

**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, 2020

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 9, 2020, 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 9, 2020

CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020
(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, 2020. This discussion has been prepared by management and should be read in conjunction with the financial statements and notes.

Financial Highlights

- x Assets decreased by \$1.2 million, or 4%, primarily due to a \$1 million decrease in current assets resulting from a change in the investment portfolio value resulting from the global pandemic's negative impact on market volatility and valuation.

- x Revenues from research grants and contracts increased by \$1.3 million, or 10%, in the current year as activity increased due to new grants and contracts awarded to Foundation.

- x Expenses from research grants and contracts increased by \$1.3 million or 10% due to the same reason that revenues from research grants and contracts increased. Other auxiliary enterprise expenses also increased by \$510,000 due to the increase in pension expense attributable to the overall change in net pension liability and deferred outflows and inflows of resources related to pension.

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,

CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020
(UNAUDITED)

Operating Revenues

Operating revenues increased by \$1.1 million, or 9%, 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 \$1.8 million, or 13%, primarily due to a \$1.3 million increase in research grants and contracts spending as new grants were awarded during the fiscal year. Other auxiliary enterprise expenses also increased by \$510,000 due to the increase in pension expense (UNAUxpenses Nonosed byal yearf 0.001 Tc 0(.0009 Tc5 Tc 9 0 0 9 300.486 0 Td [(13016ting expens -1.j [(Nono

CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.
STATEMENT OF NET POSITION
JUNE 30, 2020

ASSETS

Current assets:

Cash and cash equivalents	\$ 698,561
Short-term investments	18,840,497
Accounts receivable, net	3,968,250
Total current assets	23,507,308

Noncurrent assets:

Capital assets, net	3,850,561
Total noncurrent assets	3,850,561

Total assets	27,357,869
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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, 2020

REVENUES

Operating revenues:

Grants and contracts, noncapital:

Federal	\$ 11,407,345
State and local	995,999
Nongovernmental	883,824
Total research grants and contracts	13,287,168

Commercial services	253,112
Management fees	65,368
Other Income	38
Total operating revenues	13,605,686

EXPENSES

Operating expenses:

Cost of research	13,287,168
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See accompanying Notes to Financial Statements.

CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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

CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

**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, 2018
Measurement Date (MD)	June 30, 2019
Measurement Period (MP)	June 30, 2018 to June 30, 2019

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

CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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

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 deferred.

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.

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CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

**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-

CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 INVESTMENTS (CONTINUED)

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 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, 2020:

Equity securities	\$ 9,850,038
Mutual funds	2,609,573
Corporate bonds	1,905,308
U.S. treasury securities	1,488,628
CSU Consolidated Investment Pool	1,076,401
Municipal bonds	846,954
Local agency investment fund	606,724
U.S. agency securities	456,848
Surplus money investment fund	<u>23</u>
Total Leveled Investments	\$ 18,840,497

CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 INVESTMENTS (CONTINUED)

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

CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 INVESTMENTS (CONTINUED)

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.

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, 2020:

	June 30, 2020	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	\$ 9,850,038	\$ 9,850,038	\$ -	\$ -
Mutual funds	2,609,573	-	2,609,573	-
Corporate bonds	1,905,308	-	1,905,308	-
U.S. treasury securities	1,488,628	-	1,488,628	-
CSU Consolidated Investment Pool	1,076,401	-	-	1,076,401
Municipal bonds	846,954	-	846,954	-
Local agency investment fund	606,724	-	-	606,724
U.S. agency securities	456,848	-	456,848	-
Surplus money investment fund	23	-	-	23
Total Leveled Investments	<u>\$ 18,840,497</u>	<u>\$ 9,850,038</u>	<u>\$ 7,307,311</u>	<u>\$ 1,683,148</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, 2020

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. Less than 4% of Foundation's investments are in Allianz Fixed Income.

NOTE 4 ACCOUNTS RECEIVABLE

Accounts receivable, net, consist of the following at June 30, 2020:

Sponsored programs	\$	3,912,193
Other receivables		59,558
Subtotal		3,971,751
Less: Allowance for doubtful accounts		(3,501)
Total		\$ 3,968,250

CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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, 2020 consists of the following:

Description	Balance June 30, 2019	Additions	Retirements	Balance June 30, 2020	Current Portion
Systemwide Revenue					
Bonds 2013A	\$ 1,645,000	\$ -	\$ (245,000)	\$ 1,400,000	\$ 250,000
Premium on SRB 2013A	180,486	-	(33,841)	146,645	-
Total	<u>\$ 1,825,486</u>	<u>\$ -</u>	<u>\$ (278,841)</u>	<u>\$ 1,546,645</u>	<u>\$ 250,000</u>

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CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 PENSION (CONTINUED)

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. All other assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period 1997 to 2015, including updates to salary increases, mortality, and retirement rates. Further details of the Experience Study can be found on the CalPERS' website.

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

CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 PENSION (CONTINUED)

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.

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.

CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 PENSION (CONTINUED)

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.

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 State(d t)-5.3 (hNocific amou)-5.eto5er(u

CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 PENSION (CONTINUED)

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:

	Discount Rate -1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate +1% (8.15%)
Plan's Net Pension Liability	7,864,880		

CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 PENSION (CONTINUED)

C. Pension Expense and Deferred Outflows and Deferred Inflows of Resources (continued)

Pension contribution made subsequent to measurement date in the amount of \$500,528 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>	<u>Deferred Outflows/(Inflows) of Resources</u>
2021	\$ 157,391
2022	(122,137)
2023	5,662
2024	18,419
2025	-
Thereafter	-
	<u><u>\$ 59,335</u></u>

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, 2020, 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 did not make any contribution to the Plan for the year ended June 30, 2020.

CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

B. Employees Covered

As of the June 30, 2020 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

C. Net OPEB Liability

Foundation's net OPEB liability was measured as of June 30, 2020 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.
Administrative Expenses	The administrative expense was \$618 for the measurement period ending June 30,2020.
Dental Trend	4% per year
Vision Trend	4% per year
Pre-Excise Tax Health Care Trend	

Year	Increase in Premium Rate	
	Pre-65	Post-65
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
JUNE 30, 2020

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 in the previous page 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

CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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, 2019			
(Valuation Date June 30, 2020)	\$ 3,548,379	\$ 2,299,244	\$ 1,249,135
Changes recognized for the measurement period:			
Service cost	-	-	-
Interest	239,372	-	239,372
Differences between expected and actual experience	(63,695)	-	(63,695)
Changes of assumptions	(163,313)	-	(163,313)
Contributions - employer	-	-	-
Net investment income	-	34,154	(34,154)

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CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

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.

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, 2020, Foundation recognized OPEB expense of - \$96,301. As of fiscal year ended June 30, 2020, 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	142,347	-
Contribution to OPEB plan after measurement date	-	-
Total	\$ 142,347	\$ -

CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

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

<u>Fiscal Year Ended June 30</u>	<u>Deferred Outflows of Resources</u>
2021	\$ 42,628
2022	42,626
2023	33,540
2024	23,553
2025	-
Thereafter	-
Total	\$ 142,347

NOTE 9 DESIGNATED NET POSITION

Unrestricted net position designated by the Board for the following purposes at June 30, 2020:

\$ 106,450,000 (203 T33 (142,340-0.0024 Tc 58015 Tw 1491.478 452

CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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, 2020**

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.

	2019	2018	2017	2016	2015	2014
Plan’s Proportion of the Net Pension Liability	0.13020%	0.11232%	0.12020%	0.12318%	0.12828%	0.04964%
Plan’s Proportionate Share of the Net Pension Liability	\$ 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	26.45%	26.93%	27.14%	21.11%	16.54%	17.59%
Plan’s Proportionate Share of Aggregate Employer Contributions	\$ 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 date is presented.

Schedule of Plan Contributions

	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution	\$ 479,676	\$ 365,582	\$ 160,857	\$ 138,864	\$ 2,800	\$ 234,666
Contributions in Relation to the Actuarially Determined Contributions	479,728	365,582	160,857	138,864	2,770	234,666
Contribution Excess	\$ 52	\$ -	\$ -	\$ -	\$ (30)	\$ -
Covered Payroll	\$ -	\$ -Ac				

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

CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
JUNE 30, 2020
(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	11,407,345
State	995,999
Local	-
Nongovernmental	883,824
Sales and services of educational activities	-
Sales and services of auxiliary enterprises, gross	-
Scholarship allowances (enter as negative)	-
Other operating revenues	318,518
Total operating revenues	13,605,686
Expenses:	
Operating expenses:	
Instruction	1,348,860
Research	2,927,680
Public service	7,267,478
Academic support	742,885
Student services	1,000,265
Institutional support	-
Operation and maintenance of plant	-
Student grants and scholarships	-
Auxiliary enterprise expenses	1,786,476
Depreciation and amortization	149,828
Total operating expenses	15,223,472
Operating income (loss)	(1,617,786)
Nonoperating revenues (expenses):	
State appropriations, noncapital	-
Federal financial aid grants, noncapital	-
State financial aid grants, noncapital	-
Local financial aid grants, noncapital	-

CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.
OTHER INFORMATION
JUNE 30, 2020
(FOR INCLUSION IN THE CALIFORNIA STATE UNIVERSITY)

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		698,561
Total	\$	698,561

2.1 Composition of investments:

Investment Type	Current	Noncurrent	Fair Value
Money market funds			-
Repurchase agreements			-
Certificates of deposit			-
U.S. agency securities	456,848		456,848
U.S. treasury securities	1,488,628		1,488,628
Municipal bonds	846,954		846,954
Corporate bonds	1,905,308		1,905,308
Asset backed securities			-
Mortgage backed securities			-
Commercial paper			-
Mutual funds	2,609,573		2,609,573

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CALIFORNIA STATE UNIVERSITY, EAST BAY
OTHER INFORMATION
JUNE 30, 2021
(FOR INCLUSION IN THE CALIFORNIA STATE UNIVERSITY, EAST BAY ANNUAL REPORT)

Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
\$	-	-	-
	-	-	-
	456,848		456,848
	1,488,628		1,488,628
	846,954		846,954
	1,905,308		1,905,308
	-		-
	-		-
	2,609,573		2,609,573

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**CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.
OTHER INFORMATION
JUNE 30, 2020
(FOR INCLUSION IN THE CALIFORNIA STATE UNIVERSITY)**

Depreciable/Amortizable capital assets:

**CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.
OTHER INFORMATION
JUNE 30, 2020
(FOR INCLUSION IN THE CALIFORNIA STATE UNIVERSITY)**

6 Long-term debt obligations schedule:

CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.
OTHER INFORMATION
JUNE 30, 2020
(FOR INCLUSION IN THE CALIFORNIA STATE UNIVERSITY)

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	425,087	139,662	113,394	-	-	670,717	-	1,348,860
Research	877,991	122,198	122,336	-	-	1,805,155	-	2,927,680
Public service	998,971	289,411	248,455	-	-	5,730,641	-	7,267,478
Academic support	323,690	61,400	41,830	-	-	315,965	-	742,885
Student services	583,265	174,773	140,919	-	-	101,308	-	1,000,265
Institutional support	-	-	-	-	-	-	-	-
Operation and maintenance of plant	-	-	-	-	-	-	-	-
Student grants and scholarships	-	-	-	-	-	-	-	-
Auxiliary enterprise expenses	-	-	-	1,303,681	(96,301)	(12,595,000)	595,828	1,000,478
Depreciation and amortization	-	-	-	-	-	-	149,828	149,828
Total operating expenses	\$ 3,209,004	787,300	182,800	1,303,681	(96,301)	5,730,641	149,828	10,786,478

**CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.
NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2020**

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.

