

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

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2021



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**CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.
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YEAR ENDED JUNE 30, 2021**

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INDEPENDENT AUDITORS' 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 the business-type and fiduciary activities, of the California State University, East Bay Foundation, Inc., a component unit of California State University, East Bay, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the entity'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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the 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 the business-type and fiduciary activities of the California State University, East Bay Foundation, Inc. as of June 30, 2021, and the changes in financial position and, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter Regarding a Change in Accounting Principle

As discussed in Note 1 to the financial statements, the California State University, East Bay Foundation, Inc. has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities. Our auditor's opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

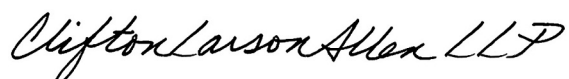
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress of other postemployment benefits, schedule of proportionate share of the net pension liability, and the schedule of contributions as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the California State University, East Bay Foundation, Inc.'s basic financial statements. The schedule of net position, the schedule of revenues, expenses, and changes in net position, and other information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. This 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 schedules of the California State University, East Bay Foundation, Inc., referred to above, are 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 16, 2021, on our consideration of the California State University, East Bay Foundation, Inc.'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of California State University, East Bay Foundation Inc.'s 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 California State University, East Bay Foundation, Inc.'s internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Glendora, California
September 16, 2021

CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021
(UNAUDITED)

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, 2021. This discussion has been prepared by management and should be read in conjunction with the financial statements and notes.

Financial Highlights

- Assets increased by \$2.3 million and a net investment income of \$3.4 million was recognized, compared to an investment loss of \$690,000 last fiscal year. The substantial growth in investments was a result of the market's recovery and improved performance in the current year after experiencing the negative impacts of the global pandemic in the prior year.
- Revenues from research grants and contracts increased by \$1.6 million, or 12%, in the current year as activity increased due to new grants and contracts awarded to the Foundation.
- Expenses from research grants and contracts increased by \$1.6 million or 12% due to the same reason that revenues from research grants and contracts increased. On the other hand, auxiliary enterprise expenses reduced by \$750,000 mainly due to the decrease in pension expense attributable to the overall change in net pension liability and net decrease in deferred outflows and inflows of resources related to pension.
- Foundation implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. The statement establishes criteria for identifying fiduciary activities of all state and local governments. The implementation of the statement required Foundation to exclude all fiduciary activities from its standard financial statements; and present them separately in the statement of fiduciary net position and the statement of changes in fiduciary net position.

Overview of the Financial Statements

The annual report consists of a series of financial statements prepared in accordance with Governmental Accounting Standards Board (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 the California State University, East Bay (the 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. All sections should be considered together to obtain a complete understanding of the financial picture of the Foundation. The discussion has been prepared by management and should be read in conjunction with the basic financial statements and accompanying notes.

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. 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.

CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021
(UNAUDITED)

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 financial statements. The notes are included immediately following the financial statements within this report.

A summary of key financial statement information is presented below:

Statements of Net Position

	2021	2020
Assets:		
Current assets	\$ 23,407,494	\$ 20,911,204
Capital assets, net	3,700,930	3,850,561
Total assets	27,108,424	24,761,765
Deferred outflows of resources	1,001,883	1,257,889
Liabilities:		
Current liabilities	5,512,873	5,344,181
Noncurrent liabilities	7,322,197	7,738,342
Total liabilities	12,835,070	13,082,523
Deferred inflows of resources	489,799	555,680
Net position:		
Net investment in capital assets	2,428,829	2,292,425
Unrestricted	12,356,609	10,089,026
Total net position	\$ 14,785,438	\$ 12,381,451

Assets

Total assets increased by \$2.3 million, or 9%, primarily due to a \$2.9 million increase in the investment portfolio value. The growth was a result of the market recovering from the negative effects of the global pandemic last year. In addition, there was a \$50,000 increase in cash and cash equivalents, a \$500,000 reduction in accounts receivable and a \$150,000 net reduction in capital assets related to depreciation.

**CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021
(UNAUDITED)**

Deferred Outflows of Resources

The deferred outflows of resources decreased by \$260,000, or 20%, due to a \$145,000 decrease in the net difference between projected and actual earnings of OPEB plan and \$115,000 reduction in deferred outflows of resources related to the overall change in pension.

Liabilities

Total current liabilities increased by \$170,000, or 3%, mainly due to a \$900,000 increase in unearned revenue pertaining to payment advances received for sponsored grants, offset by a net decrease of \$730,000 in other current liabilities. Total noncurrent liabilities decreased by \$420,000, or 5%, primarily due to a decrease in the long-term debt and net OPEB liability.

Deferred Inflows of Resources

The deferred inflows of resources decreased by \$70,000, or 12%, due to the \$220,000 decrease from the overall change in deferred inflows related to pension, offset by an increase of \$150,000 attributable to the net difference between projected and actual earnings of OPEB plan investments.

Net Position

Total net position increased by \$2.4 million, or 19%, primarily resulting from the sizable recovery of the investment portfolio value.

**Statements of Revenues, Expenses and
Changes in Net Position**

The Foundation's condensed summary of revenues, expenses, and changes in net position for the years ended June 30 is as follows:

	2021	2020
Operating revenues:		
Research grants and contracts	\$ 14,867,320	\$ 13,287,168
Commercial services	236,782	253,112
Management fees	30,607	65,368
Other Income	-	38
Total operating revenues	15,134,709	13,605,686
Operating expenses:		
Cost of research	14,867,320	13,287,168
Other auxiliary enterprise expenses	1,037,564	1,786,476
Depreciation	149,631	149,828
Total operating expenses	16,054,515	15,223,472
Operating loss	(919,806)	(1,617,786)
Nonoperating revenues (expenses)	3,323,793	(733,338)
Increase (decrease) in net position	2,403,987	(2,351,124)
Net position at beginning of year	12,381,451	14,732,575
Net position at end of year	\$ 14,785,438	\$ 12,381,451

CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021
(UNAUDITED)

Operating Revenues

Operating revenues increased by \$1.5 million, or 11%, primarily due to the increase in spending of research grants and contracts during the year. Although a few grants expired this year, new grants were also awarded to the Foundation. Revenue from grants and contracts is recognized when expensed for the purpose specified. Therefore, when program activities increase, related revenues also increase.

Operating Expenses

Operating expenses increased by \$830,000, or 5%, primarily due to a \$1.6 million increase in research grants and contracts spending, offset by \$750,000 reduction in auxiliary enterprises expenses related to pension expense and indirect cost charged by the university.

Nonoperating Revenues (Expenses)

Net nonoperating revenues increased by \$4.1 million, or 533%, due to the significant increase in value of invested funds as compared to the previous year. The increase is due to a change in the investment portfolio value resulting from the market's recovery and improved performance in the current year compared to the prior year where the global pandemic had a significant impact on investment returns.

Changes in Capital Assets

Capital assets, net of accumulated depreciation, totaled \$3.7 million and \$3.9 million as of June 30, 2021 and 2020, respectively. The following table summarizes the changes in capital assets as of June 30:

	2021	2020
Capital assets:		
Buildings	\$ 7,649,921	\$ 7,649,921
Furniture, fixtures, and equipments	525,875	525,875
Land	35,000	35,000
Total capital assets	8,210,796	8,210,796
Less: accumulated depreciation	(4,509,866)	(4,360,235)
Capital assets, net	\$ 3,700,930	\$ 3,850,561

Additional information on capital assets can be found in Note 5 to the financial statements included in this report.

Changes in Long-Term Debt

Long-term debt totaled \$1.3 million and \$1.5 million at June 30, 2021 and 2020, respectively. These amounts are comprised of bonds to fund the cost of the bookstore building. The following table summarizes the change in long-term debt as of June 30:

	2021	2020
Current portion of long-term debt	\$ 265,000	\$ 250,000
Long-term debt	997,804	1,296,645
Total	\$ 1,262,804	\$ 1,546,645

**CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021
(UNAUDITED)**

Additional information on long-term debt obligations can be found in Note 6 to the 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 Maureen Pasag, Associate Vice President of Financial Services, California State University, East Bay, 25800 Carlos Bee Boulevard, Hayward, California 94542 or call 510-885-2749.

CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.
STATEMENT OF NET POSITION
JUNE 30, 2021

ASSETS

Current assets:

Cash and cash equivalents	\$ 603,256
Short-term investments	19,340,141
Accounts receivable, net	3,464,097
Total current assets	23,407,494

Noncurrent assets:

Capital assets, net	3,700,930
Total noncurrent assets	3,700,930

Total assets	27,108,424
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Deferred outflows of resources:

Net pension liability	1,001,883
Total deferred outflows of resources	1,001,883

LIABILITIES

Current liabilities:

Accounts payable	2,306,261
Unearned revenues	2,931,862
Long-term debt obligations, current portion	265,000
Other liabilities	9,750
Total current liabilities	5,512,873

Noncurrent liabilities:

Long-term debt obligations, net of current portion	997,804
Net other postemployment benefits liability	951,319
Net pension liability	5,373,074
Total noncurrent liabilities	7,322,197

Total liabilities	12,835,070
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Deferred inflows of resources:

Net pension liability	334,135
Net OPEB Liability	155,664
Total deferred inflows of resources	489,799

NET POSITION

Net investment in capital assets	2,428,829
Unrestricted	12,356,609
Total net position	\$ 14,785,438

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, 2021

REVENUES

Operating revenues:	
Grants and contracts, noncapital:	
Federal	\$ 12,255,278
State and local	1,192,771
Nongovernmental	<u>1,419,271</u>
Total research grants and contracts	14,867,320
Commercial services	236,782
Management fees	<u>30,607</u>
Total operating revenues	15,134,709

EXPENSES

Operating expenses:	
Cost of research	14,867,320
Auxiliary enterprise expenses	1,037,564
Depreciation	<u>149,631</u>
Total operating expenses	<u>16,054,515</u>
Operating loss	(919,806)

NONOPERATING REVENUES (EXPENSE)

Investment income, net	3,351,052
Interest expense	<u>(27,259)</u>
Net nonoperating revenue	<u>3,323,793</u>
Increase in net position	2,403,987

NET POSITION

Net position at beginning of year	<u>12,381,451</u>
Net position at end of year	<u><u>\$ 14,785,438</u></u>

See accompanying Notes to Financial Statements.

CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from grants and contracts	\$ 16,278,477
Other receipts	118,816
Payments to suppliers	(10,928,622)
Payments to employees	(5,514,810)
Net cash used in operating activities	<u>(46,139)</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Payment on principal of capital related debt	(250,000)
Interest paid on capital related debt	(63,150)
Net cash used in capital and related financing activities	<u>(313,150)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of investments	(10,021,060)
Sales of investments	9,167,293
Investment income, net	1,262,165
Net cash provided by investing activities	<u>408,398</u>

Net increase in cash and cash equivalents 49,109

Cash and cash equivalents at beginning of year 554,147

CASH AND CASH EQUIVALENTS AT END OF YEAR \$ 603,256

RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES

Operating loss	\$ (919,806)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	149,631
Changes in operating assets and liabilities:	
Accounts receivable, net	495,473
Deferred outflows of resources	256,006
Accounts payable	(744,778)
Unearned revenue	900,529
Net other postemployment benefits liability	(276,644)
Net pension liability	159,340
Other liabilities	(9)
Deferred inflows of resources	(65,881)
Net cash used in operating activities	<u><u>\$ (46,139)</u></u>

See accompanying Notes to Financial Statements.

CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.
STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
YEAR ENDED JUNE 30, 2021

ASSETS

Investments at fair value	
Corporate bonds	\$ 239,887
CSU Consolidated Investment Pool	42,376
Equity securities	1,397,093
Local agency investment fund	378,724
Money market	37,881
Municipal Bonds	89,512
Mutual funds	480,690
U.S. treasury securities	154,603
Total investments	<u>2,820,766</u>
Accounts receivable, net	84,440
Total assets	<u>2,905,206</u>

LIABILITIES

Accounts Payable	64,936
Unearned Revenue	11,370
Total Liabilities	<u>76,306</u>

NET POSITION

Restricted:	
Individuals, organizations, and other governments	2,828,900
Total net position	<u>\$ 2,828,900</u>

See accompanying Notes to Financial Statements.

CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
YEAR ENDED JUNE 30, 2021

ADDITIONS

Net increase in fair value of investments	\$ 477,069
Net Interests & dividends	42,635
Operating Revenue	293,439
Transferred Funds	315,000
Total additions	1,128,143

DEDUCTIONS

Distributions	315,000
Administrative expenses	525,813
Total deductions	840,813

Net increase in fiduciary net position	287,330
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FIDUCIARY NET POSTION

Net position, Beginning of year	2,541,570
Net position, End of year	\$ 2,828,900

CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 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.

B. Financial Reporting Entity

The financial statements include the accounts of the Foundation, together with 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 and is 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 financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America 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 nonexchange 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 accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

E. Investments

The valuation technique utilized to measure the investments is the market approach using prices and other relevant information generated by market transaction involving identical or comparable assets. Gains and losses are included in investment income, net on the accompanying schedule of revenues, expenses, and changes in net position.

CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

F. Accounts Receivable, Net

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 acquisition value at the date of donation. Expenses 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 schedule 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. Fiduciary Activities

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 the Foundation's 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 presented in a separate statement of fiduciary net position and a statement of changes in fiduciary net position.

J. Pension

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 Systems (CalPERS) Financial Office of the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (the Plan or PERF C). For this purpose, benefit payments (including refund of the 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.

CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

GASB Statement No. 68 *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* requires that the reported results must pertain to liability and asset information with certain defined timeframes. For this report, the following timeframes are used:

Valuation Date (VD)	June 30, 2019
Measurement Date (MD)	June 30, 2020
Measurement Period (MP)	July 1, 2019 to June 30, 2020

K. Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Foundation’s plan (OPEB Plan) and additions to / deductions from the OPEB Plan’s fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Other than Pensions*, requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Actuarial Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Measurement Period	July 1, 2020 to June 30, 2021

L. Net Position

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

- *Net investment in capital assets* – This category includes capital assets, net of accumulated depreciation, and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.
- *Unrestricted* – All other categories of net assets, including those net assets 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—and Management’s Discussion and*

CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Analysis – for Public Colleges and Universities-an amendment of GASB Statement No. 34. These nonoperating activities include the Foundation's net investment income and interest expense.

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 unearned.

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 three years after the returns were filed. State and local jurisdictions have statutes of limitation that generally range from 3 to 5 years.

P. Risks Financing Activities

The Foundation is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Foundation carries commercial insurance. The Foundation has not had any significant reduction in insurance coverage, and there have been no claims in excess of coverage, in any of the past three years.

CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Q. Risks and Uncertainties

The Coronavirus Disease 2019 (COVID-19) has recently affected global markets, supply chains, employees of companies and our communities. Management of the organization is taking appropriate actions to mitigate the impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as of June 30, 2021.

NOTE 2 CASH AND CASH EQUIVALENTS

The Foundation considers all demand deposits and highly liquid investments with a maturity of three months or less to be cash and cash equivalents. The Foundation has \$603,256 in cash and cash equivalents at June 30, 2021.

NOTE 3 INVESTMENTS

The Foundation's investment policy dictates that investments in fixed income securities must represent a minimum of 15% of total investments. A maximum of 50% may be invested in domestic equities and a maximum of 40% 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 the CSU Consolidated Investment (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 Pool that are not insured are held in the name of the University. The Foundation's investment in the pool was \$1,832,090 and represents approximately 0.04% of the Pool. The Pool is not rated as of June 30, 2021; however, the Foundation's share of the Pool is included in the rating and risk disclosures.

The Foundation invests in the Surplus Money Investment Funds (SMIF), an external investment pool. The State Treasurer invests the SMIF funds through the Pooled Money Investment Account (PMIA). PMIA policy sets as primary investment objectives safety, liquidity, and yield. The Investment Division of the State Treasurer's Office manages the PMIA under statutory authority granted by California Government Code Sections 16430 and 16480.4. The State Treasurer's Office reports its investment at fair value. The Foundation reports proportionate share of the Pool. The Pooled Money Investment Board (Board) governs the PMIA. The State Treasurer chairs the Board, which also includes the State Controller and the State Director of Finance.

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 Local Investment Advisory Board has oversight responsibility for LAIF. The Board consists of five members as designated by state statute. 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

CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 INVESTMENTS (CONTINUED)

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 Foundation also has investments held and managed by Morgan Stanley Financial Services.

Investments consist of the following at June 30, 2021:

Equity securities	\$ 9,735,126
Mutual funds	3,210,026
Corporate bonds	2,124,421
CSU Consolidated Investment Pool	1,832,090
U.S. treasury securities	1,407,966
Municipal bonds	797,176
Local agency investment fund	233,140
Surplus money investment fund	196
Total Leveled Investments	<u>\$ 19,340,141</u>

Investments are classified into the following categories at June 30, 2021:

Unrestricted	\$ 17,507,855
Restricted - grants and contracts	1,832,090
Restricted - expendable debt service	196
Total	<u>\$ 19,340,141</u>

Investment income, net, consists of the following as of June 30, 2021:

Interests and dividends	\$ 435,245
Realized gain (loss)	994,480
Unrealized gain (loss)	2,033,420
Investment consulting fees	(112,093)
Total	<u>\$ 3,351,052</u>

A. Credit Risk

Credit risk 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.

CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 INVESTMENTS (CONTINUED)

The following indicates the credit rating of corporate bonds as of June 30, 2021:

	Weighted-Average Duration (Years)	Rating				
		Fair Value	AAA	Aa1-Aa3	A1-A3	Baa1-Baa3
Corporate Bonds	5.15	\$ 2,124,421	63,455	322,692	1,045,818	692,456

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, *Deposit and Investment Risk Disclosures—an amendment of GASB Statement No. 3*.

B. Fair Value Measurement and Application

GASB Statement No. 72 *Fair Value Measurement and Application*, sets forth the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets in inactive markets; inputs other than quoted prices that are observable for the asset or liability; or inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The valuation technique utilized to measure the investments is the market approach using prices and other relevant information generated by market transactions involving identical or comparable assets.

Money Market Funds are not categorized under the fair value hierarchy and are shown at Net Asset Value (NAV). These investments are measured at amortized cost when calculating NAV per share (or its equivalent) of the investment.

CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 INVESTMENTS (CONTINUED)

The value of the Foundation's investment in the CSU Consolidated Investment Pool is measured using NAV per share as reported by the Pool.

The following table shows the investments by the fair value level as of June 30, 2021:

<u>Primary Government:</u>	June 30, 2021	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Net Asset Value (NAV)
Equity Securities	\$ 9,735,126	\$ 8,892,126	\$ 843,000	\$ -
Mutual funds	3,210,026	-	3,210,026	-
Corporate bonds	2,124,421	-	2,124,421	-
CSU Consolidated Investment Pool	1,832,090	-	-	1,832,090
U.S. treasury securities	1,407,966	-	1,407,966	-
Municipal bonds	797,176	-	797,176	-
Local agency investment fund	233,140	-	-	233,140
Surplus money investment fund	196	-	-	196
Total Leveled Investments	<u>\$ 19,340,141</u>	<u>\$ 8,892,126</u>	<u>\$ 8,382,589</u>	<u>\$ 2,065,426</u>

<u>Fiduciary Funds:</u>	June 30, 2021	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Net Asset Value (NAV)
Equity Securities	\$ 1,397,093	\$ 1,228,493	\$ 168,600	\$ -
Mutual funds	480,690	-	480,690	-
Local agency investment fund	378,724	-	-	378,724
Corporate bonds	239,887	-	239,887	-
U.S. treasury securities	154,603	-	154,603	-
Municipal bonds	89,512	-	89,512	-
CSU Consolidated Investment Pool	42,375	-	-	42,375
Total Leveled Investments	<u>\$ 2,782,884</u>	<u>\$ 1,228,493</u>	<u>\$ 1,133,292</u>	<u>\$ 421,099</u>

C. 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.

CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 INVESTMENTS (CONTINUED)

D. Interest Rate Risk

Interest rate risk 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, SMIF, 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.

E. Concentration of Credit Risk

Concentration of credit risk 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 (20-50%), international equities (20-40%), fixed income (15-40%), and alternatives (0-20%). 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. The Foundation no longer has investments in Allianz Fixed Income.

NOTE 4 ACCOUNTS RECEIVABLE

Accounts receivable, net, consist of the following at June 30, 2021:

	Primary Government	Fiduciary Funds
Sponsored programs	\$ 3,401,564	\$ -
Other receivables	62,533	84,440
Total	<u>3,464,097</u>	<u>84,440</u>

NOTE 5 CAPITAL ASSETS

Capital assets' activity for the year ended June 30, 2021 consists of the following:

	June 30, 2020	Additions	Retirements/ Transfers	June 30, 2021
Buildings	\$ 7,649,921	\$ -	\$ -	\$ 7,649,921
Furniture, fixtures, and equipment	525,875	-	-	525,875
Land	35,000	-	-	35,000
Total	<u>8,210,796</u>	<u>-</u>	<u>-</u>	<u>8,210,796</u>
Less: Accumulated depreciation	<u>(4,360,235)</u>	<u>(149,631)</u>	<u>-</u>	<u>(4,509,866)</u>
Capital assets, net	<u>\$ 3,850,561</u>	<u>\$ (149,631)</u>	<u>\$ -</u>	<u>\$ 3,700,930</u>

CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 6 LONG-TERM DEBT OBLIGATIONS

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 construction cost of the bookstore building. In 2013, the Foundation entered into a loan agreement with the Trustees of the California State University (CSU) to borrow proceeds from SRB Series 2013A to pay off the 1998 bonds. 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, 2021 consists of the following:

Description	Balance June 30, 2020	Additions	Retirements	Balance June 30, 2021	Current Portion
Systemwide Revenue					
Bonds 2013A	\$ 1,400,000	\$ -	\$ (250,000)	\$ 1,150,000	\$ 265,000
Premium on SRB 2013A	146,645	-	(33,841)	112,804	-
Total	<u>\$ 1,546,645</u>	<u>\$ -</u>	<u>\$ (283,841)</u>	<u>\$ 1,262,804</u>	<u>\$ 265,000</u>

Premium on SRB 2013A is amortized \$33,841 per annum using straight-line method over the life of the loan agreement. Principal and interest payments for the Systemwide Revenue Bonds are due as follows:

Year(s) ending June 30,	Principal	Interest	Total
2022	\$ 265,000	\$ 50,475	\$ 315,475
2023	280,000	37,000	317,000
2024	295,000	22,775	317,775
2025	310,000	7,750	317,750
Total	<u>\$ 1,150,000</u>	<u>\$ 118,000</u>	<u>\$ 1,268,000</u>

NOTE 7 PENSION

A. General Information About the Pension Plan

Plan Description

The Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (the Plan or PERF C) is administered by the California Public Employees' Retirement System (the System or CalPERS). A full description regarding the number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information for the respective rate plan is listed in the respective rate plan's June 30, 2019 Annual Valuation Report (funding valuation). Details of the benefits provided can be obtained in Appendix B of the funding valuation report. This report and CalPERS' audited financial statements are publicly available reports that can be found on CalPERS' website at <https://www.calpers.ca.gov/page/forms-publications>.

CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7 PENSION (CONTINUED)

Contributions

In January 2013, the California Public Employees' Pension Reform Act (PEPRA) took effect which changes the way CalPERS retirement 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 members. Classic members will retain existing benefit levels for future service with the same employer.

Section 20184(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 the 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 pools' costs of benefit earned by employees during the year, and any unfunded accrued liability. The Foundation is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the measurement period ended June 30, 2020 (the measurement date), the Foundation contributed \$-0- for active employees as the Foundation no longer has active employees. The Foundation contributed \$563,475 to the required employer contribution of the unfunded liability as of June 30, 2021.

Actual Methods and Assumptions Used to Determine Total Pension Liability

The collective total pension liability for the June 30, 2020 measurement period was determined by an actuarial valuation as of June 30, 2019, with update procedures used to roll forward the total pension liability to June 30, 2020. The collective total pension liability was based on the following assumptions:

Actuarial Assumptions:

Investment Rate of Return	7.15%
Inflation	2.50%
Salary increases	Varies by Entry Age and Service
Mortality rate table	Derived using CalPERS' Membership Data for all Funds Contract COLA up to 2.50% until Purchasing Power
Post-retirement benefit Increase	Protection Allowance Floor on Purchasing Power applies

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7 PENSION (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability for PERF C was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Investment Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which 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. Using historical and forecasted information for all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ 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 rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both the short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class are as follows:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1-10 ¹</u>	<u>Real Return Years 11 +²</u>
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%

¹ An expected inflation of 2.00% used for this period.

² An expected inflation of 2.92% used for this period.

CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7 PENSION (CONTINUED)

Allocation of Net Pension Liability and Pension Expense to Individual Plans

A key aspect of the GASB Statement No. 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 Statement No. 68 indicated 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 proportionate allocation of individual plan amounts as of the valuation date are used where not available.

Amortization of Deferred Outflows and Deferred Inflows of Resources

Under GASB Statement No. 68, actuarial gains and losses related to changes in total pension liability and fiduciary net pension 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 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:

Net Difference between
Projected and Actual
Investment Earnings on
Pension Plan Investments

5-Year Straight-Line Amortization

All Other Amounts

Straight-Line Amortization over the Expected Average
Remaining Service Lifetime (EARSL) of all Members that
are Provided with Pensions (Active, Inactive, and Retired)
as of the Beginning of the Measurement Period.

The Net Difference between Projected and Actual Investment Earnings on Pension Plan Investments is amortized over a five-year period on a straight-line basis. One-fifth is recognized in pension expense during the measurement period, and the remaining Net Difference between Projected and Actual Investment Earnings on Pension Plan Investments at the measurement date is to be amortized over the remaining four-year period.

CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7 PENSION (CONTINUED)

Deferred Outflows of Resources and Deferred Inflows of Resources relating to the Difference between Expected and Actual Experience, Changes of Assumptions, and employer-specific amounts should be amortized over the Expected Average Remaining Service Lifetime (EARSL) of members provided with pensions through the Plan. The EARSL for PERF C was obtained by dividing the total service years of the sum of remaining service lifetimes of all active employees by the total participants: active, inactive, and retired in PERF C. Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

The appropriate treatment of the employer-specific amounts such as changes in proportion, differences between actual employer contributions and employer's proportionated shares of contributions, and employer contributions to PERF C subsequent to the measurement date as defined in GASB Statement No. 68 paragraphs 54, 55, and 57 is the responsibility of the employers.

B. Changes in the Plan's Proportionate Share of Net Pension Liability

The following table shows the Plan's proportionate share of the risk pool collective net pension liability over the measurement period of June 30, 2020:

	Increase (Decrease)		
	Plan Total Pension Liability	Plan Fiduciary Net Pension	Plan Net Pension Liability
Balance at: 6/30/19 (VD)	\$ 19,710,670	\$ 14,496,936	\$ 5,213,734
Balance at: 6/30/20 (MD)	19,629,954	14,256,880	5,373,074
Net Changes	\$ (80,716)	\$ (240,056)	\$ 159,340

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 7.15%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15%) or 1 percentage-point higher (8.15%) than the current rate:

	Current		
	Discount Rate -1% (6.15%)	Discount Rate (7.15%)	Discount Rate +1% (8.15%)
Plan's Net Pension Liability	\$ 7,985,342	\$ 5,373,074	\$ 3,214,639

C. Pension Expense and Deferred Outflows and Deferred Inflows of Resources

For the measurement period ended June 30, 2020 (the measurement date), the Foundation incurred a pension expense of \$614,928 (the pension expense for the risk pool for the measurement period is \$867,712,876).

CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7 PENSION (CONTINUED)

As of the measurement date June 30, 2020, the Foundation reports other amounts for the Plan as deferred outflows and deferred inflows of resources related to pension as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ -	\$ 38,323
Differences between Expected and Actual Experience	276,890	-
Differences between Projected and Actual Investment Earnings	159,616	-
Differences between Employer's Contributions and Proportionate Share of Contributions	-	193,180
Change in Employer's Proportion	1,904	102,632
Pension Contributions Made Subsequent to Measurement Date	563,474	-
Total	\$ 1,001,884	\$ 334,135

Pension contribution made subsequent to measurement date in the amount of \$563,474 will be recognized in the following measurement period. Amounts reported as deferred outflows and deferred inflows of resources related to pension, other than the employer-specific items, will be recognized as future pension expense as follows:

<u>Measurement Period(s) Ended June 30,</u>	Deferred Outflows/(Inflows) of Resources
2022	\$ (81,629)
2023	44,333
2024	65,015
2025	76,556
2026	-
Thereafter	-
	\$ 104,275

CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (OPEB)

A. Plan Description

The Foundation sponsors a single-employer post-retirement healthcare 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 5 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 10 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.

For the year ended June 30, 2021, the Foundation's share of the monthly medical premiums was limited to \$767 (single), \$1,461 (two parties), and \$1,868 (three or more parties). Retirees are responsible for premiums in excess of the Foundation's share. In addition, retirees are charged 10% 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 \$986 to the Plan for the year ended June 30, 2021.

B. Employees Covered

As of the June 30, 2021 actuarial valuation, the following current and former employees were covered by the benefit terms under the postretirement healthcare plan:

Active employees	-	
Inactive employees or beneficiaries currently receiving benefits	37	
Inactive employees entitled to, but not yet receiving benefits	-	
Total	37	37

CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

C. Net OPEB Liability

Foundation's net OPEB liability was measured as of June 30, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2020.

Actuarial Assumptions

Discount Rate	7.00%, based on the Stand-Alone VEBA investment policy.
Net Investment Return	7.00%, based on the Stand-Alone VEBA investment policy.
Inflation	2.26% annual inflation assumed.
Payroll increases	3.25% annual increases. The funding method is Entry Age Normal with level percentage of pay. The salary scale assumption is used in the calculation of the normal cost and AAL.
Administrative Expenses	The administrative expense was \$527 for the measurement period ending June 30, 2021.
Dental Trend	4% per year
Vision Trend	4% per year
Health Care Trend	

Year	Increase in Premium Rates	
	Pre-65	Post-65
Beginning		
2022	7.00%	5.00%
2023	6.75%	5.00%
2024	6.50%	5.00%
2025	6.25%	5.00%
2026	6.00%	5.00%
2027	5.75%	5.00%
2028	5.50%	5.00%
2029	5.25%	5.00%
2030	5.00%	5.00%

CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Plan Distribution for Calculating
Baseline Cost

<u>Plan</u>	<u>Distribution</u>
Kaiser	41%
PERS Choice	24%
PERS Care	24%
United Healthcare	11%
Total	100%

Average Per Capita Claims Cost
(Baseline Cost)

Pre-Medicare: \$10,137 per year
Post-Medicare: \$4,182 per year

Health Plan Participation

100% of eligible participants will participate

Medicare Coverage

All retirees will be eligible for Medicare when age 65 is reached

Morbidity Factors

CalPERS 2017 study

Population for Curving

CalPERS 2017 study

Age-Weighted Claims Costs¹

<u>Age</u>	<u>Claim Cost</u>
50	\$ 10,226
55	\$ 12,161
60	\$ 14,566
65	\$ 4,239
70	\$ 3,699
75	\$ 4,297
80	\$ 4,867
85	\$ 5,167

Mortality

The mortality rates used in this valuation are those described in the 2017 CalPERS experience study.

Pre-Retirement: CalPERS 2017 Mortality pre-retirement

Post-Retirement: CalPERS 2017 Mortality post-retirement

<u>Age</u>	<u>Retired Employees</u>	
	<u>Male</u>	<u>Female</u>
55	0.44%	0.41%
60	0.67%	0.48%
65	0.93%	0.64%
70	1.34%	0.93%
75	2.32%	1.63%
80	3.98%	3.01%
85	7.12%	5.42%
90	13.04%	10.09%

Disability*

Because of the anticipated low incidence of disability retirements, disability was not valued.

Percent Married

Anyone covering a spouse would continue to cover in retirement, and that male spouses were on average 3 years older than female spouses.

Participation

100% of retirees will participate upon retirement.

CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Long-Term Expected Rate of Return – as of June 30, 2020, the long-term expected rates of return for each major investment class in the Plan’s portfolio are as follows:

<u>Investment Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return¹</u>
Equity	63.00%	5.07%
Fixed Income	35.00%	1.70%
REITs	0.00%	5.06%
Cash	2.00%	0.00%

¹JPMorgan arithmetic Long Term Capital Market assumptions and expected inflation of 2.26%.

The above table shows the target asset allocation in the Stand-Alone VEBA investment policy.

D. Discount Rate

The discount rate is based on a blend of the long-term expected rate of return on assets for benefits covered by plan assets and a yield or index for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or better for benefits not covered by plan assets.

The table above shows the arithmetic long-term expected real rates of return by asset class for the next 10 years as provided in a report by JP Morgan. For years thereafter, returns were based on historical average index real returns over the last 30 years assuming a similar equity/fixed investment mix and a 2.26% inflation rate. Investment expenses were assumed to be 10 basis points per year. These returns were matched with cash flows for benefits covered by plan assets and the Bond Buyer 20-Bond General Obligation index was matched with cash flows not covered by plan assets to measure the reasonableness of the choice in discount rate.

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Discount Rate	7.00%	7.00%
Bond Buyer 20-Bond GO Index	2.16%	2.21%

CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

E. Changes in the OPEB Liability

The changes in the net OPEB liability for the postretirement plan are as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Balance - June 30, 2020 (Valuation Date June 30, 2020)	\$ 3,298,735	\$ 2,070,772	\$ 1,227,963
Changes recognized for the measurement period:			
Service cost	-	-	-
Interest	222,516	-	222,516
Differences between expected and actual experience	(42,897)		(42,897)
Changes of assumptions	-	-	-
Contributions - employer	-	986	(986)
Net investment income	-	455,804	(455,804)
Benefit payments	(243,986)	(243,986)	-
Administrative expenses	-	(527)	527
Net changes	<u>(64,367)</u>	<u>212,277</u>	<u>(276,644)</u>
Balance - June 30, 2021 (Measurement Date June 30, 2021)	<u>\$ 3,234,368</u>	<u>\$ 2,283,049</u>	<u>\$ 951,319</u>

F. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the Foundation's net OPEB liability if it were calculated using a discount rate that is 1% point lower (6.00%) or 1% point higher (8.00%) than the current rate, for measurement period ended June 30, 2021:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net OPEB Liability	\$ 1,230,305	\$ 951,319	\$ 708,804

G. Sensitivity of the Net OPEB Liability to Changes in the Trend Rate

The following presents the Foundation's net OPEB liability if it were calculated using a trend table that has rates that are 1% point lower or 1% point higher than the current rate, for measurement period ended June 30, 2021:

	1% Decrease	Current Discount Rate	1% Increase
Net OPEB Liability	\$ 716,038	\$ 951,319	\$ 1,217,051

H. Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to the changes in total OPEB liability is recognized in OPEB expense systematically over time.

CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are recognized in future OPEB expense.

The recognition period differs depending on the source of gain or loss:

Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	5-Year Straight-Line Amortization
All Other Amounts	Straight-Line Amortization over Average Future Working Lifetime, Averages over all Active and Retirees (Retirees Assumed no Working Hours)

I. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2021, Foundation recognized aggregate OPEB expense of \$21,367. As of fiscal year ended June 30, 2021, Foundation reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings	-	155,664
Contribution to OPEB plan after measurement date	-	-
Total	\$ -	\$ 155,664

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended June 30	Deferred Inflows of Resources
2022	\$ (21,220)
2023	(30,306)
2024	(40,293)
2025	(63,845)
2026	-
Thereafter	-
Total	\$ (155,664)

CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9 DESIGNATED NET POSITION

Unrestricted net position designated by the Board for the following purposes at June 30, 2021:

Working capital and sponsored programs	\$ 3,284,546
Capital replacement	100,000
Planned future operations	<u>100,000</u>
Total	<u>\$ 3,484,546</u>

NOTE 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, 2025. 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, 2021, the Foundation received \$22,518 for professional services provided to the University and \$22,429 of this amount was received from the fiduciary fund for investment management fees. The Foundation paid \$6,654,442 to the University for professional fees.

In addition, amounts due to the University at June 30, 2021 was \$3,052,692 and \$2,450,175 of this amount is related to fiduciary activities.

NOTE 11 FUNCTIONAL ALLOCATION OF EXPENSES

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

NOTE 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

**CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2021**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION – PENSION

Schedule of the Plan's Proportionate Share of Net Pension Liability and Related Ratio in Relation so PERF C¹

Net Pension liability and fiduciary net position are allocated to the plan based on its proportion of the Miscellaneous Risk Pool. However, GASB Statement No. 68 requires that employers report certain proportions as 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.

	2020	2019	2018	2017	2016	2015	2014
Plan's Proportion of the Net Pension Liability	0.12738%	0.13020%	0.11232%	0.12020%	0.12318%	0.12828%	0.04964%
Plan's Proportionate Share of the Net Pension Liability	\$ 5,373,074	\$ 5,213,734	\$ 4,822,826	\$ 4,820,220	\$ 3,612,002	\$ 2,786,628	\$ 3,089,169
Plan's Covered Payroll	-	-	-	-	-	50,217	1,855,126
Plan's Proportionate Share of the Net Pension Liability as Percentage of its Covered Payroll	-	-	-	-	-	5549.17%	166.52%
Plan's Proportionate Share of the Fiduciary Net Position as Percentage of the Plan's Total Pension Liability	27.37%	26.45%	26.93%	27.14%	21.11%	16.54%	17.59%
Plan's Proportionate Share of Aggregate Employer Contributions	\$ 500,528	\$ 479,729	\$ 365,582	\$ 160,857	\$ 138,864	\$ 2,800	\$ 234,666

¹ This is a 10-year schedule. Information in this schedule is not available prior to 2014. Additional years will be added to this schedule in future fiscal years until 10 years of data is presented.

Schedule of Plan Contributions

	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution	\$ 563,474	\$ 479,676	\$ 365,582	\$ 160,857	\$ 138,864	\$ 2,800	\$ 234,666
Contributions in Relation to the Actuarially Determined Contributions	563,474	479,728	365,582	160,857	138,864	2,770	234,666
Contribution Excess	-	\$ 52	-	-	-	\$ (30)	-
Covered Payroll	-	-	-	-	-	\$ 50,217	\$ 1,855,126
Contributions as a Percentage of Covered Payroll	-	-	-	-	-	5.50%	12.65%

¹ This is a 10-year schedule. Information in this schedule is not available prior to 2014. Additional years will be added to this schedule in the future fiscal years until 10 years of data is presented.

Change in Assumptions

There were no changes in assumptions during the measurement period ended June 30, 2020.

**CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2021**

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

	<u>2021</u>	<u>2020</u>
<u>Total OPEB Liability</u>		
Service cost	\$ -	\$ -
Interest	222,516	239,372
Change of benefit terms	-	-
Differences between expected and actual experience	(42,897)	(63,695)
Changes of assumptions	-	(163,313)
Benefit payments	<u>(243,986)</u>	<u>(262,008)</u>
Net change in Total OPEB Liability	\$ (64,367)	\$ (249,644)
Total OPEB Liability – beginning (a)	\$ 3,298,735	\$ 3,548,379
Total OPEB Liability – ending (b)	\$ 3,234,368	\$ 3,298,735
<u>Plan Fiduciary Net Position</u>		
Contributions – employer	\$ 986	\$ -
Contributions – employee	-	-
Net investment income	455,804	34,154
Benefit payments	(243,986)	(262,008)
Administrative expense	(527)	(618)
Other	<u>-</u>	<u>-</u>
Net change in Plan Fiduciary Net Position	\$ 212,277	\$ (228,472)
Plan Fiduciary Net Position – beginning (c)	\$ 2,070,772	\$ 2,299,244
Plan Fiduciary Net Position – ending (d)	\$ 2,283,049	\$ 2,070,772
Net OPEB Liability - beginning (a) – (c)	\$ 1,227,963	\$ 1,249,135
Net OPEB Liability – ending (b) – (d)	\$ 951,319	\$ 1,227,963
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	71%	63%
Covered employee payroll	N/A	N/A
Net OPEB Liability as percentage of covered employee payroll	N/A	N/A

**OTHER SUPPLEMENTARY INFORMATION
FOR CALIFORNIA STATE UNIVERSITY
OFFICE OF THE CHANCELLOR**

CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.
SCHEDULE OF NET POSITION
JUNE 30, 2021
(FOR INCLUSION IN THE CALIFORNIA STATE UNIVERSITY)

Assets:	
Current assets:	
Cash and cash equivalents	603,256
Short-term investments	19,340,141
Accounts receivable, net	3,464,097
Capital lease receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	-
Prepaid expenses and other current assets	-
Total current assets	23,407,494
Noncurrent assets:	
Restricted cash and cash equivalents	-
Accounts receivable, net	-
Capital lease receivable, net of current portion	-
Notes receivable, net of current portion	-
Student loans receivable, net	-
Pledges receivable, net	-
Endowment investments	-
Other long-term investments	-
Capital assets, net	3,700,930
Other assets	-
Total noncurrent assets	3,700,930
Total assets	27,108,424
Deferred outflows of resources:	
Unamortized loss on debt refunding	-
Net pension liability	1,001,883
Net OPEB liability	-
Others	-
Total deferred outflows of resources	1,001,883
Liabilities:	
Current liabilities:	
Accounts payable	2,306,261
Accrued salaries and benefits	-
Accrued compensated absences, current portion	-
Unearned revenues	2,931,862
Capital lease obligations, current portion	-
Long-term debt obligations, current portion	265,000
Claims liability for losses and loss adjustment expenses, current portion	-
Depository accounts	-
Other liabilities	9,750
Total current liabilities	5,512,873
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	-
Unearned revenues	-
Grants refundable	-
Capital lease obligations, net of current portion	-
Long-term debt obligations, net of current portion	997,804
Claims liability for losses and loss adjustment expenses, net of current portion	-
Depository accounts	-
Net other postemployment benefits liability	951,319
Net pension liability	5,373,074
Other liabilities	-
Total noncurrent liabilities	7,322,197
Total liabilities	12,835,070
Deferred inflows of resources:	
Service concession arrangements	-
Net pension liability	334,135
Net OPEB liability	155,664
Unamortized gain on debt refunding	-
Nonexchange transactions	-
Others	-
Total deferred inflows of resources	489,799
Net position:	
Net investment in capital assets	2,428,829
Restricted for:	
Nonexpendable – endowments	-
Expendable:	
Scholarships and fellowships	-
Research	-
Loans	-
Capital projects	-
Debt service	-
Others	-
Unrestricted	12,356,609
Total net position	14,785,438

CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
JUNE 30, 2021
(FOR INCLUSION IN THE CALIFORNIA STATE UNIVERSITY)

Revenues:	
Operating revenues:	
Student tuition and fees, gross	-
Scholarship allowances (enter as negative)	-
Grants and contracts, noncapital:	
Federal	12,255,278
State	1,192,771
Local	-
Nongovernmental	1,419,271
Sales and services of educational activities	-
Sales and services of auxiliary enterprises, gross	-
Scholarship allowances (enter as negative)	-
Other operating revenues	<u>267,389</u>
Total operating revenues	<u>15,134,709</u>
Expenses:	
Operating expenses:	
Instruction	1,281,775
Research	4,347,837
Public service	7,360,408
Academic support	1,014,202
Student services	863,098
Institutional support	-
Operation and maintenance of plant	-
Student grants and scholarships	-
Auxiliary enterprise expenses	1,037,564
Depreciation and amortization	<u>149,631</u>
Total operating expenses	<u>16,054,515</u>
Operating income (loss)	<u>(919,806)</u>
Nonoperating revenues (expenses):	
State appropriations, noncapital	-
Federal financial aid grants, noncapital	-
State financial aid grants, noncapital	-
Local financial aid grants, noncapital	-
Nongovernmental and other financial aid grants, noncapital	-
Other federal nonoperating grants, noncapital	-
Gifts, noncapital	-
Investment income (loss), net	3,351,052
Endowment income (loss), net	-
Interest expense	(27,259)
Other nonoperating revenues (expenses) - excl. interagency transfers	<u>-</u>
Net nonoperating revenues (expenses)	<u>3,323,793</u>
Income (loss) before other revenues (expenses)	<u>2,403,987</u>
State appropriations, capital	-
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	<u>-</u>
Increase (decrease) in net position	2,403,987
Net position:	
Net position at beginning of year, as previously reported	12,381,451
Restatements	<u>-</u>
Net position at beginning of year, as restated	<u>12,381,451</u>
Net position at end of year	<u>14,785,438</u>

CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.
OTHER INFORMATION
JUNE 30, 2021

1 Cash and cash equivalents:

Portion of restricted cash and cash equivalents related to endowments	
All other restricted cash and cash equivalents	
Noncurrent restricted cash and cash equivalents	-
Current cash and cash equivalents	603,256
Total	\$ 603,256

2.1 Composition of investments:

Investment Type	Current	Noncurrent	Total
Money market funds	\$ -		-
Repurchase agreements			-
Certificates of deposit			-
U.S. agency securities			-
U.S. treasury securities	1,407,966		1,407,966
Municipal bonds	797,176		797,176
Corporate bonds	2,124,421		2,124,421
Asset backed securities			-
Mortgage backed securities			-
Commercial paper			-
Mutual funds	3,210,026		3,210,026
Exchange traded funds			-
Equity securities	9,735,126		9,735,126
Alternative investments:			
Private equity (including limited partnerships)			-
Hedge funds			-
Managed futures			-
Real estate investments (including REITs)			-
Commodities			-
Derivatives			-
Other alternative investment			-
Other external investment pools			-
CSU Consolidated Investment Pool (formerly SWIFT)	1,832,090		1,832,090
State of California Local Agency Investment Fund (LAIF)	233,140		233,140
State of California Surplus Money Investment Fund (SMIF)	196		196
Other investments:			-
			-
			-
			-
			-
Total Other investments	-	-	-
Total investments	19,340,141	-	19,340,141
Less endowment investments (enter as negative number)			-
Total investments, net of endowments	\$ 19,340,141	-	19,340,141

CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.
OTHER INFORMATION
YEAR ENDED JUNE 30, 2021

2.2 Fair value hierarchy in investments:

Investment Type	Total	Quoted Prices in Active Markets for Identical	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value (NAV)
Money market funds	\$ -				
Repurchase agreements	-				
Certificates of deposit	-				
U.S. agency securities	-				
U.S. treasury securities	1,407,966		1,407,966		
Municipal bonds	797,176		797,176		
Corporate bonds	2,124,421		2,124,421		
Asset backed securities	-				
Mortgage backed securities	-				
Commercial paper	-				
Mutual funds	3,210,026		3,210,026		
Exchange traded funds	-				
Equity securities	9,735,126	8,892,126	843,000		
Alternative investments:					
Private equity (including limited partnerships)	-				
Hedge funds	-				
Managed futures	-				
Real estate investments (including REITs)	-				
Commodities	-				
Derivatives	-				
Other alternative investment	-				
Other external investment pools	-				
CSU Consolidated Investment Pool (formerly SWIFT)	1,832,090				1,832,090
State of California Local Agency Investment Fund (LAIF)	233,140				233,140
State of California Surplus Money Investment Fund (SMIF)	196				196
Other investments:					
	-				
	-				
	-				
	-				
	-				
Total Other investments	\$ -	-	-	-	-
Total investments	19,340,141	8,892,126	8,382,589	-	2,065,426

**CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.
OTHER INFORMATION
YEAR ENDED JUNE 30, 2021**

2.3 Investments held by the University under contractual agreements:

	Current	Noncurrent	Total
Investments held by the University under contractual agreements e.g - CSU Consolidated Investment Pool (formerly SWIFT):	1,832,090	\$	1,832,090

CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.
OTHER INFORMATION
YEAR ENDED JUNE 30, 2021

3.1 Composition of capital assets:

	Balance June 30, 2020	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2020 (Restated)	Additions	Retirements	Transfer of completed CWIP/PWIP	Balance June 30, 2021
Non-depreciable/Non-amortizable capital assets:									
Land and land improvements	\$ 35,000.00				\$ 35,000				\$ 35,000
Works of art and historical treasures					-				-
Construction work in progress (CWIP)					-				-
Intangible assets:									
Rights and easements					-				-
Patents, copyrights and trademarks					-				-
Intangible assets in progress (PWIP)					-				-
Licenses and permits					-				-
Other intangible assets:					-				-
					-				-
					-				-
					-				-
Total Other intangible assets					-				-
Total intangible assets									
Total non-depreciable/non-amortizable capital assets	\$ 35,000				\$ 35,000				\$ 35,000
Depreciable/Amortizable capital assets:									
Buildings and building improvements	7,649,921				7,649,921				7,649,921
Improvements, other than buildings					-				-
Infrastructure					-				-
Leasehold improvements					-				-
Personal property:									
Equipment	525,875				525,875				525,875
Library books and materials					-				-
Intangible assets:									
Software and websites					-				-
Rights and easements					-				-
Patents, copyrights and trademarks					-				-
Licenses and permits					-				-
Other intangible assets:					-				-
					-				-
					-				-
					-				-
					-				-
Total Other intangible assets:									
Total intangible assets									
Total depreciable/amortizable capital assets	8,175,796				8,175,796				8,175,796
Total capital assets	\$ 8,210,796				\$ 8,210,796				\$ 8,210,796
Less accumulated depreciation/amortization: (enter as negative number, except for reductions enter as positive number)									
Buildings and building improvements	(3,835,336)				(3,835,336)	(148,685)			(3,984,021)
Improvements, other than buildings					-				-
Infrastructure					-				-
Leasehold improvements					-				-
Personal property:									
Equipment	(524,899)				(524,899)	(946)			(525,845)
Library books and materials					-				-
Intangible assets:									
Software and websites					-				-
Rights and easements					-				-
Patents, copyrights and trademarks					-				-
Licenses and permits					-				-
Other intangible assets:					-				-
					-				-
					-				-
					-				-
Total Other intangible assets:									
Total intangible assets									
Total accumulated depreciation/amortization	(4,360,235)				(4,360,235)	(149,631)			(4,509,866)
Total capital assets, net	\$ 3,850,561				\$ 3,850,561	(149,631)			3,700,930

CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.
OTHER INFORMATION
YEAR ENDED JUNE 30, 2021

3.2 Detail of depreciation and amortization expense:

Depreciation and amortization expense related to capital assets	\$ 149,631
Amortization expense related to other assets	
Total depreciation and amortization	\$ 149,631

4 Long-term liabilities:

	Balance June 30, 2020	Prior Period Adjustments/Reclass ifications	Balance June 30, 2020 (Restated)	Additions	Reductions	Balance June 30, 2021	Current Portion	Noncurrent Portion
1. Accrued compensated absences	\$ -		-			\$ -		\$ -
2. Claims liability for losses and loss adjustment expenses	-		-			-		-
3. Capital lease obligations:								
Gross balance	-		-			-	-	-
Unamortized net premium/(discount)	-		-			-	-	-
Total capital lease obligations	\$ -		-			-		-
4. Long-term debt obligations:								
4.1 Auxiliary revenue bonds (non-SRB related)	\$ -		-			\$ -	-	-
4.2 Commercial paper	-		-			-		-
4.3 Notes payable (SRB related)	1,400,000		1,400,000		(250,000)	1,150,000	265,000	885,000
4.4 Others:								
	-		-			-		-
	-		-			-		-
	-		-			-		-
Total others	-		-			-		-
Sub-total long-term debt	\$ 1,400,000		1,400,000		(250,000)	\$ 1,150,000	265,000	885,000
4.5 Unamortized net bond premium/(discount)	146,645		146,645		(33,841)	112,804	-	112,804
Total long-term debt obligations	1,546,645		1,546,645		(283,841)	1,262,804	265,000	997,804
Total long-term liabilities	\$ 1,546,645		1,546,645		(283,841)	\$ 1,262,804	265,000	\$ 997,804

CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.
OTHER INFORMATION
YEAR ENDED JUNE 30, 2021

5 Capital lease obligations schedule:

	Capital lease obligations related to SRB			All other capital lease obligations			Total capital lease obligations		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
Year ending June 30:									
2022			-			-			-
2023			-			-			-
2024			-			-			-
2025			-			-			-
2026			-			-			-
2027 - 2031			-			-			-
2032 - 2036			-			-			-
2037 - 2041			-			-			-
2042 - 2046			-			-			-
2047 - 2051			-			-			-
Thereafter			-			-			-
Total minimum lease payments	\$ -	-	-	-	-	-	-	-	-
Less: amounts representing interest									-
Present value of future minimum lease payments									-
Unamortized net premium/(discount)									-
Total capital lease obligations									-
Less: current portion									-
Capital lease obligations, net of current portion									\$ -

6 Long-term debt obligations schedule:

	Auxiliary revenue bonds (non-SRB related)			All other long-term debt obligations			Total long-term debt obligations		
	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest
Year ending June 30:									
2022				265,000	50,475	315,475	265,000	50,475	315,475
2023				280,000	37,000	317,000	280,000	37,000	317,000
2024				295,000	22,775	317,775	295,000	22,775	317,775
2025				310,000	7,750	317,750	310,000	7,750	317,750
2026						-			-
2027 - 2031			-			-			-
2032 - 2036			-			-			-
2037 - 2041			-			-			-
2042 - 2046			-			-			-
2047 - 2051			-			-			-
Thereafter			-			-			-
Total minimum payments	\$ -	-	-	1,150,000	118,000	1,268,000	1,150,000	118,000	1,268,000
Less: amounts representing interest									(118,000)
Present value of future minimum payments									1,150,000
Unamortized net premium/(discount)									112,804
Total long-term debt obligations									1,262,804
Less: current portion									(265,000)
Long-term debt obligations, net of current portion									997,804

7 Transactions with related entities:

Payments to University for salaries of University personnel working on contracts, grants, and other programs	4,808,771
Payments to University for other than salaries of University personnel	1,845,671
Payments received from University for services, space, and programs	89
Gifts-in-kind to the University from discretely presented component units	
Gifts (cash or assets) to the University from discretely presented component units	
Accounts (payable to) University (enter as negative number)	(602,517)
Other amounts (payable to) University (enter as negative number)	
Accounts receivable from University (enter as positive number)	
Other amounts receivable from University (enter as positive number)	

**CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.
OTHER INFORMATION
YEAR ENDED JUNE 30, 2021**

8 Restatements

Provide a detailed breakdown of the journal entries (at the financial statement line items level) booked to record each restatement:

	Debit/(Credit)
Restatement #1	-
Restatement #2	-

9 Natural classifications of operating expenses:

	Salaries	Benefits - Other	Benefits - Pension	Benefits - OPEB	Scholarships and fellowships	Supplies and other services	Depreciation and amortization	Total operating expenses
Instruction	392,483	140,333	97,655	-	-	651,304	-	1,281,775
Research	1,382,204	174,958	158,476	-	-	2,632,199	-	4,347,837
Public service	1,058,285	280,080	238,943	-	-	5,783,100	-	7,360,408
Academic support	229,819	37,517	29,025	-	-	717,841	-	1,014,202
Student services	480,178	129,407	121,973	-	-	131,540	-	863,098
Institutional support	-	-	-	-	-	-	-	-
Operation and maintenance of plant	-	-	-	-	-	-	-	-
Student grants and scholarships	-	-	-	-	-	-	-	-
Auxiliary enterprise expenses	-	-	614,928	21,367	-	401,269	-	1,037,564
Depreciation and amortization	-	-	-	-	-	-	149,631	149,631
Total operating expenses	\$ 3,542,969	762,295	1,261,000	21,367	-	10,317,253	149,631	16,054,515

CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.
OTHER INFORMATION
YEAR ENDED JUNE 30, 2021

10 Deferred outflows/inflows of resources:

1. Deferred Outflows of Resources

Deferred outflows - unamortized loss on refunding(s)	
Deferred outflows - net pension liability	1,001,883
Deferred outflows - net OPEB liability	
Deferred outflows - others:	
Sales/intra-entity transfers of future revenues	
Gain/loss on sale leaseback	
Loan origination fees and costs	
Change in fair value of hedging derivative instrument	
Irrevocable split-interest agreements	
Total deferred outflows - others	-
Total deferred outflows of resources	\$ 1,001,883

2. Deferred Inflows of Resources

Deferred inflows - service concession arrangements	
Deferred inflows - net pension liability	334,135
Deferred inflows - net OPEB liability	155,664
Deferred inflows - unamortized gain on debt refunding(s)	
Deferred inflows - nonexchange transactions	
Deferred inflows - others:	
Sales/intra-entity transfers of future revenues	
Gain/loss on sale leaseback	
Loan origination fees and costs	
Change in fair value of hedging derivative instrument	
Irrevocable split-interest agreements	
Total deferred inflows - others	-
Total deferred inflows of resources	\$ 489,799

11 Other nonoperating revenues (expenses)

Other nonoperating revenues	
Other nonoperating (expenses)	
Total other nonoperating revenues (expenses)	\$ -

**CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2021**

NOTE 1 – SUPPLEMENTARY SCHEDULES

As an auxiliary organization of the California State University (CSU), California State University, East Bay Foundation, Inc. (the Foundation) is required to include audited supplementary information in its financial statements in the form and content specified by CSU. As a result, there are differences in reporting format between the Foundation's financial statements and the supplementary schedules for CSU.

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