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Year Ended June 30, 2022

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CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Board of Directors

Board of Directors

Board of Directors
Cal State East Bay Educational Foundation, Inc.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's

Management's Discussion and Analysis (Continued)
Year Ended June 30, 2022
(Unaudited)

This section of Cal State East Bay Educational Foundation, Inc.'s (Educational Foundation) annual financial report includes some of management's insights and analyses of the Educational Foundation's financial performance for the year ended June 30, 2022. This discussion has been prepared by management and should be read in conjunction with the financial statements and notes.

- Total assets increased overall by \$3.9 million primarily due to a \$1.5 million increase in current assets and a \$2.3 million increase in noncurrent assets. The increase in current assets were from capital and noncapital contributions received and an increase in pledges receivable, offset by a reduction in the value of investment portfolio. The noncurrent assets increased primarily from an increase in noncurrent pledges combined with additions to permanent endowments.
- Net operating income increased by \$6.7 million primarily from capital and noncapital gift contributions received during the year. In addition, the total contributions to support the University was lower in the current year as compared to the prior year.
- Non-operating revenues decreased by \$6.4 million due to the significant decrease in the value of investment portfolio, as a result of decline of the overall global market conditions.

The annual report consists of a series of financial statements, prepared in accordance with the 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 Educational Foundation because it is a component unit of California State University, East Bay (University). Consistent with the University, the Educational 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 Educational Foundation. The discussion has been prepared by management and should be read in conjunction with the basic financial statements and accompanying notes.

Management's Discussion and Analysis (Continued)
Year Ended June 30, 2022
(Unaudited)

Notes to Financial Statements

Management's Discussion and Analysis (Continued)
Year Ended June 30, 2022
(Unaudited)

Statements of Revenues, Expenses and
Changes in Net Position

Statement of Net Position
Year Ended June 30, 2022
(With Comparative Totals for 2021)

| | 2022 | 2021 |
|------------------------------|---------------|---------------|
| Current assets: | | |
| Cash | \$ 4,026,253 | \$ 1,134,334 |
| Investments | 3,764,879 | 5,897,715 |
| Accounts receivable | 357,605 | 434,720 |
| Pledges receivable, net | 1,259,679 | 395,506 |
| Total current assets | 9,408,416 | 7,862,275 |
| Noncurrent assets: | | |
| Endowment investments | 15,588,660 | 14,647,215 |
| Pledges receivable, net | 1,846,357 | 425,553 |
| Total noncurrent assets | 17,435,017 | 15,072,768 |
| Total assets | 26,843,433 | 22,935,043 |
| Current liabilities: | | |
| Accounts payable | 12,393 | 31,302 |
| Total current liabilities | 12,393 | 31,302 |
| Restricted: | | |
| Nonexpendable-endowments | 15,588,660 | 14,647,215 |
| Expendable: | | |
| Scholarships and fellowships | 1,240,764 | 3,838,705 |
| Capital projects | 4,500,338 | 363,609 |
| Other programs | 4,778,693 | 3,462,078 |
| Unrestricted | 722,585 | 592,134 |
| Total net position | \$ 26,831,040 | \$ 22,903,741 |

See accompanying Notes to Financial Statements.

Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2022
(With Comparative Totals for 2021)

| | 2022 | 2021 |
|---|---------------|---------------|
| Operating revenues | | |
| Gifts, capital | \$ 4,155,892 | \$ 47,937 |
| Gifts, noncapital | 3,476,472 | 2,141,297 |
| Additions to permanent endowments | 942,970 | 692,500 |
| Other operating revenues | 260,250 | 276,725 |
| Total operating revenues | 8,835,584 | 3,158,459 |
| Operating expenses: | | |
| Contributions to support activities of the University | 2,169,914 | 3,274,025 |
| Accounting and administrative cost | 131,413 | 127,776 |
| Total operating expenses | 2,301,327 | 3,401,801 |
| Net operating income (loss) | 6,534,257 | (243,342) |
| Investment gain (loss), net | (2,793,120) | 3,688,427 |
| Investment income, net | 186,162 | 118,414 |
| Total nonoperating revenues (expenses) | (2,606,958) | 3,806,841 |
| | 3,927,299 | 3,563,499 |
| Net position, Beginning of year | 22,903,741 | 19,340,242 |
| Net position, End of year | \$ 26,831,040 | \$ 22,903,741 |

See accompanying Notes to Financial Statements.

Statement of Cash Flows
Year Ended June 30, 2022
(With Comparative Totals for 2021)

| | 2022 | 2021 |
|--|--------------|--------------|
| Receipts from contributors | \$ 6,290,357 | \$ 3,646,049 |
| Payments for contributions to the University | (2,169,914) | (3,274,025) |
| Payments for accounting and administrative costs | (131,413) | |

See accompanying Notes to Financial Statements.

Statement of Fiduciary Net Position
Custodial Fund
Year Ended June 30, 2022
(With Comparative Totals for 2021)

| | 2022 | 2021 |
|---|------------|------------|
| Investments at fair value | | |
| Corporate bonds | \$ 56,960 | \$ 65,177 |
| Equity securities | 319,082 | 418,799 |
| U.S. treasury securities | 51,850 | 40,245 |
| Municipal Bonds | 25,686 | 26,636 |
| U. S. Agency Securities | - | 857 |
| Money market mutual funds | 32,358 | 45,461 |
| Mutual funds | 77,005 | 123,039 |
| Alternative Investments | 42,028 | - |
| Total investments | 604,969 | 720,214 |
| Total assets | 604,969 | 720,214 |
| | - | - |
| Restricted: | | |
| Individuals, organizations, and other governments | 604,969 | 720,214 |
| Total net position | \$ 604,969 | \$ 720,214 |

See accompanying Notes to Financial Statements.

Statement of Changes in Fiduciary Net Position
Custodial Fund
Year Ended June 30, 2022
(With Comparative Totals for 2021)

2022

2021

Notes to Financial Statements (Continued)

June 30, 2022

A. Nature of Activities

Cal State East Bay Educational Foundation, Inc. (Educational Foundation) is a California tax-exempt, nonprofit corporation organized in 1963 as the Cal State-Affiliates to support California State University, East Bay (University). The Educational Foundation promotes private sector support for educational activities to supplement state support. Contributions to the Educational Foundation support scholarships and other University programs.

B. Financial Reporting Entity

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

C. Basis of Presentation

The basic financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with 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. Fiduciary Activities

The Educational Foundation is the custodian of investments held for the California State University East Bay, Alumni Association. These activities are presented in a separate statement of Net Fiduciary Position and Statement of Changes in Fiduciary Net Position.

E. Use of Estimates

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

F. Cash and Cash Equivalents

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

Notes to Financial Statements (Continued)

June 30, 2022

G. Pledges Receivable

Pledges that are expected to be collected within one year are reflected as current and are recorded at their net realizable value. Pledges that are due in subsequent years are reflected as noncurrent and are discounted to their present value using risk-adjusted rates. The discount rate for the year ended June 30, 2022 was 3.26%. Allowance for

Notes to Financial Statements (Continued)

June 30, 2022

Notes to Financial Statements (Continued)

June 30, 2022

The Educational Foundation recognizes accrued inte

Notes to Financial Statements (Continued)
June 30, 2022

Primary government nonoperating revenues (expenses), net, consists of the following:

| | <u>2022</u> | | 2021 |
|-------------------------------------|-----------------------|----|-----------|
| Realized and unrealized gains | \$ (2,793,120) | \$ | 3,688,427 |
| Interest and dividends, net of fees | <u>186,162</u> | | 118,414 |
| Total | <u>\$ (2,606,958)</u> | \$ | 3,806,841 |

Notes to Financial Statements (Continued)
June 30, 2022

D. Interest Rate Risk

This is the risk of loss due to the fair value of an investment falling due to interest rates rising. As a means of limiting this exposure, 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.

The following indicates the credit and interest rate risk of investments as of June 30, 2022. The credit ratings listed are for Moody's Investor Services.

| | Weighted-Average Duration (Years) | Fair Value | Rating | | | | | |
|-----------------|--------------------------------------|--------------|--------|-----------|--------------|------|------------|----------|
| | | | AAA | Aa1-Aa3 | A1-A3 | BA1 | Baa1- Baa3 | NR |
| Corporate bonds | 5.42 | \$ 1,822,191 | \$ - | \$ 17,948 | \$ 1,135,184 | \$ - | \$ 667,990 | \$ 1,069 |

E. 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 Educational 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.

Alternative investments are not categorized under the fair value hierarchy and are shown at Net Asset Value (NAV). The Foundation uses NAV as a practical expedient to determine fair value of all underlying investments which (a) do not have a readily determinable fair value; and (b) are in investment companies or similar entities that report their investment assets at fair values.

Notes to Financial Statements (Continued)
June 30, 2022

The following shows the investments by fair value level as of June 30, 2022:

| Primary Government: | Fair Value Measurements Using | | | | |
|---------------------------------------|--------------------------------|---|---------------------|---|-----|
| | Investment by Fair Value Level | Quoted Prices in Active Markets for Identical Assets | | Significant Other Observable Inputs | NAV |
| | | Total | Level 1 | Level 2 | |
| | | Total | Level 1 | Level 2 | |
| Corporate bonds | \$ 1,822,191 | \$ - | \$ 1,822,191 | \$ - | |
| Equity securities | 10,207,743 | 10,207,743 | - | - | |
| Mutual funds | 2,463,475 | - | 2,463,475 | - | |
| U.S. treasury securities | 1,658,748 | - | 1,658,748 | - | |
| Municipal bonds | 821,709 | - | 821,709 | - | |
| Money market mutual funds | 1,035,171 | - | - | 1,035,171 | |
| Alternative Investments | 1,344,502 | - | - | 1,344,502 | |
| Total investments by fair value level | <u>\$ 19,353,539</u> | <u>\$ 10,207,743</u> | <u>\$ 6,766,123</u> | <u>\$ 2,379,673</u> | |

| Fiduciary Fund: | Fair Value Measurements Using | | | | |
|---------------------------------------|--------------------------------|---|------------|---|-----|
| | Investment by Fair Value Level | Quoted Prices in Active Markets for Identical Assets | | Significant Other Observable Inputs | NAV |
| | | Total | Level 1 | Level 2 | |
| | | Total | Level 1 | Level 2 | |
| Corporate bonds | \$ 56,960 | \$ - | \$ 56,960 | \$ - | |
| Equity securities | 319,082 | 319,082 | - | - | |
| Mutual funds | 77,005 | - | 77,005 | - | |
| U.S. treasury securities | 51,850 | - | 51,850 | - | |
| Municipal bonds | 25,686 | - | 25,686 | - | |
| Money market mutual funds | 32,358 | - | - | 32,358 | |
| Alternative Investments | 42,028 | - | - | 42,028 | |
| Total investments by fair value level | \$ 604,969 | \$ 319,082 | \$ 211,501 | \$ 74,386 | |

Notes to Financial Statements (Continued)
June 30, 2022

Pledge receivables consist of the following:

| | <u>2022</u> | <u>2021</u> |
|--|---------------------|-------------------|
| Receivable in less than one year | \$ 1,261,741 | \$ 401,756 |
| Receivable in one to five years | 2,066,774 | 446,991 |
| Less: allowance for doubtful accounts | (2,062) | (6,250) |
| Less: discount factor to present value | (220,417) | (21,438) |
| Total | <u>\$ 3,106,036</u> | <u>\$ 821,059</u> |

Schedule of Net Position
Year Ended June 30, 2022

| | |
|---------------------------|-----------|
| Cash and cash equivalents | 4,026,253 |
| Short-term investments | 3,764,879 |
| Accounts receivable, net | 357,605 |

Other Information
Year Ended June 30, 2022

Portion of restricted cash and cash equivalents related to endowments

All other restricted cash and cash equivalents

Current cash and cash equivalents

| | |
|--|-----------|
| | 4,026,253 |
| | |

| | | |
|--|------------|------------|
| Money market funds | \$ 201,375 | \$ 833,796 |
| Repurchase agreements | | |
| Certificates of deposit | | |
| U.S. agency securities | | |
| U.S. treasury securities | 322,679 | 1,336,069 |
| Municipal bonds | 159,849 | 661,860 |
| Corporate bonds | 354,474 | 1,467,717 |
| Asset backed securities | | |
| Mortgage backed securities | | |
| Commercial paper | | |
| Mutual funds | 479,224 | 1,984,251 |
| Exchange traded funds | | |
| Equity securities | 1,985,730 | 8,222,013 |
| Alternative investments: | | |
| Private equity (including limited partnerships) | 41,127 | 170,287 |
| Hedge funds | | |
| Managed futures | | |
| Real estate investments (including REITs) | 220,421 | 912,667 |
| Commodities | | |
| Derivatives | | |
| Other alternative investment | | |
| Other external investment pools | | |
| CSU Consolidated Investment Pool (formerly SWIFT) | | |
| State of California Local Agency Investment Fund (LAIF) | | |
| State of California Surplus Money Investment Fund (SMIF) | | |
| Other investments: | | |

Total Other investments

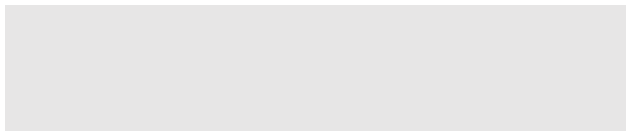
Less endowment investments (enter as negative number)

| | |
|--|--|
| | |
| | |

Cal State East Bay Educational Foundation, Inc.
 Other Information
 Year Ended June 30, 2022

2.2 Fair value hierarchy in investments:

| Investment Type | Total | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Net Asset Value (NAV) |
|---|--------------|--|--|--|-----------------------|
| Money market funds | \$ 1,035,171 | | | | 1,035,171 |
| Repurchase agreements | - | | | | |
| Certificates of deposits | - | | | | |
| U.S. agency securities | - | | | | |
| U.S. treasury securities | 1,658,748 | | 1,658,748 | | |
| Municipal bonds | 821,709 | | 821,709 | | |
| Corporate bonds | 1,822,191 | | 1,822,191 | | |
| Asset backed securities | - | | | | |
| Mortgage backed securities | - | | | | |
| Commercial paper | - | | | | |
| Mutual funds | 2,463,475 | | 2,463,475 | | |
| Exchange traded funds | - | | | | |
| Equity securities | 10,207,743 | 10,207,743 | | | |
| Alternative investments: Private equity (including | | | | | |



Other Information (Continued)
Year Ended June 30, 2022

Investments held by the University under contractual agreements
e.g. - CSU Consolidated Investment Pool (formerly SWIFT):

Land and land improvements
Works of art and historical treasures
Construction work in progress (CWIP)
Intangible assets:
Rights and easements
Patents, copyrights and trademarks
Intangible assets in progress (PWIP)
Licenses and permits
Other intangible assets:

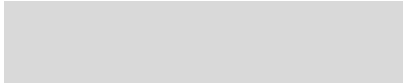
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-

Total Other intangible assets

Other Information (Continued)
Year Ended June 30, 2022

Buildings and buildin



Other Information (Continued)
Year Ended June 30, 2022

Other Information (Continued)
Year Ended June 30, 2022

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Other Information (Continued)
Year Ended June 30, 2022

| | Restatement #1 | | | | Restatement #2 | | | |
|--------------------------------------|----------------|---|---|---|----------------|---|---|---|
| Instruction | - | - | - | - | - | - | - | - |
| Research | - | - | - | - | - | - | - | - |
| Public service | - | - | - | - | - | - | - | - |
| Academic support | - | - | - | - | - | - | - | - |
| Student services | - | - | - | - | - | - | - | - |
| Institutional support | - | - | - | - | - | - | - | - |
| Operational and maintenance of plant | - | - | - | - | - | - | - | - |
| Student g | - | - | - | - | - | - | - | - |
| | | | | | | | | |

Note to Supplementary Schedules
Year Ended June 30, 2022

As an auxiliary organization, the Cal State East Bay Educational Foundation, Inc. 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 Educational Foundation's financial statements and supplementary schedules for CSU.

