55)</td>
<td>(1.05)</td>
</tr>
</tbody>
</table>

\(^1\)An expected inflation of 2.5% used for this period
\(^2\)An expected inflation of 3.0% used for this period

**Allocation of Net Pension Liability and Pension Expense to Individual Plans**

A key aspect of GASB 68 pertaining to cost-sharing employers is the establishment of an approach to allocate the net pension liability and pension expense to the individual employers within the risk pool. Paragraph 49 of GASB 68 indicates that for pools where contribution rates within the pool are based on separate relationships, the proportional allocation should reflect those relationships. The allocation method utilized by CalPERS determines the employer’s share by reflecting these relationships through the plans they sponsor within the risk pool. Plan liability and asset-related information are used where available, and proportional allocations of individual plan amounts as of the valuation date are used where not available.

**Changes in the Plan’s Proportionate Share of Net Pension Liability**

The following tables show the Plan’s proportionate share of the risk pool collective net pension liability over the measurement period of June 30, 2014.

**Miscellaneous Plan – Classic**

<table>
<thead>
<tr>
<th>Increase (Decrease)</th>
<th>Plan Total Pension Liability (a)</th>
<th>Plan Fiduciary Net Position (b)</th>
<th>Plan Net Pension Liability (c) = (a) - (b)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at: 6/30/2013 (VD)</td>
<td>$16,574,632</td>
<td>$12,410,409</td>
<td>$4,164,223</td>
</tr>
<tr>
<td>Balance at: 6/30/2014 (MD)</td>
<td>$17,560,982</td>
<td>$14,473,330</td>
<td>$3,087,652</td>
</tr>
<tr>
<td>Net Changes during 2013-14</td>
<td>$986,350</td>
<td>$2,062,921</td>
<td>$(1,076,571)</td>
</tr>
</tbody>
</table>
Miscellaneous Plan – PEPRA

<table>
<thead>
<tr>
<th></th>
<th>Increase (Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Plan Total Pension Liability</td>
</tr>
<tr>
<td></td>
<td>(a)</td>
</tr>
<tr>
<td>Balance at: 6/30/2013 (VD)</td>
<td>$ 8,439</td>
</tr>
<tr>
<td>Balance at: 6/30/2014 (MD)</td>
<td>8,941</td>
</tr>
<tr>
<td>Net Changes during 2013-14</td>
<td>$ 502</td>
</tr>
</tbody>
</table>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.50 percent) or 1 percentage-point higher (8.50 percent) than the current rate:

Miscellaneous Plan – Classic

<table>
<thead>
<tr>
<th></th>
<th>Discount Rate - 1%</th>
<th>Current Discount Rate (7.50%)</th>
<th>Discount Rate + 1%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(6.50%)</td>
<td>(7.50%)</td>
<td>(8.50%)</td>
</tr>
<tr>
<td>Plan's Net Pension Liability</td>
<td>$ 5,417,340</td>
<td>$ 3,087,652</td>
<td>$ 1,154,233</td>
</tr>
</tbody>
</table>

Miscellaneous Plan – PEPRA

<table>
<thead>
<tr>
<th></th>
<th>Discount Rate - 1%</th>
<th>Current Discount Rate (7.50%)</th>
<th>Discount Rate + 1%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(6.50%)</td>
<td>(7.50%)</td>
<td>(8.50%)</td>
</tr>
<tr>
<td>Plan's Net Pension Liability</td>
<td>$ 2,703</td>
<td>$ 1,517</td>
<td>$ 533</td>
</tr>
</tbody>
</table>

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

Recognition of Gains and Losses

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.
The amortization period differs depending on the source of the gain or loss:

Difference between projected and actual earnings: 5 year straight-line amortization

All other amounts: Straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period

(d) Pension Expense and Deferred Outflows and Deferred Inflows of Resources

For the measurement period ended June 30, 2014 (the measurement date), the Foundation incurred a pension expense of $301,081 and $3,301 for the Classic and PEPRA Plans, respectively.

Subsequent to the measurement date, the Foundation contributed $2,770 to the plan. These contributions are reported as deferred outflows of resources as of June 30, 2015. The Foundation also recognized pension expense in amounts of $245,722 and $1,252 related to the amortization of deferred outflows/inflows for Classic and PEPRA Plans, respectively. As of June 30, 2015, the Foundation reports other amounts for the Plan as deferred outflows and deferred inflows of resources related to pensions as follows:

<table>
<thead>
<tr>
<th>Miscellaneous Plan - Classic</th>
<th>Miscellaneous Plan - PEPRA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred Outflows of Resources</td>
<td>Deferred Deferred Inflows of</td>
</tr>
<tr>
<td>Resources</td>
<td>Resources</td>
</tr>
<tr>
<td>Differences between expected and actual experience</td>
<td>$ - $ -</td>
</tr>
<tr>
<td>Changes of assumptions</td>
<td>- -</td>
</tr>
<tr>
<td>Net difference between projected and actual earnings on Pension Plan investments</td>
<td>- (745,615)</td>
</tr>
<tr>
<td>Adjustment due to differences in proportions</td>
<td>5,068</td>
</tr>
<tr>
<td>Total</td>
<td>$ 5,068</td>
</tr>
</tbody>
</table>
Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

<table>
<thead>
<tr>
<th>Measurement Period Ended June 30:</th>
<th>Miscellaneous Plan - Classic</th>
<th>Miscellaneous Plan - PEPRA</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Deferred Outflows of Resources</td>
<td>Deferred Outflows of Resources</td>
</tr>
<tr>
<td>2016</td>
<td>$2,816</td>
<td>$248,538</td>
</tr>
<tr>
<td>2017</td>
<td>$2,252</td>
<td>$248,538</td>
</tr>
<tr>
<td>2018</td>
<td>$</td>
<td>$248,539</td>
</tr>
<tr>
<td>Total</td>
<td>$5,068</td>
<td>$(745,615)</td>
</tr>
</tbody>
</table>

(8) Other Postemployment Benefits (OPEB)

(a) Plan description

The Foundation sponsors a single-employer postemployment healthcare plan (the Plan), which covers substantially all full-time, central staff employees of the Foundation. This Plan provides lifetime medical benefits to retirees who have attained age 50 with five years of service. Spouses and dependents of eligible retirees are also eligible for life. During the year ended June 30, 2009, the Plan was amended to provide lifetime medical benefits to retirees who have attained the age of 50 with ten years of service. The Foundation has the authority to establish and amend benefit provisions of the Plan. The Plan does not issue a separate, publicly available report.

(b) Funding policy

For the year ended June 30, 2015, the Foundation’s share of the monthly medical premiums was limited to $622 (single), $1,138 (two parties), and $1,515 (three or more parties). Retirees are responsible for premiums in excess of the Foundation’s share. In addition, retirees are charged 9.27% of the Foundation’s share of dental and vision.

The Foundation contributes annually based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits. The Foundation contributed $317,659 for the year ended June 30, 2015.

(c) Annual OPEB cost and net OPEB obligation

The Foundation’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The Foundation has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement No. 45 for employers in plans with fewer than one hundred total plan members. 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 the remaining period of 12 years.
The following table shows the components of the Foundation’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in its net OPEB obligation to the Retiree Health Plan.

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual required contribution</td>
<td>$142,724</td>
</tr>
<tr>
<td>Interest on prior year net OPEB obligation</td>
<td>141,697</td>
</tr>
<tr>
<td>Adjustment to annual required contribution</td>
<td>(153,555)</td>
</tr>
<tr>
<td>Annual OPEB cost (expense)</td>
<td>130,866</td>
</tr>
<tr>
<td>Contributions made</td>
<td>(317,659)</td>
</tr>
<tr>
<td>Change in net OPEB obligation</td>
<td>(186,793)</td>
</tr>
<tr>
<td>Net OPEB obligation - beginning of year</td>
<td>1,675,234</td>
</tr>
<tr>
<td>Net OPEB obligation - end of year</td>
<td>$1,488,441</td>
</tr>
</tbody>
</table>

The Foundation’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the most recent three fiscal years is as follows:

<table>
<thead>
<tr>
<th>Year Ended</th>
<th>Annual OPEB Cost</th>
<th>Amount Contributed</th>
<th>OPEB Cost Contributed</th>
<th>Net OPEB Liability</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 30, 2015</td>
<td>$130,866</td>
<td>$317,659</td>
<td>243%</td>
<td>$1,488,441</td>
</tr>
<tr>
<td>June 30, 2014</td>
<td>131,637</td>
<td>349,792</td>
<td>266%</td>
<td>1,674,448</td>
</tr>
<tr>
<td>June 30, 2013</td>
<td>126,172</td>
<td>575,263</td>
<td>456%</td>
<td>1,892,603</td>
</tr>
</tbody>
</table>

(d) Funded Status and Funding Progress

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. As of July 1, 2012, the most recent actuarial valuation date, the actuarial accrued liability for benefits was $4,141,769 and the actuarial value of plan assets was $2,383,399, resulting in an unfunded actuarial accrued liability (UAAL) of $1,758,370, or a funded status of 58%. Due to the departure of the 7 active employees and 2 retired individuals, the covered payroll (annual payroll of active employees covered by the plan) was $0 and the ratio of the UAAL to the covered payroll was 0.0%. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.
(e) Methods and assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the 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 the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following simplifying assumptions were made:

*Retirement age for active employees* – Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 62, or at the first subsequent year in which the member would qualify for benefits.

*Mortality* – Life expectancies at the calculation date are based on the most recent mortality tables published by the National Center for Health Statistics website (www.cdc.gov). The calculation of OPEB liability for each year is based on the assumption that all participants will live until their expected age as displayed in the mortality tables.

*Turnover* – The probability that an employee will remain employed until the assumed retirement age was determined using non-group-specific age-based turnover data provided in Table 1 in paragraph 35 of GASB Statement No. 45. In addition, the expected future working lifetimes of employees were determined using Table 2 in paragraph 35c of GASB Statement No. 45.

*Healthcare cost trend rate* – Healthcare cost trend rates were selected based on a combination of national and state trend surveys as well as professional judgment. The ultimate trend rate was 5.0%.

*Health insurance premiums* – The 2015 health insurance premiums for retirees were used as a basis for calculation of the present value of total benefits to be paid. An employee is assumed to continue with the same medical plan upon retirement. If an employee waived medical coverage, then such waiver is assumed to continue into retirement.

*Medicare Coordination* – Medicare was assumed as the primary payer for current and future retirees at age 65.

*Payroll increase* – Changes in the payroll for current employees are expected to increase at a rate of approximately 2.0% annually.

*Discount rate* – The calculation uses an annual discount rate of 7%. This is based on the assumed long-term return on plan assets or employer assets.

*Actuarial cost method* – The entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2015 was 12 years.
(f) Plan for Funding

On an ongoing basis, the Foundation will be reviewing its assumptions, comparing them against actual experience and recalculating the needed funding with the goal of paying for postemployment benefits out of interest earned on designated funds.

(9) Designated Net Position

Unrestricted net position is designated by the Board of Directors for the following purposes at June 30, 2015:

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Working capital and sponsored programs</td>
<td>$2,300,000</td>
</tr>
<tr>
<td>Capital replacement</td>
<td>$100,000</td>
</tr>
<tr>
<td>Planned future operations</td>
<td>$100,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$2,500,000</strong></td>
</tr>
</tbody>
</table>

(10) Transactions with Affiliates

The Foundation enters into transactions with the University and other auxiliaries: Associated Students, Inc. of California State University, East Bay (ASI) and Cal State East Bay Educational Foundation, Inc. (Educational Foundation) (collectively known as the “Auxiliaries.”)

The Foundation leases the land for its building for a nominal annual fee from the State of California under an operating lease arrangement expiring on August 1, 2020. The Foundation leases land from the University for the Campus Welcome Center. The Foundation pays one dollar annually for space rent and utilities. The lease expired in June 2015. No amounts have been reflected in the financial statements for the use of the real properties as no objective basis is available to measure the relative value.

During the year ended June 30, 2015, the amount that the Foundation received fees for management services provided to the University and Auxiliaries was $573,076 and $0, respectively. The Foundation paid the University $5,756,956 for salaries of University personnel working on contracts and grants and $2,052,561 for other services, spaces, and programs. In addition, the Foundation contributed $36,700 to the University in support of a pilot course as approved by the President of the University.

Amounts of receivable (payable) were as follows at June 30, 2015:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>California State University, East Bay - Payable</td>
<td>$(2,755,028)</td>
</tr>
<tr>
<td>California State University, East Bay - Receivable</td>
<td>44,061</td>
</tr>
<tr>
<td>ASI of California State University, East Bay - Receivable</td>
<td>4,556</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$(2,706,411)</strong></td>
</tr>
</tbody>
</table>
(11) Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of revenues, expenses, and changes in net position. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

(12) Contingencies

The Foundation has grants and contracts with government agencies which are subject to audit. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined. Management believes that any liability which may result from these audits is not material.
REQUIRED SUPPLEMENTARY INFORMATION
Schedules of Required Supplementary Information - Pension

Schedule of the Plan’s Proportionate Share of the Net Pension Liability and Related Ratios as of the Measurement Date in Relation to PERF C

Net pension liability and fiduciary net position are allocated to the plan based on its proportion of the Miscellaneous Risk Pool. However, GASB 68 requires that employers report certain proportions as a percentage of the total plan (PERF C, excluding the 1959 Survivors Risk Pool), which includes both the Miscellaneous and Safety Risk Pools. All cost-sharing public agency plans, are categorized as either Miscellaneous or Safety within PERF C. Therefore, to assist employers in meeting the requirements of GASB 68, proportions shown in the table below represent the plan’s proportion of PERF C, excluding the 1959 Survivors Risk Pool, and not its proportion of the Miscellaneous Risk Pool.

**Miscellaneous Plan - Classic**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plan's Proportion of the Net Pension Liability</td>
<td>0.04962%</td>
</tr>
<tr>
<td>Plan's Proportionate Share of the Net Pension Liability</td>
<td>$3,087,652</td>
</tr>
<tr>
<td>Plan's Covered-Employee Payroll</td>
<td>$1,675,726</td>
</tr>
<tr>
<td>Plan's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll</td>
<td>184.26%</td>
</tr>
<tr>
<td>Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan’s Total Pension Liability</td>
<td>82.42%</td>
</tr>
</tbody>
</table>

**Miscellaneous Plan - PEPRA**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plan's Proportion of the Net Pension Liability</td>
<td>0.00002%</td>
</tr>
<tr>
<td>Plan's Proportionate Share of the Net Pension Liability</td>
<td>$1,517</td>
</tr>
<tr>
<td>Plan's Covered-Employee Payroll</td>
<td>$179,400</td>
</tr>
<tr>
<td>Plan's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll</td>
<td>0.85%</td>
</tr>
<tr>
<td>Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan’s Total Pension Liability</td>
<td>83.03%</td>
</tr>
</tbody>
</table>

1 Historical information is required only for measurement periods for which GASB Statement No. 68 is applicable.
Schedule of Plan Contributions

<table>
<thead>
<tr>
<th>Miscellaneous Plan - Classic</th>
<th>Fiscal Year 2013-14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actuarially Determined Contribution (Contractually Required)</td>
<td>$212,241</td>
</tr>
<tr>
<td>Contributions in Relation to the Actuarially Determined Contribution</td>
<td>(212,241)</td>
</tr>
<tr>
<td>Contribution Deficiency (Excess)</td>
<td>$0</td>
</tr>
<tr>
<td>Covered-Employee Payroll</td>
<td>$1,675,726</td>
</tr>
<tr>
<td>Contributions as a Percentage of Covered-Employee Payroll</td>
<td>12.67%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Miscellaneous Plan - PEPRA</th>
<th>Fiscal Year 2013-14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actuarially Determined Contribution (Contractually Required)</td>
<td>$22,425</td>
</tr>
<tr>
<td>Contributions in Relation to the Actuarially Determined Contribution</td>
<td>(22,425)</td>
</tr>
<tr>
<td>Contribution Deficiency (Excess)</td>
<td>$0</td>
</tr>
<tr>
<td>Covered-Employee Payroll</td>
<td>$179,400</td>
</tr>
<tr>
<td>Contributions as a Percentage of Covered-Employee Payroll</td>
<td>12.50%</td>
</tr>
</tbody>
</table>

Change in Assumptions: None
## Schedule of Funding Progress - Other Postemployment Benefits

<table>
<thead>
<tr>
<th>Actuarial Valuation Date</th>
<th>Actuarial Accrued Liability (AAL) Entry Age (a)</th>
<th>Actuarial Value of Assets (b)</th>
<th>Unfunded AAL (UAAL) (a-b)</th>
<th>Funded Status (b/a)</th>
<th>Covered Payroll (c)</th>
<th>UAAL as Percentage of Covered Payroll ((a-b)/c)</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 1, 2012</td>
<td>$ 4,141,769</td>
<td>$ 2,383,399</td>
<td>$ 1,758,370</td>
<td>58%</td>
<td>-</td>
<td>0.0%</td>
</tr>
<tr>
<td>July 1, 2011</td>
<td>$ 3,336,363</td>
<td>$ 1,982,472</td>
<td>$ 1,353,891</td>
<td>59%</td>
<td>$ 709,000</td>
<td>191.0%</td>
</tr>
<tr>
<td>July 1, 2009</td>
<td>$ 3,701,909</td>
<td>$ 990,881</td>
<td>$ 2,711,028</td>
<td>27%</td>
<td>$ 510,056</td>
<td>531.5%</td>
</tr>
</tbody>
</table>
OTHER SUPPLEMENTARY INFORMATION
FOR CALIFORNIA STATE UNIVERSITY
OFFICE OF THE CHANCELLOR
## Assets:

<table>
<thead>
<tr>
<th>Component</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$918,148</td>
</tr>
<tr>
<td>Short-term investments</td>
<td>$22,650,327</td>
</tr>
<tr>
<td>Accounts receivable, net</td>
<td>$4,424,893</td>
</tr>
<tr>
<td>Notes receivable, current portion</td>
<td>-</td>
</tr>
<tr>
<td>Pledges receivable, net</td>
<td>-</td>
</tr>
<tr>
<td>Prepaid expenses and other assets</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td><strong>$27,993,368</strong></td>
</tr>
</tbody>
</table>

### Noncurrent assets:

<table>
<thead>
<tr>
<th>Component</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restricted cash and cash equivalents</td>
<td>-</td>
</tr>
<tr>
<td>Accounts receivable, net</td>
<td>-</td>
</tr>
<tr>
<td>Leases receivable, net of current portion</td>
<td>-</td>
</tr>
<tr>
<td>Notes receivable, net of current portion</td>
<td>-</td>
</tr>
<tr>
<td>Student loans receivable, net</td>
<td>-</td>
</tr>
<tr>
<td>Pledges receivable, net</td>
<td>-</td>
</tr>
<tr>
<td>Endowment investments</td>
<td>-</td>
</tr>
<tr>
<td>Other long-term investments</td>
<td>-</td>
</tr>
<tr>
<td>Capital assets, net</td>
<td>$4,607,804</td>
</tr>
<tr>
<td>Other assets</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total noncurrent assets</strong></td>
<td><strong>$4,607,804</strong></td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>$32,601,172</strong></td>
</tr>
</tbody>
</table>

## Deferred outflows of resources:

<table>
<thead>
<tr>
<th>Component</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unamortized loss on debt refunding</td>
<td>-</td>
</tr>
<tr>
<td>Net pension obligation</td>
<td>$7,838</td>
</tr>
<tr>
<td>Others</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total deferred outflows of resources</strong></td>
<td><strong>$7,838</strong></td>
</tr>
</tbody>
</table>

## Liabilities:

### Current liabilities:

<table>
<thead>
<tr>
<th>Component</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable</td>
<td>$3,054,061</td>
</tr>
<tr>
<td>Accrued salaries and benefits payable</td>
<td>$174,840</td>
</tr>
<tr>
<td>Accrued compensated absences – current portion</td>
<td>-</td>
</tr>
<tr>
<td>Unearned revenue</td>
<td>$2,282,964</td>
</tr>
<tr>
<td>Capitalized lease obligations – current portion</td>
<td>-</td>
</tr>
<tr>
<td>Long-term debt obligations – current portion</td>
<td>$200,000</td>
</tr>
<tr>
<td>Claims Liability for losses and LAE - current portion</td>
<td>-</td>
</tr>
<tr>
<td>Depository accounts</td>
<td>$5,684,685</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>$64,469</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td><strong>$11,461,019</strong></td>
</tr>
</tbody>
</table>

### Noncurrent liabilities:

<table>
<thead>
<tr>
<th>Component</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accrued compensated absences, net of current portion</td>
<td>-</td>
</tr>
<tr>
<td>Unearned revenue</td>
<td>$168,032</td>
</tr>
<tr>
<td>Grants refundable</td>
<td>-</td>
</tr>
<tr>
<td>Capitalized lease obligations, net of current portion</td>
<td>-</td>
</tr>
<tr>
<td>Long-term debt obligations, net of current portion</td>
<td>$2,625,850</td>
</tr>
<tr>
<td>Claims Liability for losses and LAE, net of current portion</td>
<td>-</td>
</tr>
<tr>
<td>Depository accounts</td>
<td>-</td>
</tr>
<tr>
<td>Other postemployment benefits obligation</td>
<td>$1,488,441</td>
</tr>
<tr>
<td>Pension obligation</td>
<td>$3,089,169</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total noncurrent liabilities</strong></td>
<td><strong>$7,371,492</strong></td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>$18,832,511</strong></td>
</tr>
</tbody>
</table>

## Deferred inflows of resources:

<table>
<thead>
<tr>
<th>Component</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unamortized gain on debt refunding</td>
<td>-</td>
</tr>
<tr>
<td>Non-exchange transactions</td>
<td>-</td>
</tr>
<tr>
<td>Service concession arrangements</td>
<td>-</td>
</tr>
<tr>
<td>Net pension obligation</td>
<td>$748,019</td>
</tr>
<tr>
<td>Others</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total deferred inflows of resources</strong></td>
<td><strong>$748,019</strong></td>
</tr>
</tbody>
</table>

## Net Position:

<table>
<thead>
<tr>
<th>Component</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net investment in capital assets</td>
<td>$1,762,088</td>
</tr>
<tr>
<td><strong>Restricted for:</strong></td>
<td>-</td>
</tr>
<tr>
<td>Nonexpendable – endowments</td>
<td>-</td>
</tr>
<tr>
<td>Expendable:</td>
<td>-</td>
</tr>
<tr>
<td>Scholarships and fellowships</td>
<td>-</td>
</tr>
<tr>
<td>Research</td>
<td>-</td>
</tr>
<tr>
<td>Loans</td>
<td>-</td>
</tr>
<tr>
<td>Capital projects</td>
<td>-</td>
</tr>
<tr>
<td>Debt service</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
</tr>
<tr>
<td><strong>Unrestricted</strong></td>
<td><strong>$11,266,392</strong></td>
</tr>
<tr>
<td><strong>Total net position</strong></td>
<td><strong>$13,028,480</strong></td>
</tr>
</tbody>
</table>

See note to supplementary information.
California State University, East Bay Foundation, Inc.
Schedule of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2015
(for inclusion in the California State University)

Revenues:

### Operating Revenues
- **Student tuition and fees (net of scholarship allowances of $______)**
- **Grants and contracts, noncapital:**
  - Federal: 11,477,719
  - State: 923,092
  - Local: -
  - Nongovernmental: 3,053,350
- **Sales and services of educational activities**
- **Sales and services of auxiliary enterprises (net of scholarship allowances of $______)**: 873,226
- **Other operating revenues**: -

<table>
<thead>
<tr>
<th>Total Operating Revenues</th>
<th>16,327,387</th>
</tr>
</thead>
</table>

### Expenses:

### Operating Expenses
- **Instruction**: 3,556,903
- **Research**: 3,956,536
- **Public service**: 6,497,100
- **Academic support**: 1,379,446
- **Student services**: 64,219
- **Institutional support**: -
- **Operation and maintenance of plant**: -
- **Student grants and scholarships**: -
- **Auxiliary enterprise expenses**: 223,936
- **Depreciation and amortization**: 158,699

<table>
<thead>
<tr>
<th>Total Operating Expenses</th>
<th>15,836,839</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Operating Income (Loss)</th>
<th>490,548</th>
</tr>
</thead>
</table>

### Nonoperating Revenues (Expenses)

<table>
<thead>
<tr>
<th>Nonoperating Revenues (Expenses)</th>
<th>-</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>State appropriations, noncapital</strong></td>
<td>-</td>
</tr>
<tr>
<td><strong>Federal financial aid grants, noncapital</strong></td>
<td>-</td>
</tr>
<tr>
<td><strong>State financial aid grants, noncapital</strong></td>
<td>-</td>
</tr>
<tr>
<td><strong>Local financial aid grants, noncapital</strong></td>
<td>-</td>
</tr>
<tr>
<td><strong>Nongovernmental and other financial aid grants, noncapital</strong></td>
<td>-</td>
</tr>
<tr>
<td><strong>Other federal nonoperating grants, noncapital</strong></td>
<td>-</td>
</tr>
<tr>
<td><strong>Gifts, noncapital</strong></td>
<td>-</td>
</tr>
<tr>
<td><strong>Investment income (loss), net</strong></td>
<td>317,094</td>
</tr>
<tr>
<td><strong>Endowment income (loss), net</strong></td>
<td>-</td>
</tr>
<tr>
<td><strong>Interest Expenses</strong></td>
<td>(87,002)</td>
</tr>
<tr>
<td><strong>Other nonoperating revenues (expenses)</strong></td>
<td>26,733</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net Nonoperating Revenues (Expenses)</th>
<th>256,825</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Income (Loss) before other additions</th>
<th>747,373</th>
</tr>
</thead>
</table>

### Restatements
<table>
<thead>
<tr>
<th>State Appropriations, Capital</th>
<th>-</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants and gifts, Capital</td>
<td>-</td>
</tr>
<tr>
<td>Additions (reductions) to Permanent Endowments</td>
<td>-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Increase (decrease) in net position</th>
<th>747,373</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Net Position</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net position at beginning of year, as previously reported</td>
<td>16,360,201</td>
</tr>
<tr>
<td>Restatements</td>
<td>(4,079,094)</td>
</tr>
<tr>
<td>Net position at beginning of year, as restated</td>
<td>12,281,107</td>
</tr>
<tr>
<td>Net position at end of year</td>
<td>$13,028,480</td>
</tr>
</tbody>
</table>

See note to supplementary information.
## 2.1 Composition of investments at June 30, 2015:

<table>
<thead>
<tr>
<th>Current</th>
<th>Unrestricted</th>
<th>Restricted</th>
<th>Total Current</th>
<th>Noncurrent</th>
<th>Unrestricted</th>
<th>Restricted</th>
<th>Total Noncurrent</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>State of California</td>
<td>$366,047</td>
<td>350,348</td>
<td>716,395</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$716,395</td>
<td></td>
</tr>
<tr>
<td>Los Angeles County Local Agency Investment Fund</td>
<td>1,302,360</td>
<td>877,408</td>
<td>2,179,768</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,179,768</td>
<td></td>
</tr>
<tr>
<td>Certificates of deposit</td>
<td>350,148</td>
<td>55,148</td>
<td>405,296</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>405,296</td>
<td></td>
</tr>
<tr>
<td>Money Market funds</td>
<td>-</td>
<td>9,621</td>
<td>9,621</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>9,621</td>
<td></td>
</tr>
<tr>
<td>Repurchase agreements</td>
<td>-</td>
<td>3,047</td>
<td>3,047</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3,047</td>
<td></td>
</tr>
<tr>
<td>Commercial paper</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Asset backed securities</td>
<td>361,248</td>
<td>557,447</td>
<td>918,695</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>918,695</td>
<td></td>
</tr>
<tr>
<td>Corporate bonds</td>
<td>1,242,226</td>
<td>310,453</td>
<td>1,552,679</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,552,679</td>
<td></td>
</tr>
<tr>
<td>U.S. agency securities</td>
<td>-</td>
<td>417,163</td>
<td>417,163</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>417,163</td>
<td></td>
</tr>
<tr>
<td>Municipal bonds</td>
<td>-</td>
<td>8,280</td>
<td>8,280</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>8,280</td>
<td></td>
</tr>
<tr>
<td>U.S. treasury securities</td>
<td>2,348,398</td>
<td>757,306</td>
<td>3,105,704</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3,105,704</td>
<td></td>
</tr>
<tr>
<td>Exchange traded funds (ETFs)</td>
<td>10,163,112</td>
<td>3,265,003</td>
<td>13,428,115</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>13,428,115</td>
<td></td>
</tr>
<tr>
<td>Other investments:</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Private equity (including limited partnerships)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Hedge funds</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Managed futures</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Real estate investments (including REITs)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Commodity instruments</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Derivatives</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Other alternative investment types</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Total investments</td>
<td>15,965,391</td>
<td>6,684,936</td>
<td>22,650,327</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>22,650,327</td>
<td></td>
</tr>
</tbody>
</table>

Less allowance for noncurrent investments (enter as negative number) | - | - | - | - | - | - | - |     |

Total investments | 15,965,391 | 6,684,936 | 22,650,327 | - | - | - | 22,650,327 |     |

### 2.2 Investments held by the University under contractual agreements at June 30, 2015:

<table>
<thead>
<tr>
<th>Amount</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Restricted Agency liabilities</td>
<td>$1,188,712</td>
</tr>
<tr>
<td>Restricted current investments at June 30, 2015 related to:</td>
<td></td>
</tr>
<tr>
<td>Restricted uncurrent investments at June 30, 2015 related to:</td>
<td></td>
</tr>
</tbody>
</table>

### 2.3 Restricted current investments at June 30, 2015 related to:

<table>
<thead>
<tr>
<th>Amount</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Restricted Agency liabilities</td>
<td>$1,188,712</td>
</tr>
<tr>
<td>Restricted uncurrent investments at June 30, 2015 related to:</td>
<td></td>
</tr>
</tbody>
</table>

### 2.4 Restricted noncurrent investments at June 30, 2015 related to:

<table>
<thead>
<tr>
<th>Amount</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Endowment</td>
<td></td>
</tr>
<tr>
<td>Restricted noncurrent investments at June 30, 2015 related to:</td>
<td></td>
</tr>
</tbody>
</table>

See note to supplementary information. 37
3.1 Composition of capital assets at June 30, 2015:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Nondepreciable/nonamortizable capital assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land and land improvements</td>
<td>$35,000</td>
<td>-</td>
<td>-</td>
<td>$35,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Works of art and historical treasures</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Construction work in progress (CWIP)</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Intangible assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rights and easements</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Patents, copyrights and trademarks</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Internally generated intangible assets in progress</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Licenses and permits</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other intangible assets</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total intangible assets</strong></td>
<td>$35,000</td>
<td>-</td>
<td>-</td>
<td>$35,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$35,000</td>
</tr>
<tr>
<td><strong>Depreciable/amortizable capital assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings and building improvements</td>
<td>7,649,921</td>
<td>-</td>
<td>-</td>
<td>7,649,921</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Improvements, other than buildings</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Personal property:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Equipment</td>
<td>530,932</td>
<td>-</td>
<td>-</td>
<td>530,932</td>
<td>-</td>
<td>-</td>
<td>(1,476)</td>
<td>529,456</td>
</tr>
<tr>
<td>Library books and materials</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Intangible assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Software and websites</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Rights and easements</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Patents, copyrights and trademarks</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Licenses and permits</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other intangible assets</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total intangible assets</strong></td>
<td>530,932</td>
<td>-</td>
<td>-</td>
<td>530,932</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total capital assets</strong></td>
<td>8,215,853</td>
<td>-</td>
<td>-</td>
<td>8,215,852</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Less accumulated depreciation/amortization:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings and building improvements</td>
<td>(2,941,847)</td>
<td>-</td>
<td>-</td>
<td>(2,941,847)</td>
<td>(148,965)</td>
<td>-</td>
<td>-</td>
<td>(3,090,812)</td>
</tr>
<tr>
<td>Improvements, other than buildings</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Personal property:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Equipment</td>
<td>(507,503)</td>
<td>-</td>
<td>-</td>
<td>(507,503)</td>
<td>(9,734)</td>
<td>1,476</td>
<td></td>
<td>(515,761)</td>
</tr>
<tr>
<td>Library books and materials</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Intangible assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Software and websites</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Rights and easements</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Patents, copyrights and trademarks</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Licenses and permits</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other intangible assets</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total intangible assets</strong></td>
<td>(507,503)</td>
<td>-</td>
<td>-</td>
<td>(507,503)</td>
<td>(9,734)</td>
<td>1,476</td>
<td></td>
<td>(515,761)</td>
</tr>
<tr>
<td><strong>Total accumulated depreciation/amortization</strong></td>
<td>(3,449,350)</td>
<td>-</td>
<td>-</td>
<td>(3,449,350)</td>
<td>(158,699)</td>
<td>1,476</td>
<td></td>
<td>(3,606,573)</td>
</tr>
<tr>
<td><strong>Total capital assets, net</strong></td>
<td>$4,766,503</td>
<td>-</td>
<td>-</td>
<td>4,766,503</td>
<td>(158,699)</td>
<td>-</td>
<td>-</td>
<td>$4,607,804</td>
</tr>
</tbody>
</table>

See note to supplementary information.
3.2 Detail of depreciation and amortization expense for the year ended June 30, 2015:

Depreciation and amortization expense related to capital assets $ 158,699
Amortization expense related to other assets —
Total depreciation and amortization $ 158,699

4 Long-term liabilities activity schedule:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Accrued compensated absences</td>
<td>$ 27,821</td>
<td>—</td>
<td>—</td>
<td>27,821</td>
<td>—</td>
<td>(27,821)</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Capitalized lease obligations:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross balance</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Unamortized premium / (discount) on capitalized lease obligations</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Total capitalized lease obligations</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Long-term debt obligations:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue Bonds</td>
<td>2,710,000</td>
<td>—</td>
<td>—</td>
<td>2,710,000</td>
<td>—</td>
<td>(200,000)</td>
<td>2,510,000</td>
<td>200,000</td>
<td>2,310,000</td>
</tr>
<tr>
<td>Other bonds (non-Revenue Bonds)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Commercial Paper</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Note Payable related to SRB</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Other</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Add description</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Add description</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Add description</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Add description</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Add description</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Add description</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Add description</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Total long-term debt obligations</td>
<td>2,710,000</td>
<td>—</td>
<td>—</td>
<td>2,710,000</td>
<td>—</td>
<td>(200,000)</td>
<td>2,510,000</td>
<td>200,000</td>
<td>2,310,000</td>
</tr>
<tr>
<td>Unamortized bond premium / (discount)</td>
<td>349,691</td>
<td>—</td>
<td>—</td>
<td>349,691</td>
<td>—</td>
<td>(33,841)</td>
<td>315,850</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Unamortized loss on refunding</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Total long-term debt obligations, net</td>
<td>3,059,691</td>
<td>—</td>
<td>—</td>
<td>3,059,691</td>
<td>—</td>
<td>(233,841)</td>
<td>2,825,850</td>
<td>200,000</td>
<td>2,625,850</td>
</tr>
<tr>
<td>Total long-term liabilities</td>
<td>$ 3,087,512</td>
<td>—</td>
<td>—</td>
<td>3,087,512</td>
<td>—</td>
<td>(261,662)</td>
<td>2,825,850</td>
<td>200,000</td>
<td>2,625,850</td>
</tr>
</tbody>
</table>

5 Future minimum lease payments - capital lease obligations:

<table>
<thead>
<tr>
<th>Year ending June 30:</th>
<th>Principal</th>
<th>Interest</th>
<th>Principal and Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>2017</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>2018</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>2019</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>2020</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>2021 - 2025</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>2026 - 2030</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>2031 - 2035</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>2036 - 2040</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>2041 - 2045</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>2046 - 2050</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>2051 - 2055</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>2056 - 2060</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>2061 - 2065</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Total minimum lease payments</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Less amounts representing interest</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Present value of future minimum lease payments</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Less: current portion</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Capitalized lease obligation, net of current portion</td>
<td>$ —</td>
<td>—</td>
<td>—</td>
</tr>
</tbody>
</table>
## 6 Long-term debt obligation schedule

<table>
<thead>
<tr>
<th></th>
<th>Revenue Bonds</th>
<th>All other long-term debt obligations</th>
<th>Total</th>
<th>Principal and Interest</th>
<th>Principal and Interest</th>
<th>Principal and Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Principal</td>
<td>Interest</td>
<td>Principal and Interest</td>
<td>Principal</td>
<td>Interest</td>
<td>Principal</td>
</tr>
<tr>
<td>Year ending June 30:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>$200,000</td>
<td>115,400</td>
<td>315,400</td>
<td>-</td>
<td>-</td>
<td>200,000</td>
</tr>
<tr>
<td>2017</td>
<td>215,000</td>
<td>107,050</td>
<td>322,050</td>
<td>-</td>
<td>-</td>
<td>215,000</td>
</tr>
<tr>
<td>2018</td>
<td>220,000</td>
<td>97,650</td>
<td>317,650</td>
<td>-</td>
<td>-</td>
<td>220,000</td>
</tr>
<tr>
<td>2019</td>
<td>230,000</td>
<td>86,925</td>
<td>316,925</td>
<td>-</td>
<td>-</td>
<td>230,000</td>
</tr>
<tr>
<td>2021 - 2025</td>
<td>1,400,000</td>
<td>181,150</td>
<td>1,581,150</td>
<td>-</td>
<td>-</td>
<td>1,400,000</td>
</tr>
<tr>
<td>2026 - 2030</td>
<td></td>
<td></td>
<td></td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>2031 - 2035</td>
<td></td>
<td></td>
<td></td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>2036 - 2045</td>
<td></td>
<td></td>
<td></td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>2046 - 2050</td>
<td></td>
<td></td>
<td></td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>2051 - 2055</td>
<td></td>
<td></td>
<td></td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>2056 - 2060</td>
<td></td>
<td></td>
<td></td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>2061 - 2065</td>
<td></td>
<td></td>
<td></td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,510,000</strong></td>
<td><strong>663,500</strong></td>
<td><strong>3,173,500</strong></td>
<td><strong>-</strong></td>
<td><strong>-</strong></td>
<td><strong>2,510,000</strong></td>
</tr>
</tbody>
</table>

## 7 Calculation of net position

### 7.1 Calculation of net position - Net investment in capital assets

<table>
<thead>
<tr>
<th></th>
<th>GASB</th>
<th>FASB</th>
<th>Auxiliaries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital assets, net of accumulated depreciation</td>
<td>$4,607,804</td>
<td>-</td>
<td>4,607,804</td>
</tr>
<tr>
<td>Capitalized lease obligations - current portion</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Capitalized lease obligations, net of current portion</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Long-term debt obligations - current portion</td>
<td>(200,000)</td>
<td>(200,000)</td>
<td>(2,625,850)</td>
</tr>
<tr>
<td>Long-term debt obligations, net of current portion</td>
<td>(2,625,850)</td>
<td>(2,625,850)</td>
<td>(2,625,850)</td>
</tr>
<tr>
<td>Portion of outstanding debt that is unspent at year-end</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other adjustments (please list)</td>
<td>Bonds interest payable (19,917)</td>
<td>(19,917)</td>
<td>(19,917)</td>
</tr>
<tr>
<td>Interest receivable</td>
<td>14</td>
<td>14</td>
<td>14</td>
</tr>
<tr>
<td>ST investment</td>
<td>37</td>
<td>37</td>
<td>37</td>
</tr>
<tr>
<td>Add description</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Add description</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Add description</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Add description</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net position - net investment in capital asset</td>
<td>$1,762,088</td>
<td>-</td>
<td>1,762,088</td>
</tr>
</tbody>
</table>

### 7.2 Calculation of net position - Restricted for nonexpendable - endowments

<table>
<thead>
<tr>
<th></th>
<th>GASB</th>
<th>FASB</th>
<th>Auxiliaries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portion of restricted cash and cash equivalents related to endowments</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Endowment investments</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other adjustments (please list)</td>
<td>Add description</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Add description</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Add description</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Add description</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Add description</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Add description</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net position - Restricted for nonexpendable - endowments per SNP</td>
<td>$</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

See note to supplementary information.
## 8 Transactions with Related Entities

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payments to University for salaries of University personnel working on contracts, grants, and other programs</td>
<td>$5,756,956</td>
</tr>
<tr>
<td>Payments to University for other than salaries of University personnel</td>
<td>$2,052,561</td>
</tr>
<tr>
<td>Gifts-received from University for services, space, and programs</td>
<td>$573,076</td>
</tr>
<tr>
<td>Gifts-as-knd-to-the-University-from-discretely-presented-component-units</td>
<td>$36,700</td>
</tr>
<tr>
<td>Accounts (payable-to)-University (enter as negative number)</td>
<td>$(2,755,028)</td>
</tr>
<tr>
<td>Other amounts (payable-to)-University (enter as negative number)</td>
<td>$44,061</td>
</tr>
<tr>
<td>Accounts receivable from University</td>
<td>$—</td>
</tr>
<tr>
<td>Other amounts receivable from University</td>
<td>$—</td>
</tr>
</tbody>
</table>

## 9 Other Postemployment Benefits Obligation (OPEB)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual required contribution (ARC)</td>
<td>$130,866</td>
</tr>
<tr>
<td>Contributions during the year</td>
<td>$(317,659)</td>
</tr>
<tr>
<td>Increase (decrease) in net OPEB obligation (NOO)</td>
<td>$(186,793)</td>
</tr>
<tr>
<td>NOO - beginning of year</td>
<td>$1,675,234</td>
</tr>
<tr>
<td>NOO - end of year</td>
<td>$1,488,441</td>
</tr>
</tbody>
</table>

## 10 Pollution remediation liabilities under GASB Statement No. 49:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total pollution remediation liabilities</td>
<td>$—</td>
</tr>
<tr>
<td>Less: current portion</td>
<td>$—</td>
</tr>
<tr>
<td>Pollution remediation liabilities, net of current portion</td>
<td>$—</td>
</tr>
</tbody>
</table>

See note to supplementary information.
### The nature and amount of the prior period adjustment(s) recorded to beginning net position

<table>
<thead>
<tr>
<th>Net Position Class</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dr. (Cr.)</td>
<td></td>
</tr>
</tbody>
</table>

Net position as of June 30, 2014, as previously reported $16,360,201

**Prior period adjustments:**

1. GASB 68 Pension Obligation and Expense $(4,079,094)$
2. (list description of each adjustment) —
3. (list description of each adjustment) —
4. (list description of each adjustment) —
5. (list description of each adjustment) —
6. (list description of each adjustment) —
7. (list description of each adjustment) —
8. (list description of each adjustment) —
9. (list description of each adjustment) —
10. (list description of each adjustment) —

**Net position as of June 30, 2014, as restated** $12,281,107

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

<table>
<thead>
<tr>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net position class: Unrestricted 1 (to record the cumulative adjustment for implementation of GASB 68) Unrestricted, beginning net position $4,079,094 Deferred outflows of resources 7,884 Net pension liability 3,089,169 Deferred inflows of resources 997,809</td>
<td></td>
</tr>
</tbody>
</table>

| Net position class: 2 (breakdown of adjusting journal entry) |
| Net position class: 3 (breakdown of adjusting journal entry) |
| Net position class: 4 (breakdown of adjusting journal entry) |
| Net position class: 5 (breakdown of adjusting journal entry) |
| Net position class: 6 (breakdown of adjusting journal entry) |
| Net position class: 7 (breakdown of adjusting journal entry) |
| Net position class: 8 (breakdown of adjusting journal entry) |
| Net position class: 9 (breakdown of adjusting journal entry) |
| Net position class: 10 (breakdown of adjusting journal entry) |

See note to supplementary information.
1. **Basis of Presentation**

These schedules are prepared in accordance with the instructions listed in an Administrative Directive, dated June 24, 2003, *Financial Reporting Requirements for Auxiliary Organizations*, from the California State University Office of the Chancellor and as a result, do not purport to represent financial statements prepared in accordance with generally accepted accounting principles applicable to governmental not-for-profit organizations.