



CALIFORNIA STATE UNIVERSITY  
**LONG BEACH**  
RESEARCH FOUNDATION

Financial Statements  
with Supplementary Financial Information  
June 30, 2019 and 2018

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
California State University, Long Beach Research Foundation:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of California State University, Long Beach Research Foundation, which comprise the statement of net position as of June 30, 2019 and 2018, and the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

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

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

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

## *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of California State University, Long Beach Research Foundation as of June 30, 2019 and 2018, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A) on pages 4-15 and the Required Supplemental Information (RSI) on page 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, are 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 as a whole. The supplemental informational schedules on pages 52-59 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplemental informational schedules are the responsibility of management and were derived from and relate 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 supplemental informational schedules 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 13, 2019 on our consideration of California State University, Long Beach Research Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering California State University, Long Beach Research Foundation's internal control over financial reporting and compliance.

*Winder, Inc.*

Long Beach, California  
September 13, 2019

**CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**JUNE 30, 2019 AND 2018**

**Introduction**

The following discussion and analysis provides an overview of the financial position and activities of the California State University, Long Beach Research Foundation (the Research Foundation) for the years ended June 30, 2019 and 2018. The discussion has been prepared by management and should be read in conjunction with the financial statements and notes thereto, which follow this section.

The Research Foundation is a nonprofit organization formed to support and advance the mission of California State University, Long Beach (the University). To fulfill this mission, the Research Foundation pursues a wide range of opportunities in the areas of grants and contracts, campus programs, public-private partnerships, technology transfer, and other entrepreneurial activities to complement and strengthen the University's teaching, research, scholarly, creative, and public service goals.

**Using the Financial Statements**

The Research Foundation's financial report includes three statements: the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows. These financial statements have been prepared in accordance with Governmental Accounting Standards Board (GASB) principles. GASB establishes standards for external financial reporting for public colleges and universities and requires that financial statements be presented on a consolidated basis to focus on the reporting entity as a whole, with resources classified for accounting and reporting purposes into the following four net asset categories:

- Invested in capital assets, net of related debt
- Restricted, non-expendable
- Restricted, expendable
- Unrestricted

**CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION**

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

**Statement of Net Position**

The statement of net position presents the financial position of the Research Foundation at the end of the fiscal year and includes all assets, deferred outflows of resources, liabilities, and deferred outflows of resources of the Research Foundation. The difference between total assets, total liabilities, and net total of deferred outflow and inflow of resources – net position – is one indicator of the current financial condition of the Research Foundation, while the change in net position is an indicator of whether the overall financial condition has improved or worsened during the year. Assets, deferred outflow of resources, liabilities, and deferred inflow of resources are generally measured using current values. One notable exception is capital assets, which are stated at historical costs less an allowance for depreciation. For the purpose of distinguishing between current and noncurrent assets and liabilities, current assets and liabilities are those that can be reasonably expected to either generate or use cash, as part of normal business operations, within one year of the financial statement date. A summary of the Research Foundation's assets, deferred outflow of resources, liabilities, deferred inflow of resources and net position at June 30, 2019 and 2018 is as follows:

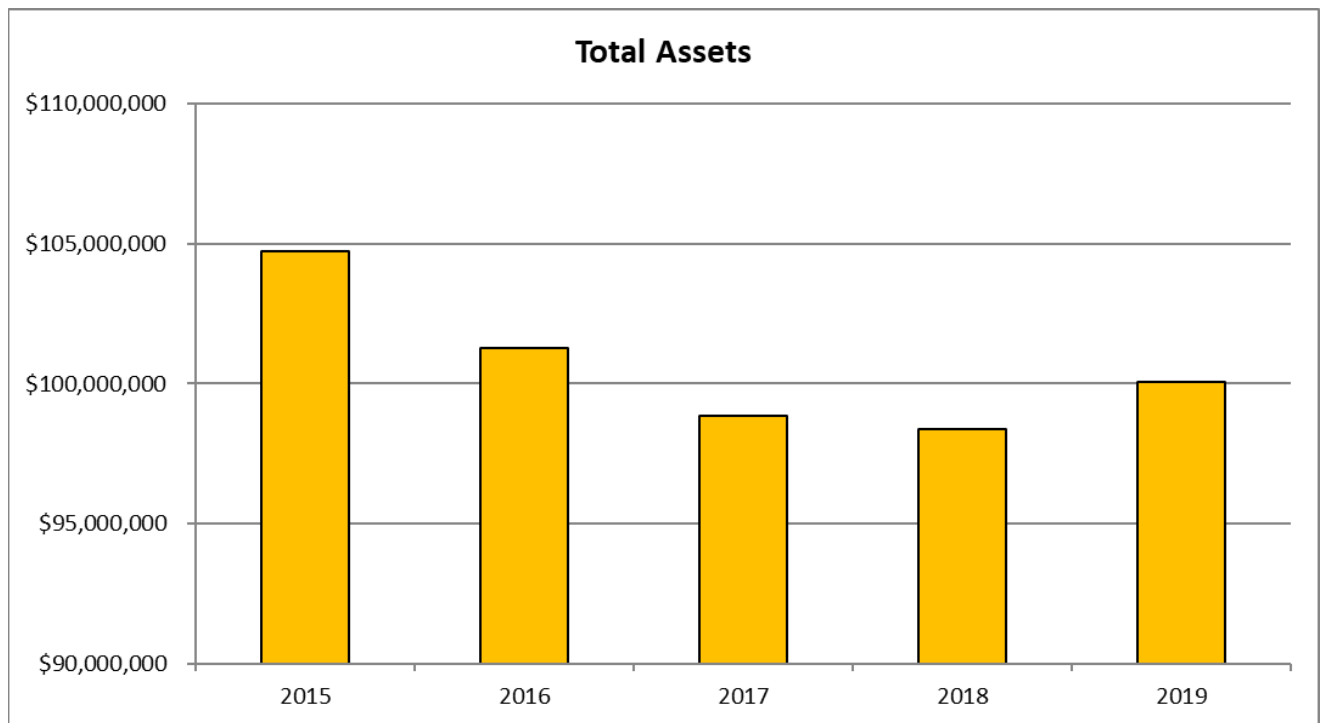
	<b>June 30,</b>	
	<b>2019</b>	<b>2018</b>
Current assets	\$ 37,600,000	\$ 35,250,000
Noncurrent assets		
Accounts receivable, net	16,400,000	16,350,000
Pledges receivable, net	1,750,000	1,350,000
Other investments	3,650,000	3,800,000
Capital assets	<u>40,650,000</u>	<u>41,650,000</u>
Total assets	<u>100,050,000</u>	<u>98,400,000</u>
Deferred outflows of resources	<u>1,750,000</u>	<u>1,900,000</u>
Current liabilities	10,250,000	9,100,000
Noncurrent liabilities	<u>45,350,000</u>	<u>48,400,000</u>
Total liabilities	<u>55,600,000</u>	<u>57,500,000</u>
Deferred inflows of resources	<u>12,700,000</u>	<u>12,600,000</u>
Net Position	<u>\$ 33,500,000</u>	<u>\$ 30,200,000</u>

Total assets increased \$1.7 million, or 2%, during 2019 and decreased \$450,000, or 0.5%, during fiscal year 2018. The increase in total assets in 2019 is due primarily to increase in cash and cash equivalents, investments, and pledges receivable attributed to the elimination of allowance for uncollectible amount. The decrease in total assets in 2018 is due to a decrease in pledge receivables and capital assets.

**CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**JUNE 30, 2019 AND 2018**

**Statement of Net Position (Continued)**

Current assets of \$37.6 million in 2019 were \$2.4 million, or 7% higher than 2018 due to higher cash balance and investments. Current assets of \$35.3 million in 2018 were \$1.05 million, or 3% higher than 2017 due to an increase in grants receivable.



Total liabilities of \$55.6 million during fiscal year 2019 decreased \$1.9 million, or 3% due primarily to refunding of one of the bonds. Current liabilities in fiscal year 2019 include accounts payable of \$1.6 million, accrued salaries and benefits, and compensated absences of \$3 million, unearned revenues of \$3.8 million, the current portion of long-term debt of \$1.08 million, and \$770,000 of other liabilities.

Total liabilities of \$57.5 million during fiscal year 2018 decreased \$3.05 million, or 5.0%, due to lower unearned revenues and long-term debt obligations. Current liabilities in fiscal year 2018 include accounts payable of \$2 million, accrued salaries, benefits, and compensated absences payable of \$1.8 million, unearned revenues of \$2.7 million, and the current portion of long-term debt of \$1.1 million.

Current unearned revenues represent unexpended cash advances received for sponsored programs.



**CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**JUNE 30, 2019 AND 2018**

**Statement of Net Position (Continued)**

Net position increased by \$3.3 million, or 11%, during fiscal year 2019. The increase is due to the elimination of the allowance for uncollectible pledge, and campus program activity operating income of \$2 million. Net position increased by \$2.3 million, or 8%, during fiscal year 2018. The increase is attributed to the other post-employment adjustment in compliance with GASB 75 reporting standard.

**Other Investments**

The other long-term investments were \$3.7 million in 2019 and \$3.8 million in 2018. These investments consist of funds that have been allocated by the Research Foundation for long-term investment purposes without donor restrictions.

**Capital Assets and Long-Term Debt Activities**

The Research Foundation's capital assets is as follows:

	<b>June 30,</b>	
	<b>2019</b>	<b>2018</b>
Building and improvements	\$32,300,000	\$ 32,300,000
Furniture and fixtures	1,700,000	1,700,000
	34,000,000	34,000,000
Less accumulated depreciation and amortization	(16,750,000)	(15,750,000)
	17,250,000	18,250,000
Collection items (works of art)	6,300,000	6,300,000
Land and land improvements	17,100,000	17,100,000
	\$40,650,000	\$ 41,650,000

At June 30, 2019, the Research Foundation had \$40.7 million invested in capital assets, net of accumulated depreciation of \$16.8 million. Capital assets during fiscal year 2019 decreased \$1 million, or 2%, due to depreciation charges of \$1.1 million.

**CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

**JUNE 30, 2019 AND 2018**

**Capital Assets and Long-Term Debt Activities (Continued)**

At June 30, 2018, the Research Foundation had \$41.6 million invested in capital assets, net of accumulated depreciation of \$15.7 million. Capital assets during fiscal year 2018 decreased \$1.3 million, or 3%, due to depreciation charges of \$1.12 million and retirement of assets totaling \$700,000.

Long-term debt obligations consist of bonds of \$26.4 million in 2019 and \$27.8 million in 2018.

The Systemwide Revenue Bond with the California State University for the Research Foundation headquarters was refinanced in August 2018.

**Net Position**

Net position represents the residual interest in the Research Foundation's assets and deferred outflow of resources after liabilities and deferred inflow of resources are deducted. The Research Foundation's net position is as follows:

	<b>June 30,</b>	
	<b>2019</b>	<b>2018</b>
Invested in capital assets, net of related debt	\$13,200,000	\$ 12,750,000
Restricted:		
Nonexpendable	-	-
Expendable	14,200,000	12,550,000
Unrestricted	<u>6,100,000</u>	<u>4,900,000</u>
Net Position	<u>\$33,500,000</u>	<u>\$ 30,200,000</u>

Net position increased by \$3.3 million, or 11%, during fiscal year 2019. The increase is due to the elimination of the allowance for uncollectible pledge and campus program activity operating income of \$2 million.

Net position of \$30.2 million increased \$2.3 million, or 8%, during fiscal year 2018 due to the other post-employment benefit (OPEB) valuation in compliance with GASB 75 reporting standards.

**CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION**

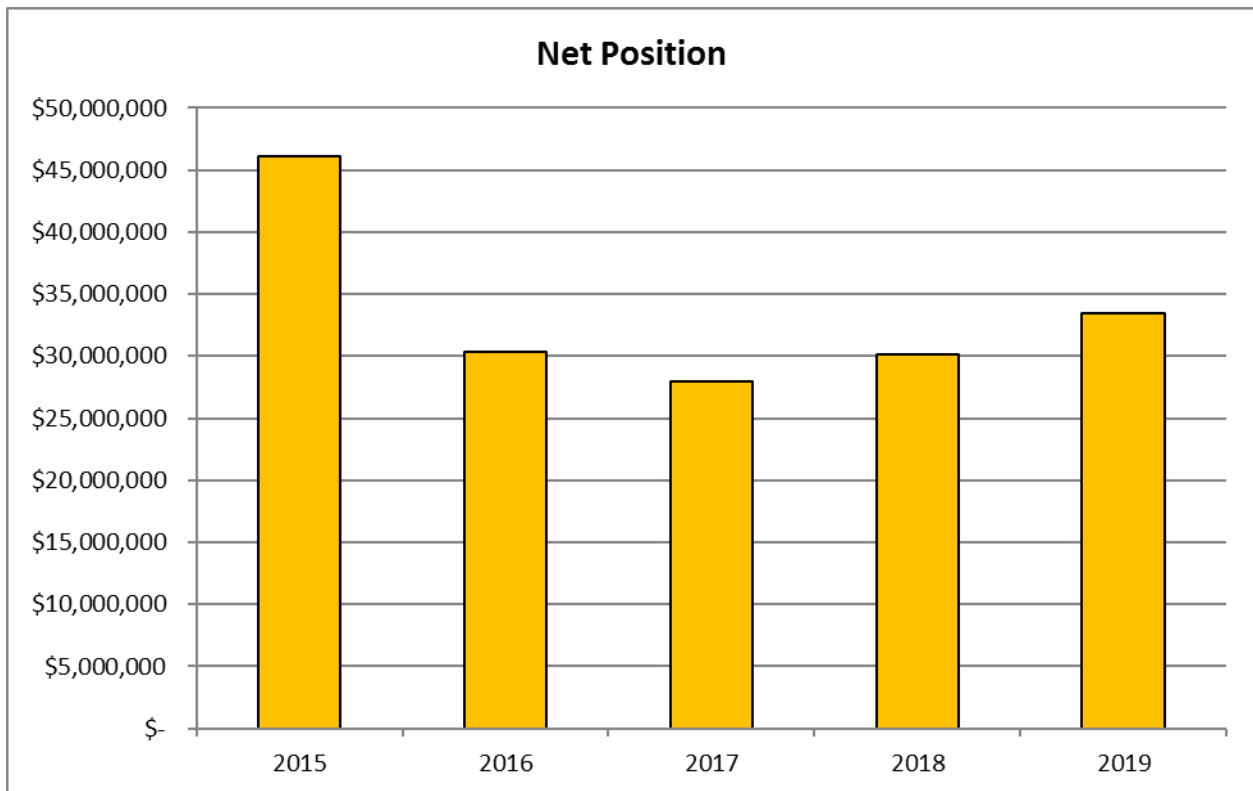
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

**JUNE 30, 2019 AND 2018**

**Net Position (Continued)**

Net invested in capital assets, net of related debt, represent the Research Foundation's capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of these assets.

Items included in the restricted expendable net position are program funds designated to support research, and other program activities.



**CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

**JUNE 30, 2019 AND 2018**

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

The statement of revenues, expenses, and changes in net position presents the Research Foundation's results of operations. A summary of the Research Foundation's revenues, expenses, and changes in net position is as follows:

	<b>For the Year Ended</b>	
	<b>June 30,</b>	
	<b>2019</b>	<b>2018</b>
Operating revenues:		
Grants and contracts	\$ 36,800,000	\$ 39,550,000
Other	10,550,000	10,400,000
Total operating revenues	<u>47,350,000</u>	<u>49,950,000</u>
Operating expenses	<u>(45,300,000)</u>	<u>(47,800,000)</u>
Operating income	<u>2,050,000</u>	<u>2,150,000</u>
Nonoperating revenues (expenses):		
Gifts, noncapital	2,000,000	1,200,000
Investment income, net	800,000	1,400,000
Nonoperating expenses	<u>(1,550,000)</u>	<u>(1,850,000)</u>
Total nonoperating revenues, net	<u>1,250,000</u>	<u>750,000</u>
Change in net position	3,300,000	2,900,000
Special item:		
Transfer of net positions to CSULB 49er Foundation	None	(650,000)
Net position at beginning of year	<u>30,200,000</u>	<u>27,950,000</u>
Net position at end of year	<u>\$ 33,500,000</u>	<u>\$ 30,200,000</u>

During fiscal year 2019, total operating revenues of \$47.4 million decreased \$2.6 million, or 5%. Grant and contracts revenues decreased \$2.8 million in 2019. Total nonoperating revenues of \$1.2 million increased \$500,000, or 67%, due to increase in contributions.

During fiscal year 2018, total operating revenues of \$49.9 million increased \$4.3 million, or 9.3%, due to increase in grant revenues. Total nonoperating revenues of \$750,000 decreased \$1.9 million, or 71.2%, attributed to other post-employment benefit (OPEB) valuation adjustment.

**CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

**JUNE 30, 2019 AND 2018**

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

During fiscal year 2019, grants and contracts revenues consist of federal grants and contracts of \$24.6 million, state and local grants and contracts of \$8.5 million, and non-governmental grants and contracts of \$3.7 million.

During fiscal year 2018, grants and contracts revenues consist of federal grants and contracts of \$23.9 million, state and local grants and contracts of \$9.1 million, and non-governmental grants and contracts of \$6.5 million.

Investment income, net of fees, consists of a change in the fair market value of investments, including interest, dividends, and realized and unrealized gains of \$800,000 in 2019 and \$1.4 million in 2018.

In 2019, operating expenses consist of salaries and fringe benefits of \$23.9 million, supplies and services of \$15.9 million, scholarships and fellowship of \$4.4 million, and depreciation of \$1.1 million.

In 2018, operating expenses consist of salaries and fringe benefits of \$25 million, supplies and services of \$16.8 million, scholarships and fellowship of \$4.9 million, and depreciation of \$1.1 million.

**CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

**JUNE 30, 2019 AND 2018**

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

In addition to their natural classifications, it is also informative to review operating expenses by function. A summary of the Research Foundation's expenses by functional classification is as follows:

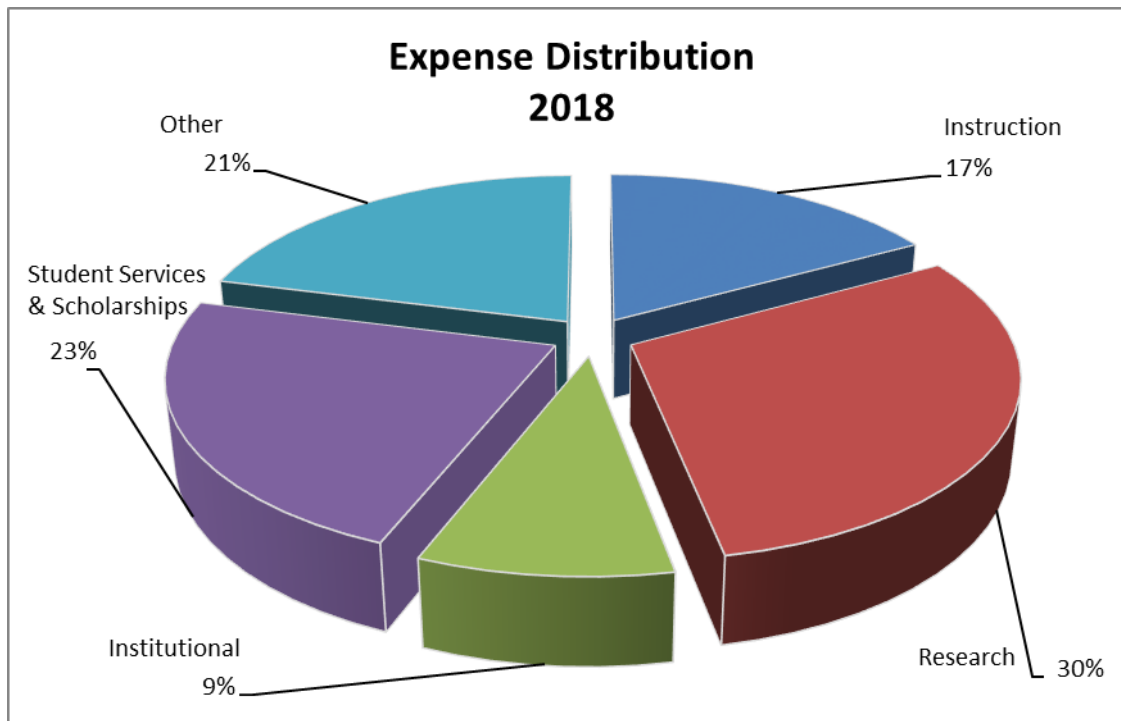
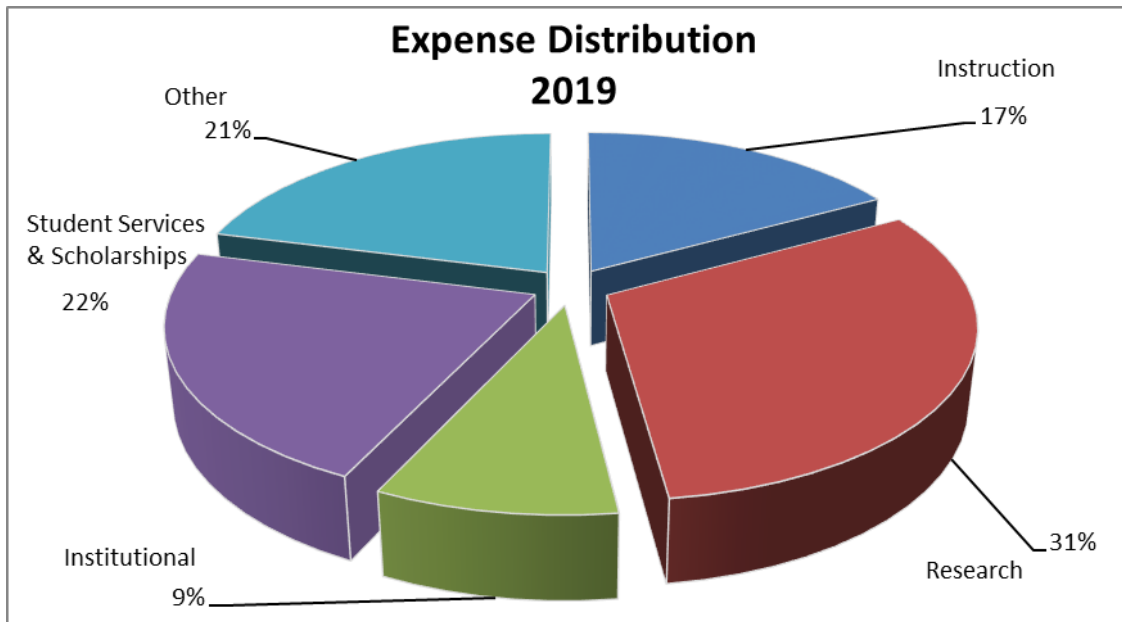
	<b>For the Year Ended</b>	
	<b>June 30,</b>	
	<b>2019</b>	<b>2018</b>
Operating		
Instruction	\$ 7,700,000	\$ 7,900,000
Research	13,850,000	14,400,000
Public service	4,350,000	4,300,000
Academic support	3,150,000	3,650,000
Student services	5,750,000	6,000,000
Institutional support	4,100,000	4,350,000
Student grants and scholarships	4,400,000	4,850,000
Auxiliary enterprise expenses	890,000	1,200,000
Depreciation and amortization	<u>1,110,000</u>	<u>1,150,000</u>
Total Operating Expenses	<u>\$ 45,300,000</u>	<u>\$ 47,800,000</u>

**CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

**JUNE 30, 2019 AND 2018**

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



**CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

**JUNE 30, 2019 AND 2018**

**Statement of Cash Flows**

The statement of cash flows provides additional information on the Research Foundation's financial results by reporting the major sources and uses of cash. A summary of the statement of cash flows is as follows:

	<b>For the Year Ended</b>	
	<b>June 30,</b>	
	<b>2019</b>	<b>2018</b>
Cash received from operations	\$ 48,000,000	\$ 46,450,000
Cash expended from operations	(45,700,000)	(45,650,000)
Net cash provided by operating activities	2,300,000	800,000
Net cash provided by noncapital financing activities (gifts and grants)	1,050,000	650,000
Net cash used in capital and related financing activities	(2,450,000)	(2,400,000)
Net cash provided by investing activities	150,000	600,000
Net change in cash and cash equivalents	1,050,000	(350,000)
Cash transfer to CSULB 49er Foundation	-	(650,000)
Cash and cash equivalents at beginning of year	950,000	1,950,000
Cash and cash equivalents at end of year	<u>\$ 2,000,000</u>	<u>\$ 950,000</u>

During fiscal year 2019, the cash position of \$2 million increased \$1 million, or 111% due to an increase in contributions.

During fiscal year 2018, the cash position of \$950,000 decreased \$1 million, or 51% due to an increase in grants receivable.



**CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

**JUNE 30, 2019 AND 2018**

**Economic Factors That Will Affect the Future**

The CSULB Research Foundation serves to support the endeavors of externally sponsored programs as a means of enhancing the academic experience of our faculty, students, and staff. This externally sponsored research allows faculty and students to engage in nationally recognized scholarly endeavors, and is a cornerstone of CSULB's academic excellence. The CSULB Research Foundation, along with the Office of Research and Sponsored Programs, offers a full range of pre-award and post-award administrative services to support our externally sponsored programs.

Revenue generated for providing these services makes up a significant portion of our operating revenue. In FY 2018-19, 150 new sponsored research awards were received. New awards totaled \$31,157,396, and research expenditures totaled \$32,045,140 with an F&A Blended Rate of 14.2% (up from 13.8% for the same period last year). Agencies providing funding for these awards included 44 federal agencies, 37 state agencies, 6 local agencies, and 63 private corporations and foundations. These new grant awards will have a positive impact on our economic future. We also look at the number of proposals and the dollar value of those proposals as added assurance of continued growth. In FY 2018-19, 285 new grant proposals valued at \$100,210,189 were submitted. We are also incredibly proud that our campus has been awarded a second round of funding from the National Institutes of Health for our Building Infrastructure Leading to Diversity (BUILD) program. The CSULB BUILD Program offers intensive, hands-on research and training opportunities for undergraduate students designed to prepare them to excel in doctoral programs, as well as health-related research careers. It is one of only ten similar programs in the United States. The award is almost \$20M and will extend the program for five more years. The overall goal of CSULB BUILD is to strengthen and develop a sustainable pipeline for advanced research degrees in health-related research.

Given the number of new awards and new proposals, we remain optimistic that there will continue to be a consistent revenue stream to support the operations of the CSULB Research Foundation. Similarly, we feel that the ever-increasing efforts of our faculty, students, and staff will further strengthen a research focused culture at CSULB.

During this fiscal year, the California State University successfully refunded a series of state revenue bonds, a portion of which included financing for the Research Foundation headquarters building. The refunding resulted in a significant savings in interest expense on the building.

**CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION**

**STATEMENT OF NET POSITION**

**ASSETS**

	<b>June 30,</b>	
	<b>2019</b>	<b>2018</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 2,011,530	\$ 960,175
Short-term investments	27,019,558	26,199,550
Accounts receivable, net	8,263,957	7,789,810
Pledges receivable, net	200,000	126,332
Prepaid expenses and other assets	119,695	153,868
	<u>37,614,740</u>	<u>35,229,735</u>
<b>NONCURRENT ASSETS</b>		
Accounts receivable, net	16,382,244	16,385,251
Pledges receivable, net	1,751,796	1,334,912
Other long-term investments	3,670,556	3,815,398
Capital assets, net	40,648,518	41,623,735
	<u>62,453,114</u>	<u>63,159,296</u>
<b>TOTAL ASSETS</b>	<u>100,067,854</u>	<u>98,389,031</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Net differences in OPEB liabilities	71,454	-
Unamortized loss on refunding	1,658,319	1,888,522
	<u>1,729,773</u>	<u>1,888,522</u>

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

**CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION**

**STATEMENT OF NET POSITION  
(Continued)**

**LIABILITIES**

	<u>June 30,</u>	
	<u>2019</u>	<u>2018</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 1,609,522	\$ 2,027,926
Accrued salaries and benefits payable	1,646,395	1,752,875
Accrued compensated absences, current portion	1,340,510	1,327,889
Unearned revenue	3,782,617	2,670,068
Long-term debt obligations, current portion	1,085,000	1,115,000
Other liabilities	<u>798,597</u>	<u>221,254</u>
	<u>10,262,641</u>	<u>9,115,012</u>
<b>NONCURRENT LIABILITIES</b>		
Long-term debt obligations, net of current portion	26,359,300	27,755,540
Other postemployment benefit obligations	11,573,218	12,710,651
Other liabilities	<u>7,406,182</u>	<u>7,937,417</u>
	<u>45,338,700</u>	<u>48,403,608</u>
<b>TOTAL LIABILITIES</b>	<u>55,601,341</u>	<u>57,518,620</u>
<b>DEFERRED INFLOW OF RESOURCES</b>		
Net differences in OPEB liabilities	43,745	63,710
Non-exchange transactions	<u>12,647,679</u>	<u>12,514,194</u>
	<u>12,691,424</u>	<u>12,577,904</u>
<b>NET POSITION</b>		
<b>NET POSITION</b>		
Invested capital assets, net of related debt	13,204,218	12,753,195
Restricted for:		
Expendable:		
Research	4,091,841	3,705,547
Other	10,113,613	8,835,804
Unrestricted	<u>6,095,190</u>	<u>4,886,483</u>
<b>TOTAL NET POSITION</b>	<u>\$ 33,504,862</u>	<u>\$ 30,181,029</u>

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

**CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**

	<b>For the Year Ended June 30,</b>	
	<u><b>2019</b></u>	<u><b>2018</b></u>
<b>REVENUES</b>		
Operating Revenues:		
Grants and contracts, noncapital:		
Federal	\$ 24,637,988	\$ 23,894,350
State	6,495,182	6,947,275
Local	1,962,530	2,140,551
Nongovernmental	3,704,460	6,545,388
Sales and services of auxiliary enterprises	4,637,153	4,241,735
Other operating revenues	<u>5,907,456</u>	<u>6,166,916</u>
	<u>47,344,769</u>	<u>49,936,215</u>
<b>EXPENSES</b>		
Operating Expenses:		
Instruction	7,712,730	7,873,658
Research	13,857,584	14,370,935
Public service	4,335,445	4,305,521
Academic support	3,157,023	3,668,723
Student services	5,723,280	5,990,245
Institutional support	4,103,636	4,382,805
Student grants and scholarships	4,399,247	4,862,118
Auxiliary enterprise expenses	888,314	1,211,671
Depreciation and amortization	<u>1,113,583</u>	<u>1,127,433</u>
	<u>45,290,842</u>	<u>47,793,109</u>
<b>OPERATING INCOME</b>	<u>2,053,927</u>	<u>2,143,106</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Gifts, noncapital	1,980,769	1,221,328
Investment income, net	823,475	1,428,647
Interest expense	(1,053,691)	(1,156,488)
Other nonoperating expenses	<u>(480,647)</u>	<u>(728,097)</u>
	<u>1,269,906</u>	<u>765,390</u>

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

**CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**(Continued)**

	<b>For the Year Ended June 30,</b>	
	<b>2019</b>	<b>2018</b>
<b>INCREASE IN NET POSITION BEFORE SPECIAL ITEM</b>	3,323,833	2,908,496
<b>SPECIAL ITEM</b>		
Transfer of net position to CSULB 49er Foundation	-	(654,815)
<b>INCREASE IN NET POSITION</b>	3,323,833	2,253,681
<b>NET POSITION AT BEGINNING OF YEAR</b>	30,181,029	27,927,348
<b>NET POSITION AT END OF YEAR</b>	\$ 33,504,862	\$ 30,181,029

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

**CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION**

**STATEMENT OF CASH FLOWS**

	<b>For the Year Ended</b>	
	<b>June 30,</b>	
	<b>2019</b>	<b>2018</b>
	<hr/>	<hr/>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Federal grants and contracts	\$ 25,067,416	\$ 21,801,586
State grants and contracts	6,608,390	6,338,804
Local grants and contracts	1,996,736	1,953,073
Nongovernmental grants and contracts	3,769,027	5,972,116
Payments to suppliers	(15,687,290)	(16,174,541)
Payments to employees	(25,602,184)	(24,634,361)
Payments to students	(4,399,249)	(4,862,119)
Sales and services of auxiliary enterprises	4,637,152	4,241,734
Other receipts	5,907,456	6,166,917
Net Cash Provided By Operating Activities	<hr/> 2,297,454	<hr/> 803,209
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Gifts received for other than capital purposes	1,502,272	1,394,883
Other noncapital financing activities	(492,702)	(728,097)
Net Cash Provided By Noncapital Financing Activities	<hr/> 1,009,570	<hr/> 666,786
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition of capital assets	(138,366)	-
Payments to retire bonds	(1,145,000)	(1,110,000)
Interest paid on capital-related debt	(1,120,612)	(1,265,171)
Net Cash Used In Capital and Related Financing Activities	<hr/> (2,403,978)	<hr/> (2,375,171)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales and maturities of investments	-	1,954,150
Investment income, net	823,475	1,428,647
Purchase of investments	(675,166)	(2,800,000)
Net Cash Provided By Investing Activities	<hr/> 148,309	<hr/> 582,797
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	1,051,355	(322,379)
<b>CASH TRANSFER TO CSULB 49ER FOUNDATION</b>	-	(654,815)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<hr/> 960,175	<hr/> 1,937,369
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<hr/> <u>\$ 2,011,530</u>	<hr/> <u>\$ 960,175</u>

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

**CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION**

**STATEMENT OF CASH FLOWS  
(Continued)**

	<b>For the Year Ended June 30,</b>	
	<b>2019</b>	<b>2018</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH</b>		
<b>FROM OPERATING ACTIVITIES:</b>		
Operating income	\$ 2,053,927	\$ 2,143,106
Adjustments to reconcile operating income to net cash from operating activities:		
Depreciation and amortization	1,113,583	1,127,433
Loss on disposal of capital assets	-	220,111
Change in assets and liabilities:		
Accounts receivable, net	(471,140)	(1,120,002)
Prepaid expenses and other assets	34,173	(54,201)
Deferred outflows of resources	(71,454)	-
Accounts payable	(402,520)	302,352
Accrued salaries and benefits payable	(106,480)	53,541
Accrued compensated absences	12,621	(100,811)
Unearned revenue	1,112,549	(2,341,983)
Other liabilities	(1,091,325)	-
Deferred inflows of resources	113,520	573,663
	<u>113,520</u>	<u>573,663</u>
Net Cash Provided By Operating Activities	<u>\$ 2,297,454</u>	<u>\$ 803,209</u>

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

**CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION**

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

**NOTE 1 – Statement of Significant Accounting Policies**

***Organization***

The California State University, Long Beach Research Foundation (the Research Foundation) is a nonprofit, tax-exempt corporation, incorporated in the state of California on October 3, 1956. The Research Foundation is organized to administer grants from governmental and private agencies for research and other activities related to the programs of California State University, Long Beach (the University). The Research Foundation has accepted donations, gifts, and bequests for any University-related use and is currently only administering gifts and bequests made to the Research Foundation prior to the start of CSULB 49er Foundation, which now accepts such donations for any University-related use. The Research Foundation is a direct-support organization and component of the University.

***Basis of Presentation***

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board (GASB).

The accompanying financial statements have been prepared on the accrual basis. The Research Foundation reports as a Business Type Activity and, accordingly, has reported its activities within a single column in the basic financial statements.

The Research Foundation's policy for defining operating activities as reported on the statement of revenues, expenses, and changes in net position are those that generally result from exchange transactions such as payments received for providing services and payments made for services or goods received. Nearly all of the Research Foundation's expenses are from exchange transactions. Certain significant revenue streams relied upon for operations are recorded as nonoperating revenues as defined by GASB, including gifts and investment income.



CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018

NOTE 1 – Statement of Significant Accounting Policies (Continued)

*Basis of Presentation (Continued)*

The Research Foundation has adopted GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, GASB Statement No. 35, as amended by GASB Statements No. 37, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments: Omnibus* and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*. GASB Statement No. 33 requires that unconditional promises to give be recorded as receivables and revenues when the Research Foundation has met all applicable eligibility requirements. This statement also requires that unspent cash advances received for sponsored programs be recorded as deferred revenue rather than as restricted expendable net assets. GASB Statement No. 35 established standards for external financial reporting for public colleges and universities and requires that resources be classified for accounting and reporting purposes into the following four net position categories: Invested in capital assets, net of related debt; Restricted, non-expendable; Restricted, expendable; and Unrestricted.

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

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

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

*Classification of Current and Noncurrent Assets (Other than Investments) and Liabilities*

The Research Foundation considers assets to be current that can reasonably be expected, as part of its normal business operations, to be converted to cash and be available for liquidation of current liabilities within 12 months of the statement of net position date. Liabilities that reasonably can be expected, as part of normal Research Foundation business operations, to be liquidated within 12 months of the statement of net position date, are considered to be current. All other assets and liabilities are considered to be noncurrent. For clarification of current and noncurrent investments, see the investment accounting policy.

CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018

NOTE 1 – Statement of Significant Accounting Policies (Continued)

*Net Position*

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

- *Invested in capital assets, net of related debt*

Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

- *Restricted*

**Nonexpendable** – Net position subject to externally imposed stipulations that they be maintained permanently by the Research Foundation.

**Expendable** – Net position whose use by the Research Foundation is subject to externally imposed stipulations that can be fulfilled by actions of the Research Foundation pursuant to those stipulations or that expire by the passage of time.

- *Unrestricted*

Unrestricted net positions are those that are not subject to externally imposed stipulations. Unrestricted net positions may be designated for specific purposes by action of management or the Board of Directors or may otherwise be limited by contractual agreements with outside parties. Substantially all unrestricted net positions are designated for any University-related use, which includes academic and research programs and initiatives, and capital programs.

*Reporting Entity*

The Research Foundation is an affiliated organization component unit of the University. As such, the Research Foundation's financial data will be included in the financial statements of the University.

**CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION**

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

**NOTE 1 – Statement of Significant Accounting Policies (Continued)**

*Use of Estimates and Assumptions*

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. The most significant estimates relate to allowance for uncollectible accounts receivable and pledges receivable, estimated useful lives of capital assets, postemployment benefit obligations, and charitable unitrust agreements. Actual results could vary from the estimates that were assumed in preparing the financial statements.

*Cash and Cash Equivalents*

The Research Foundation considers all highly liquid, short-term investments purchased with an original maturity of three months or less to be cash equivalents. The Research Foundation maintains cash with financial institutions in excess of federally insured limits.

*Custodial Credit Risk for Deposits*

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

*Investments*

The Research Foundation has adopted GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Under GASB Statement No. 31, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values using quoted market prices in the statement of net position. Realized and unrealized gains and losses are included in the accompanying statement of revenues, expenses, and changes in net position.

The Research Foundation has adopted GASB Statement No. 72, *Fair Value Measurement and Application*. GASB 72 establishes general principles for measuring fair value and standards of accounting and financial reporting for assets and liabilities measured at fair value.

**CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION**

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

**NOTE 1 – Statement of Significant Accounting Policies (Continued)**

***Accounts Receivable***

Accounts receivable primarily consists of amounts due from the federal government, state and local governments, and private sources in connection with reimbursement of allowable expenditures made pursuant to contracts and grants. Accounts receivable also includes charges for auxiliary enterprises' sales and services. Management provides for probable uncollectible amounts through a charge to revenue and a credit to a valuation allowance based on its assessment of the current status of the receivables. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to receivables. At June 30, 2019 and 2018, the allowance was approximately \$100,000 and \$160,000, respectively.

***Pledges Receivable***

The Research Foundation receives pledges and bequests of financial support from corporations, foundations, and individuals. Revenue is recognized when a pledge representing an unconditional promise to pay is received and all eligibility requirements, including time requirements, have been met. In the absence of such promise, revenue is recognized when the gift is received. Endowment pledges do not meet eligibility requirements, as defined by GASB Statement No. 33, and are not recorded as assets until the related gift is received. An allowance for uncollectible pledges receivable is provided based on management's judgment of potential uncollectible pledges. There was no allowance at June 30, 2019. At June 30, 2018, the allowance was approximately \$850,000. The determination includes such factors as prior collection history, type of gift, and nature of fund-raising.

***Capital Assets***

Capital assets of the Research Foundation are stated at cost or, if acquired by gift, at estimated fair value at the date of donation. Major renewals and betterments are charged to capital assets, while replacements, maintenance and repairs that do not improve or extend the life of the respective assets are currently expensed. Depreciation and amortization is charged on a straight-line basis over the lives of the assets, which range from five to forty years.

**CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION**

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

**NOTE 1 – Statement of Significant Accounting Policies (Continued)**

*Collection Items and Works of Art*

The Research Foundation's collection items are made up of artifacts of historical significance and art objects that are held for educational research and curatorial purposes. Each of the items is cataloged, preserved and cared for, and activities verifying their existence and assessing their condition are performed continuously. Monies recovered from any collections that are sold must be used to acquire other items for collections.

Collection items acquired on or after July 1, 1996 are capitalized at cost, if the items were purchased, or at their appraised or fair market value on the accession date, if the items were contributed. There were no donated collection items during the years ended June 30, 2019 and 2018.

*Compensated Absences*

Research Foundation employees accrue annual leave at rates based on length of service and job classification.

*Unearned Revenue*

Unearned revenue consists primarily of amounts received from grant and contract sponsors which have not yet been earned under the terms of the agreement and lease payments received in advance from lessees on long-term leases.

*Classification of Revenues and Expenses*

The Research 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 to the Research 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. These nonoperating activities include net investment income, gifts (noncapital), endowments and interest expense.

*Income Taxes*

The Research Foundation is tax-exempt under Internal Revenue Code Section 501(c)(3) for federal income taxes, as well as the related provisions for state income tax purposes.

CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018

NOTE 1 – Statement of Significant Accounting Policies (Continued)

*Recent Accounting Pronouncements*

In January 2017, GASB issued Statement No. 84 – *Fiduciary Activities*. This Statement provides specific criteria for identifying activities that should be reported as fiduciary activities and clarifying whether and how business type-activities should report their fiduciary activities. The provisions of this Statement are effective beginning in fiscal year ending June 30, 2020 and is retroactively applied to all fiscal years presented in the financial statements. The Research Foundation is currently evaluating the impact of this Statement.

In June 2017, GASB issued Statement No. 87 – *Leases*. This Statement requires the recognition of lease assets and liabilities that previously were classified as operating leases and recognize as inflows of resources or outflows of resources based on the payment provisions of the applicable lease agreement. This Statement will require a lessee to recognize a lease liability and an intangible right-to-use lease asset. A lessor would recognize a lease receivable and a deferred inflow of resources. The provisions of this Statement are effective beginning in fiscal year ending June 30, 2021 and is retroactively applied to all fiscal years presented in the financial statements. The Research Foundation is currently evaluating the impact of this Statement.

NOTE 2 – Accounts Receivable

The composition of accounts receivable is summarized as follows:

	<b>June 30,</b>	
	<b>2019</b>	<b>2018</b>
Grants and contracts	\$ 7,806,721	\$ 7,692,442
Other	<u>16,939,480</u>	<u>16,640,447</u>
	24,746,201	24,332,889
Less allowance for uncollectible accounts	<u>(100,000)</u>	<u>(157,828)</u>
	24,646,201	24,175,061
Less current portion	<u>(8,263,957)</u>	<u>(7,789,810)</u>
Noncurrent portion	<u>\$ 16,382,244</u>	<u>\$ 16,385,251</u>

**CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION**

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

**NOTE 3 – Pledges Receivable**

Pledges receivable are recorded in the statement of net position at estimated net realizable value in accordance with GASB Statement No. 33. Pledges receivable were discounted as of June 30, 2019 using an interest rate of 3.39%, which approximated the Research Foundation's rate of return on treasury notes at the time the pledges were made. Pledges receivable as of June 30, 2019 are summarized as follows:

<u>Due in the Year</u> <u>Ending June 30,</u>	
2020	\$ 200,000
2021	200,000
2022	200,000
2023	200,000
2024	200,000
Thereafter	<u>1,445,712</u>
	2,445,712
Less present value discounts	<u>(493,916)</u>
	1,951,796
Less current portion of pledges receivable	<u>(200,000)</u>
Long-term portion of pledges receivable	<u>\$ 1,751,796</u>

**NOTE 4 – Investments**

At June 30, 2019, the Research Foundation's investment portfolio consists primarily of investments held in mutual funds, as well as interest-bearing accounts.

***Investment Policy***

The primary objective of the Research Foundation's investment policy is to safeguard the principal. The secondary objective is to meet the liquidity needs of the Research Foundation. The third objective is to return an acceptable yield. In general, the Research Foundation's investment policy permits investments in obligations of the federal and state governments, equities, corporate bonds, and certain other investment instruments.

**CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION**

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

**NOTE 4 – Investments (Continued)**

*Interest Rate Risk*

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest rates.

*Credit Risk*

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

The Research Foundation may invest in various types of investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of net position.

The following is a summary of investments:

	<u>June 30,</u>	
	<u>2019</u>	<u>2018</u>
Investments at fair value as determined by quoted market price or estimated fair value:		
Common stock	\$ 295,331	\$ 275,378
Mutual funds	23,431,760	22,830,512
Bonds	243,480	293,485
LAIF	<u>6,719,543</u>	<u>6,615,573</u>
	<u>\$ 30,690,114</u>	<u>\$ 30,014,948</u>
	<u>June 30,</u>	
	<u>2019</u>	<u>2018</u>
Investments by classification:		
Current portion	\$ 27,019,558	\$ 26,199,550
Noncurrent portion	<u>3,670,556</u>	<u>3,815,398</u>
	<u>\$ 30,690,114</u>	<u>\$ 30,014,948</u>



CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018

NOTE 4 – Investments (Continued)

*Credit Risk (Continued)*

Investments are valued at quoted market price if available; otherwise, they are recorded at estimated fair value. Other investments consists of a treasury note that is valued at fair value based on market prices.

Investment income is summarized as follows:

	For the Year Ended June 30,	
	2019	2018
Interest and dividend income	\$ 1,958,058	\$ 594,468
Net unrealized gains (losses)	(1,056,823)	377,492
Net realized gains (losses)	<u>(77,760)</u>	<u>456,687</u>
	<u>\$ 823,475</u>	<u>\$ 1,428,647</u>

Investment fees totaled \$96,268 and \$100,720 for the years ended June 30, 2019 and 2018, respectively, and are included in investment income on the accompanying statement of revenues, expenses, and changes in net position.

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

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

**CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION**

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

**NOTE 4 – Investments (Continued)**

*Credit Risk (Continued)*

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

	<b>Fair Value Measurements at June 30, 2019</b>				
	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	<u>Net Asset Value<sup>(a)</sup></u>	<u>Total</u>
Common Stock	\$ 295,331	\$ -	\$ -	\$ -	\$ 295,331
US Treasury Securities:					
Intermediate-Term Bond	243,480	-	-	-	243,480
Equity Mutual Funds:					
Large blend	23,431,760	-	-	-	23,431,760
State of California Local Agency Investment Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,719,543</u>	<u>6,719,543</u>
Total assets at fair value	<u>\$ 23,970,571</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,719,543</u>	<u>\$ 30,690,114</u>

	<b>Fair Value Measurements at June 30, 2018</b>				
	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	<u>Net Asset Value<sup>(a)</sup></u>	<u>Total</u>
Common Stock	\$ 275,378	\$ -	\$ -	\$ -	\$ 275,378
US Treasury Securities:					
Intermediate-Term Bond	293,485	-	-	-	293,485
Equity Mutual Funds:					
Large blend	22,830,512	-	-	-	22,830,512
State of California Local Agency Investment Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,615,573</u>	<u>6,615,573</u>
Total assets at fair value	<u>\$ 23,399,375</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,615,573</u>	<u>\$ 30,014,948</u>

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

**CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION**

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

**NOTE 5 – Capital Assets**

Capital assets activity for the year ended June 30, 2019 is summarized below:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Land	\$ 17,066,474	\$ -	\$ -	\$ 17,066,474
Building and improvements	32,283,502	-	-	32,283,502
Furniture and fixtures	1,687,762	138,366	(85,000)	1,741,128
Collection items	<u>6,317,741</u>	<u>-</u>	<u>-</u>	<u>6,317,741</u>
	57,355,479	138,366	(85,000)	57,408,845
Less accumulated depreciation and amortization	<u>(15,731,744)</u>	<u>(1,113,583)</u>	<u>85,000</u>	<u>(16,760,327)</u>
	<u>\$ 41,623,735</u>	<u>\$ (975,217)</u>	<u>\$ -</u>	<u>\$ 40,648,518</u>

Capital assets activity for the year ended June 30, 2018 is summarized below:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Land	\$ 17,066,474	\$ -	\$ -	\$ 17,066,474
Building and improvements	33,017,208	-	(733,706)	32,283,502
Furniture and fixtures	1,687,762	-	-	1,687,762
Collection items	<u>6,317,741</u>	<u>-</u>	<u>-</u>	<u>6,317,741</u>
	58,089,185	-	(733,706)	57,355,479
Less accumulated depreciation and amortization	<u>(15,167,906)</u>	<u>(1,127,433)</u>	<u>513,595</u>	<u>(15,731,744)</u>
	<u>\$ 42,971,279</u>	<u>\$ (1,127,433)</u>	<u>\$ (220,111)</u>	<u>\$ 41,623,735</u>

**CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION**

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

**NOTE 6 – Long-Term Debt**

Long-term debt consists of:

	<u>June 30,</u>	
	<u>2019</u>	<u>2018</u>
Bonds payable with interest at rates ranging from 3.5% to 5.00%, due semi-annually, principal payments due annually, final installment due May 2033	\$ 7,275,000	\$ 7,625,000
Bonds payable with interest at rates ranging from 2.5% to 5.75%, due semi-annually, principal payments due annually, final installment due May 2035	10,780,000	11,255,000
Bonds payable, refunded during year ended June 30, 2019	-	6,230,000
Bonds payable with interest at rates ranging from 4.0% to 5.00%, due semi-annually, principal payments due annually, final installment due May 2033	<u>5,090,000</u>	-
	23,145,000	25,110,000
Unamortized Bond Premium	4,299,300	3,760,540
Less current portion	<u>(1,085,000)</u>	<u>(1,115,000)</u>
Noncurrent portion	<u>\$ 26,359,300</u>	<u>\$ 27,755,540</u>

Long-term debt activity for the year ended June 30, 2019 is summarized as follows:

	<u>Beginning Balance</u>	<u>Borrowings</u>	<u>Refunding</u>	<u>Principal Repayment</u>	<u>Ending Balance</u>
Bonds payable	<u>\$ 25,110,000</u>	<u>\$ -</u>	<u>\$ (850,000)</u>	<u>\$ (1,115,000)</u>	<u>\$ 23,145,000</u>

Long-term debt activity for the year ended June 30, 2018 is summarized as follows:

	<u>Beginning Balance</u>	<u>Borrowings</u>	<u>Refunding</u>	<u>Principal Repayment</u>	<u>Ending Balance</u>
Bonds payable	<u>\$ 26,220,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,110,000)</u>	<u>\$ 25,110,000</u>

**CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION**

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

**NOTE 6 – Long-Term Debt (Continued)**

Future maturities of long-term debt are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 1,085,000	\$ 1,119,325
2021	1,130,000	1,065,250
2022	1,195,000	1,007,125
2023	1,245,000	946,125
2024	1,315,000	882,125
2025-2029	7,665,000	3,326,625
2030-2034	8,560,000	1,183,750
Thereafter	<u>950,000</u>	<u>19,000</u>
	<u>\$ 23,145,000</u>	<u>\$ 9,549,325</u>

The bonds contain certain covenants with respect to a minimum debt service coverage ratio and minimum unrestricted net assets for which the Research Foundation is in compliance at June 30, 2019.

***Bond Refunding***

In July 2018, the Trustees of the California State University System issued its SRB Series 2018A and 2018B (Tax-Exempt) to refund certain maturities of SRB Series 2008A.

A portion of the proceeds from the issuance of the 2018A and 2018B refunding bonds were placed in an escrow account to provide for all future debt service payments on the refunded bond. The amount placed into escrow, along with future earnings, are considered sufficient to fully service the 2008A Series Bonds. The refunding will reduce the Foundation’s total financing costs by approximately \$1,282,000 over the life of the refunded bond. The economic gain (difference between net present values of the debt service payments on the old bond and new bond, discounted at 2.24%) from the refunding was approximately \$1,098,000. Accordingly, the refunded bonds have been considered defeased and therefore, removed as a liability from Foundation’s financial statements.

**CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION**

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

**NOTE 6 – Long-Term Debt (Continued)**

***Bond Refunding (Continued)***

The Foundation recognized a loss on the debt refunding for SRB Series 2018A of approximately \$9,400 as of date of refunding. The loss on the debt refunding is the difference between the reacquisition price and the net carrying amount of the old debt, together with any unamortized difference from the prior refunding. The loss on debt refunding should have been deferred and amortized over the shorter of the old debt (or original amortization period remaining in the prior refunding) or the life of the latest refunding debt. However, due to the immaterial amount of the loss, the Foundation has opted to recognize the entire loss as expense during the fiscal year ended June 30, 2019 and has included the loss in interest expense on the statement of revenues, expenses, and changes in net position.

**NOTE 7 – Pension Plan and Postemployment Health Care Plan**

***Pension Plan***

The Research Foundation has a defined contribution retirement plan (the Plan) which covers all regular full-time employees and part-time employees who have provided services of at least 1,000 hours during the year. There is a two-year waiting period to enter the Plan. The basic plan contribution rate is equal to 10% of gross earnings. Pension expense was approximately \$642,000 and \$634,000 for the years ended June 30, 2019 and 2018, respectively.

***Postemployment Health Care Plan***

The Foundation maintains the same plans for its retirees as for its active employees, as well as Medicare Replacement Plans for retirees age 65 and over.

The Foundation contributes to the cost of insurance according to a Policy Statement which is summarized below:

Group 1 employees (Benefitted Research Foundation Central Office Employees and Benefitted Office of Research and Sponsored Programs) and Group 2 employees (Benefitted Grant, Contract, Research and Special Project Employees) hired before January 1, 2012 are eligible to retire and receive Foundation-paid benefits after the later of age 50 and 5 years of continuous employment by the Foundation immediately prior to retirement. The Foundation contributes an amount up to 100% of the cap for active employees, which varies by tier.

**CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION**

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

**NOTE 7 – Pension Plan and Postemployment Health Care Plan (Continued)**

*Postemployment Health Care Plan (Continued)*

Group 1 employees hired on or after January 1, 2012 are eligible to retire after the later of age 60 and 10 years of continuous employment by the Foundation immediately prior to retirement. The Foundation contributes an amount up to 50% of the cap for active employees. Group 2 employees hired on or after January 1, 2012 are not eligible for retiree health benefits.

At July 1, 2017, membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	47
Active plan members	58

The Foundation currently finances benefits on a pay-as-you-go basis.

Benefits continue for the lifetime of the retiree and spouse or domestic partner. Spouses and domestic partners will be covered only if married or partnered at the time of retirement.

**CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION**

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

**NOTE 7 – Pension Plan and Postemployment Health Care Plan (Continued)**

*Postemployment Health Care Plan (Continued)*

**Reconciliation of Benefit Obligations**

The following tables provide a reconciliation of the changes in the Plan’s benefit obligations and a statement of the funded status as of June 30, 2019 and 2018:

	<u>June 30,</u>	
	<u>2019</u>	<u>2018</u>
Change in benefit obligation		
Benefit obligation at beginning of year	\$ 14,674,688	\$ 14,077,985
Service cost	373,421	362,545
Interest cost	793,247	760,021
Benefits paid	<u>(510,852)</u>	<u>(525,863)</u>
Obligation at end of year	<u>15,330,504</u>	<u>14,674,688</u>
Change in plan assets		
Fair value of plan assets at beginning of year	1,964,037	1,843,564
Employer contributions	2,215,487	525,863
Net investment income	88,614	134,072
Administrative expenses	-	(13,599)
Benefit payments	<u>(510,852)</u>	<u>(525,863)</u>
Fair value of plan assets at end of year	<u>3,757,286</u>	<u>1,964,037</u>
Net amount recognized in the statements of financial position	<u>\$ 11,573,218</u>	<u>\$ 12,710,651</u>

The following table provides the components of the net periodic benefit cost for the plan for the years ended June 30, 2019 and 2018:

	<u>June 30,</u>	
	<u>2019</u>	<u>2018</u>
Service cost	\$ 373,421	\$ 362,545
Interest cost	793,247	760,021
Expected return on assets	(177,931)	(101,396)
Difference between projected and actual investments	<u>(2,102)</u>	<u>(19,965)</u>
Net periodic post-retirement benefit cost	<u>\$ 986,635</u>	<u>\$ 1,001,205</u>



**CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION**

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

**NOTE 7 – Pension Plan and Postemployment Health Care Plan (Continued)**

*Postemployment Health Care Plan (Continued)*

**Assumptions**

Assumptions used to determine benefit obligations at June 30, 2019 and 2018:

	<b>June 30,</b>	
	<b>2019</b>	<b>2018</b>
Discount rate	5.50%	5.50%
Healthcare cost trend rate	6.00%	6.00%
Long-term rate of return on plan assets	5.50%	5.50%

Assumptions used to determine net periodic benefit cost for years ended June 30, 2019 and 2018:

Discount rate	5.50%	5.50%
General inflation	6.00%	6.00%
Long-term rate of return on plan assets	5.50%	5.50%

Assumed health care cost trend at June 30, 2019 and 2018:

Net Periodic Benefit Cost and Accumulated Post-Retirement Benefit Obligation:

Health care cost trend rate assumed for next year	5.50%	5.50%
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Pre-retirement mortality rates were based on the RP-2014 Employee Mortality Table for Males or Females, as appropriate, without projection. Post-retirement mortality rates were based on the RP-2014 Health Annuitant Mortality Table for Males or Females, as appropriate, without projection.

**CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION**

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

**NOTE 7 – Pension Plan and Postemployment Health Care Plan (Continued)**

*Postemployment Health Care Plan (Continued)*

**Assumptions (Continued)**

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. To achieve the goal set by the investment policy, plan assets will be managed to earn, on a long-term basis, a rate of return equal to or more than the target rate of return of 5.50 percent. The discount rate reflects the following:

- a) The long-term expected rate of return on OPEB plan investments – to the extent that the OPEB plan’s fiduciary net position (if any) is projected to be sufficient to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return;
- b) A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher – to the extent that the conditions in (a) are not met.

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plan. A 1% change in assumed health care cost trend rates would have the following effects for the year ended June 30, 2019:

	<u>1% Increase</u>	<u>1% Decrease</u>
Effect on the accumulated post-retirement benefit obligation	\$ 14,230,152	\$ 9,420,646

Assumed discount rates have a significant effect on the amounts reported for the health care plan. A 1% change in assumed discount rates would have the following effects for the year ended June 30, 2019:

	<u>1% Increase</u>	<u>1% Decrease</u>
Effect on the accumulated post-retirement benefit obligation	\$ 9,794,249	\$ 13,741,470

**CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION**

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

**NOTE 7 – Pension Plan and Postemployment Health Care Plan (Continued)**

***Postemployment Health Care Plan (Continued)***

**Contributions**

The Foundation expects to contribute \$2,215,487 to its post-retirement health care plan for the year ending June 30, 2019.

Participant contributions are determined for both active employees and retirees on an annual basis.

**Investment Policy**

Beginning in the fiscal year ended June 2016, the Foundation participated in the Auxiliaries Multiple Employer VEBA (Voluntary Employees' Beneficiary Association). The Auxiliaries Multiple Employer VEBA is a separate 501(c)(9) organization established in August 2010 to assist in funding post-retirement healthcare benefits for recognized auxiliaries of the California State University System. No withdrawals to cover retiree health benefits have been made yet as the Foundation plans to build up the fund for a few years before making withdrawals.

The purpose of the investment policy is to invest the contributions for funding the Foundations' retiree welfare benefits. The policy establishes appropriate risk and return objectives considering the Board's risk tolerance.

The return objectives of the investment portfolio are viewed from two perspectives: Absolute - Real (net of inflation) rate-of-return; and Relative - Time-weighted rates of return versus capital market indices.

1. The Absolute Objective is to seek an average total annual return net of fees and expenses of 4.0% plus the percentage change in the Consumer Price Index for All Urban Consumers: U.S. City Average – All Items.
2. The Relative Objective of the Auxiliaries VEBA's investment portfolio is to seek competitive investment performance versus appropriate capital market benchmarks or indices.

**CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION**

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

**NOTE 7 – Pension Plan and Postemployment Health Care Plan (Continued)**

*Postemployment Health Care Plan (Continued)*

**Investment Policy (Continued)**

To achieve its return objectives, the investment portfolio shall be allocated among several asset classes, which may include domestic equity, domestic fixed income, international equity, international fixed income, real estate, and cash. The purpose of allocating among asset classes is to ensure the proper level of diversification within the portfolio. It is understood that assets may temporarily be placed in a cash equivalent account prior to investing in longer term instruments.

The general policy is to diversify investments among equities, fixed income and possibly other securities, such as real estate, to provide a balance that will enhance total return while avoiding undue risk concentration in any single asset class or investment category.

The portfolio shall be rebalanced at least annually in accordance with market fluctuations, keeping in mind that rebalancing is a function of expected returns, volatility, and return correlations of the portfolio. Rebalancing should also be weighed against the additional costs of frequent trading and internal resources.

**Asset Category**

The percentages of the fair value of total plan assets held in trust were as follows:

	<b>June 30,</b>	
	<b>2019</b>	<b>2018</b>
Mutual funds	100%	100%

**CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION**

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

**NOTE 7 – Pension Plan and Postemployment Health Care Plan (Continued)**

*Postemployment Health Care Plan (Continued)*

**Asset Category (Continued)**

The fair values of the Foundation’s plan assets as of June 30, 2019 and 2018 were as follows:

<u>June 30, 2019</u>	<u>Total</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Mutual funds:				
Fixed income	\$ 1,664,605	\$ 1,664,605		
Domestic equity	1,533,894	1,533,894		
International equity	332,732	332,732		
Real estate	<u>226,055</u>	<u>226,055</u>		
Total assets at fair value	<u>\$ 3,757,286</u>	<u>\$ 3,757,286</u>	<u>None</u>	<u>None</u>

<u>June 30, 2018</u>	<u>Total</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Mutual funds:				
Fixed income	\$ 766,361	\$ 766,361		
Domestic equity	871,812	871,812		
International equity	215,034	215,034		
Real estate	<u>110,830</u>	<u>110,830</u>		
Total assets at fair value	<u>\$ 1,964,037</u>	<u>\$ 1,964,037</u>	<u>None</u>	<u>None</u>

**CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION**

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

**NOTE 7 – Pension Plan and Postemployment Health Care Plan (Continued)**

*Postemployment Health Care Plan (Continued)*

**Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2019 and 2018, the Foundation’s deferred outflows of resources and deferred inflows of resources to OPEB from the following sources are:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<b><u>June 30, 2019</u></b>		
Differences between projected and actual return investments	\$ 71,454	\$ 43,745
<b><u>June 30, 2018</u></b>		
Differences between projected and actual return investments	\$ -	\$ 63,710

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

<u>Year Ended June 30:</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2020	\$ 17,863	\$ (19,965)
2021	\$ 17,863	\$ (19,963)
2022	\$ 17,863	\$ (3,817)
2023	\$ 17,865	\$ -

**CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION**

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

**NOTE 8 – Commitments and Contingencies**

*Charitable Unitrust Agreements*

The Research Foundation is obligated under various charitable unitrust agreements. The trusts provide a fixed percentage of the fair market value to be paid periodically to the trustor. Certain trusts limit the payment to the net income earned on the assets, while the remaining trusts allow for invasion of the principal to make the required payments. Upon termination, the remaining trust assets are to be distributed to designated beneficiaries and the Research Foundation in a manner designated by the grantor. The amounts due to the designated beneficiaries are reported as other liabilities on the statement of net position.

*Contingencies*

The Research Foundation receives a significant portion of its support and revenue from government grants, which are subject to government audit. The ultimate determination of amounts received under these programs generally is based upon allowable costs reported to and audited by the government. Until any such audits have been completed and final settlement reached, there exists a contingent liability to refund any amount received in excess of allowable costs. Based on prior history, management believes that no material liability will result from such audits.

*As Lessor*

The total investment in the land and building is approximately \$49,000,000, with \$45,000,000 allocated to the space available for lease, and approximately \$12,700,000 of accumulated depreciation at June 30, 2019.

**CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION**

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

**NOTE 8 – Commitments and Contingencies (Continued)**

*As Lessor (Continued)*

Space Lease terms range from one to eight years and require tenants to pay a pro-rata share of common area maintenance. The Research Foundation also has a ground lease through October 2083. The following is a schedule by years of future minimum rents receivable under noncancellable operating leases that have initial or remaining lease terms in excess of one year as of June 30, 2019:

<u>Year Ending June 30,</u>	
2020	\$ 4,095,306
2021	3,008,345
2022	3,000,522
2023	2,999,147
2024	3,087,673
Thereafter	<u>152,612,189</u>
	<u>\$163,726,182</u>

Rental income was approximately \$4,274,000 and \$3,871,000 for the years ended June 30, 2019 and 2018, respectively.

*As Lessee*

The Research Foundation has entered into multiple leases at different locations under agreements expiring at various dates through November 2025, not including any renewal options. Generally, these agreements provide for periodic adjustments to base rents based upon changes in the CPI.



**CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION**

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

**NOTE 8 – Commitments and Contingencies (Continued)**

The following is a schedule of future minimum rental payments required under operating leases that have initial or remaining noncancellable lease terms in excess of one year at June 30, 2019:

<u>Year Ending June 30,</u>	
2020	\$ 124,732
2021	61,594
2022	57,600
2023	59,040
2024	60,480
Thereafter	<u>82,720</u>
	<u>\$ 446,166</u>

Rental expense was approximately \$475,000 and \$296,000 for the years ended June 30, 2019 and 2018, respectively.

**NOTE 9 – Operating Expenses by Function**

	<u>For the Year Ended June 30, 2019</u>				
	<u>Compensation and Benefits</u>	<u>Supplies and Services</u>	<u>Scholarship and Fellowship</u>	<u>Depreciation and Amortization</u>	<u>Total</u>
Instruction	\$ 4,791,478	\$ 2,921,252	\$ -	\$ -	\$ 7,712,730
Research	8,428,395	5,429,189	-	-	13,857,584
Public service	2,413,577	1,921,868	-	-	4,335,445
Academic support	1,402,516	1,754,507	-	-	3,157,023
Student services	4,101,442	1,621,838	-	-	5,723,280
Institutional support	2,488,394	1,615,242	-	-	4,103,636
Student grants and scholarships	-	-	4,399,247	-	4,399,247
Auxiliary enterprise expenses	255,922	632,392	-	-	888,314
Depreciation and amortization	-	-	-	1,113,358	1,113,353
Total Operating Expenses	<u>\$ 23,881,724</u>	<u>\$ 15,896,288</u>	<u>\$ 4,399,247</u>	<u>\$ 1,113,358</u>	<u>\$ 45,290,842</u>

**CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION**

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

**NOTE 9 – Operating Expenses by Function (Continued)**

	<b>For the Year Ended June 30, 2018</b>				
	<b>Compensation and Benefits</b>	<b>Supplies and Services</b>	<b>Scholarship and Fellowship</b>	<b>Depreciation and Amortization</b>	<b>Total</b>
Instruction	\$ 4,999,075	\$ 2,874,583	\$ -	\$ -	\$ 7,873,658
Research	8,620,154	5,750,781	-	-	14,370,935
Public service	2,295,909	2,009,612	-	-	4,305,521
Academic support	1,466,985	2,201,738	-	-	3,668,723
Student services	4,587,990	1,402,255	-	-	5,990,245
Institutional support	2,750,880	1,631,925	-	-	4,382,805
Student grants and scholarships	-	-	4,862,118	-	4,862,118
Auxiliary enterprise expenses	279,454	932,217	-	-	1,211,671
Depreciation and amortization	-	-	-	1,127,433	1,127,433
<b>Total Operating Expenses</b>	<b><u>\$ 25,000,447</u></b>	<b><u>\$ 16,803,111</u></b>	<b><u>\$ 4,862,118</u></b>	<b><u>\$ 1,127,433</u></b>	<b><u>\$ 47,793,109</u></b>

**CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION**

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

**NOTE 10 – Transactions with Related Entities**

As described in Note 1, the Research Foundation is an auxiliary organization affiliated with the University and the California State University (CSU) System statewide. The Research Foundation is also affiliated with CSULB 49er Foundation (49er Foundation), an auxiliary organization of the University and CSU. The accompanying financial statements include transactions with related parties as of and for the years ended June 30, 2019 and 2018, as follows:

	<u>June 30,</u>	
	<u>2019</u>	<u>2018</u>
Payments to the University for salaries of University personnel working on contracts, grants, and other programs	\$ 3,756,135	\$ 4,660,946
Payments to the University for other than salaries of University personnel	\$ 9,510,830	\$ 9,575,196
Payments received from the University for services, space, and programs	\$ 4,230,129	\$ 4,078,112
Gifts-in-kind to the University from discretely presented component units	\$ 261,858	\$ 317,892
Gifts (cash or assets) to the University from discretely presented component units	\$ 4,523,105	\$ 5,411,859
Amounts payable to the University	\$ 749,531	\$ 608,555
Amounts due to other CSU business Units	\$ 41,632	\$ 67,084
Accounts receivable from University	\$ 123,708	\$ 64,212

**CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION**

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

**NOTE 11 – Transfer of Net Position**

The 49er Foundation began operations July 1, 2012 with the purpose to promote philanthropy and manage the resources previously donated to the Research Foundation but designated for University-related uses. Assets relating to endowments, scholarships, and certain pledges were transferred from the Research Foundation to the 49er Foundation at the inception of operations. Some assets related to campus program donations were retained in the Research Foundation until specified obligations were satisfied. Once the specified obligations are satisfied, the assets are transferred to the 49er Foundation in the year the obligation is satisfied. In addition, the Research Foundation administered several philanthropic events on behalf of the 49er Foundation during the year. The purpose of those events was to generate donations designated for University-related uses. The proceeds net of any associated expenses are transferred to the 49er Foundation after the event. During the year ended June 30, 2018, the Research Foundation transferred \$645,815 of cash related to obligations satisfied and net proceeds from philanthropic events to the 49er Foundation. There were no transfers during the year ended June 30, 2019.

**SUPPLEMENTARY FINANCIAL INFORMATION**

**CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION**

**REQUIRED SUPPLEMENTAL INFORMATION  
(UNAUDITED)**

**Schedule of Changes in Plan's Net OPEB Liability and Related Ratios**

	<u>FYE 6/30/19</u>	<u>FYE 6/30/18</u>	<u>FYE 6/30/17</u>
Total OPEB Liability			
Service costs	\$ 373,421	\$ 362,545	\$ 351,985
Interest	793,247	760,021	728,897
Benefit payments	<u>(510,852)</u>	<u>(525,863)</u>	<u>(504,370)</u>
Net change in total OPEB liability	655,816	596,703	576,512
Total OPEB liability – beginning of year	<u>14,674,688</u>	<u>14,077,985</u>	<u>13,501,473</u>
Total OPEB liability – end of year (a)	<u>15,330,504</u>	<u>14,674,688</u>	<u>14,077,985</u>
 Plan Fiduciary Net Position			
Contributions – employer	2,215,487	525,863	504,370
Net investment income	88,614	134,072	184,836
Benefit payments	<u>(510,852)</u>	<u>(525,863)</u>	<u>(504,370)</u>
Administrative expenses	<u>-</u>	<u>(13,599)</u>	<u>(12,188)</u>
Net change in plan fiduciary net position	1,793,249	120,473	172,648
Plan fiduciary net position – beginning of year	<u>1,964,037</u>	<u>1,843,564</u>	<u>1,670,916</u>
Plan fiduciary net position – end of year (b)	<u>3,757,286</u>	<u>1,964,037</u>	<u>1,843,564</u>
 Net OPEB liability (a) – (b)	<u>\$ 11,573,218</u>	<u>\$ 12,710,651</u>	<u>\$ 12,234,421</u>
 Plan fiduciary net position as a percentage of total OPEB liability	24.51%	13.38%	13.10%
 Covered payroll	\$ 4,003,775	\$ 4,018,056	\$ 4,355,086
 Net OPEB liability as a percentage of covered payroll	289.06%	316.34%	280.92%
 Measurement date	30-Jun-19	30-Jun-18	30-Jun-17

Note: GASB 75 was implemented during fiscal year ended June 30, 2018, therefore only three years of information was available.

**CALIFORNIA STATE UNIVERSITY, LONG BEACH RESEARCH FOUNDATION**

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**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		2,011,530
<b>Total</b>		<u>\$ 2,011,530</u>

**2.1. COMPOSITION OF INVESTMENTS:**

	<u>Current</u>	<u>Noncurrent</u>	<u>Total</u>
Money Market funds	\$ -	\$ -	\$ -
Repurchase agreements	-	-	-
Certificates of deposit	-	-	-
U.S. agency securities	-	-	-
U.S. treasury securities	-	243,480	243,480
Municipal bonds	-	-	-
Corporate bonds	-	-	-
Asset-backed securities	-	-	-
Mortgage-backed securities	-	-	-
Commercial paper	-	-	-
Mutual funds	20,155,512	3,276,248	23,431,760
Exchange traded funds	-	-	-
Equity securities	144,503	150,828	295,331
Alternative investments:			
Private equity (including limited partnerships)	-	-	-
Hedge funds	-	-	-
Managed futures	-	-	-
Real estate investments (including REITs)	-	-	-
Commodities	-	-	-
Derivatives	-	-	-
Other alternative investment types	-	-	-
Other external investment pools (excluding SWIFT)	-	-	-
Other investments	-	-	-
State of California Local Agency Investment Fund (LAIF)	6,719,543	-	6,719,543
State of California Surplus Money Investment Fund (SMIF)	-	-	-
<b>Total investments</b>	<u>27,019,558</u>	<u>3,670,556</u>	<u>30,690,114</u>
<b>Less endowment investments</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total investments, net of endowments</b>	<u>\$ 27,019,558</u>	<u>\$ 3,670,556</u>	<u>\$ 30,690,114</u>

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**2.2 FAIR VALUE HIERARCHY IN INVESTMENTS:**

	FAIR VALUE MEASUREMENTS USING				Net Asset Value (NAV)
	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total	
Money Market funds	\$ -	\$ -	\$ -	\$ -	\$ -
Repurchase agreements	-	-	-	-	-
Certificates of deposit	-	-	-	-	-
U.S. agency securities	-	-	-	-	-
U.S. treasury securities	243,480	243,480	-	-	-
Municipal bonds	-	-	-	-	-
Corporate bonds	-	-	-	-	-
Asset backed securities	-	-	-	-	-
Mortgage backed securities	-	-	-	-	-
Commercial paper	-	-	-	-	-
Mutual funds	23,431,760	23,431,760	-	-	-
Exchange traded funds	-	-	-	-	-
Equity securities	295,331	295,331	-	-	-
Alternative investments:					
Private equity (including limited partnerships)	-	-	-	-	-
Hedge funds	-	-	-	-	-
Managed futures	-	-	-	-	-
Real estate investments (including REITs)	-	-	-	-	-
Commodities	-	-	-	-	-
Derivatives	-	-	-	-	-
Other alternative investment types	-	-	-	-	-
Other external investment pools (excluding SWIFT)	-	-	-	-	-
Other investments	-	-	-	-	-
State of California Local Agency Investment Fund (LAIF)	6,719,543	-	-	-	6,719,543
State of California Surplus Money Investment Fund (SMIF)	-	-	-	-	-
<b>Total investments</b>	<u>\$ 30,690,114</u>	<u>\$ 23,970,571</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,719,543</u>

**2.3 INVESTMENTS HELD BY THE UNIVERSITY UNDER CONTRACTUAL AGREEMENTS:**

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

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**3.1. COMPOSITION OF CAPITAL ASSETS:**

	Balance June 30, 2018	Reclassifications	Prior-Period Adjustments	Balance June 30, 2018 (Restated)
<b>Nondepreciable/nonamortizable capital assets:</b>				
Land and land improvements	\$ 17,066,474	\$ -	\$ -	\$ 17,066,474
Works of art and historical treasures	6,317,741	-	-	6,317,741
Construction work in progress (CWIP)	-	-	-	-
Intangible assets:				
Rights and easements	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-
Intangible assets in progress (PWIP)	-	-	-	-
Licenses and permits	-	-	-	-
Other intangible assets	-	-	-	-
Total intangible assets	-	-	-	-
<b>Total nondepreciable/nonamortizable capital assets</b>	<u>23,384,215</u>	<u>-</u>	<u>-</u>	<u>23,384,215</u>
<b>Depreciable/amortizable capital assets:</b>				
Buildings and building improvements	32,283,502	-	-	32,283,502
Improvements, other than buildings	-	-	-	-
Infrastructure	-	-	-	-
Leasehold improvements	-	-	-	-
Personal property:				
Equipment	1,687,762	-	-	1,687,762
Library books and materials	-	-	-	-
Intangible assets:				
Software and websites	-	-	-	-
Rights and easements	-	-	-	-
Patents, copyright and trademarks	-	-	-	-
Licenses and permits	-	-	-	-
Other intangible assets	-	-	-	-
Total intangible assets	-	-	-	-
<b>Total depreciable/amortizable capital assets</b>	<u>33,971,264</u>	<u>-</u>	<u>-</u>	<u>33,971,264</u>
<b>Total capital assets</b>	<u>57,355,479</u>	<u>-</u>	<u>-</u>	<u>57,355,479</u>
<b>Less accumulated depreciation/amortization:</b>				
Buildings and building improvements	(14,043,982)	-	-	(14,043,982)
Improvements, other than buildings	-	-	-	-
Infrastructure	-	-	-	-
Leasehold improvements	-	-	-	-
Personal property:				
Equipment	(1,687,762)	-	-	(1,687,762)
Library books and materials	-	-	-	-
Intangible assets:				
Software and websites	-	-	-	-
Rights and easements	-	-	-	-
Patents, copyright and trademarks	-	-	-	-
Licenses and permits	-	-	-	-
Other intangible assets	-	-	-	-
Total intangible assets	-	-	-	-
<b>Total accumulated depreciation/amortization</b>	<u>(15,731,744)</u>	<u>-</u>	<u>-</u>	<u>(15,731,744)</u>
<b>Total capital assets, net</b>	<u>\$ 41,623,735</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,623,735</u>

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<u>Additions</u>	<u>Retirements</u>	<u>Transfers of Completed CWIP</u>	<u>Balance June 30, 2019</u>
\$ -	\$ -	\$ -	\$ 17,066,474
-	-	-	6,317,741
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	23,384,215
-	-	-	32,283,502
-	-	-	-
-	-	-	-
-	-	-	-
138,366	(85,000)	-	1,741,128
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
138,366	(85,000)	-	34,024,630
138,366	(85,000)	-	57,408,845
(1,110,651)	-	-	(15,154,633)
-	-	-	-
-	-	-	-
(2,932)	85,000	-	(1,605,694)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
(1,113,583)	85,000	-	(16,760,327)
\$ (975,217)	\$ -	\$ -	\$ 40,648,518

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**3.2 DETAIL OF DEPRECIATION AND AMORTIZATION EXPENSE:**

	<u>Amount</u>
Depreciation and amortization expense related to capital assets	\$ 1,113,583
Amortization expense related to other assets	<u>-</u>
<b>Total depreciation and amortization</b>	<b><u>\$ 1,113,583</u></b>

**4. LONG-TERM LIABILITIES:**

	<u>Balance</u>	<u>Prior-Period</u>	<u>Balance</u>			<u>Balance</u>
	<u>June 30, 2018</u>	<u>Adjustments</u>	<u>June 30, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2019</u>
		<u>Reclassifications</u>	<u>(Restated)</u>			
Accrued compensated absences	\$ 1,327,889	\$ -	\$ 1,327,889	\$ 12,621	\$ -	\$ 1,340,510
Claims liability for losses and loss adjustment expenses	-	-	-	-	-	-
Capitalized lease obligations:						
Gross balance	-	-	-	-	-	-
Unamortized premium/(discount)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capitalized lease obligations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Long-term debt obligations:</b>						
Auxiliary revenue bonds (non-SRB related)	-	-	-	-	-	-
Commercial Paper	-	-	-	-	-	-
Note payable related to SRB	25,110,000	-	25,110,000	-	(1,965,000)	23,145,000
Others:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Sub-total long-term debt obligations</b>	<u>25,110,000</u>	<u>-</u>	<u>25,110,000</u>	<u>-</u>	<u>(1,965,000)</u>	<u>23,145,000</u>
<b>Unamortized net bond premium/(discount)</b>	<u>3,760,540</u>	<u>-</u>	<u>3,760,540</u>	<u>538,760</u>	<u>-</u>	<u>4,299,300</u>
<b>Total long-term debt obligations</b>	<u>28,870,540</u>	<u>-</u>	<u>28,870,540</u>	<u>538,760</u>	<u>(1,965,000)</u>	<u>27,444,300</u>
<b>Total long-term liabilities</b>	<u>\$ 30,198,429</u>	<u>\$ -</u>	<u>\$ 30,198,429</u>	<u>\$ 551,381</u>	<u>\$ (1,965,000)</u>	<u>\$ 28,784,810</u>

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<u>Current Portion</u>	<u>Noncurrent Portion</u>
\$ 1,340,510	\$ -
-	-
-	-
-	-
-	-
-	-
-	-
1,085,000	22,060,000
-	-
<u>1,085,000</u>	<u>22,060,000</u>
-	4,299,300
<u>1,085,000</u>	<u>26,359,300</u>
<u>\$ 2,425,510</u>	<u>\$ 26,359,300</u>

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**5. CAPITALIZED LEASE OBLIGATIONS SCHEDULE:**

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

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All Other Capitalized Lease Obligations			Total Capital Lease Obligations		
Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
				Less amounts representing interest	-
				Present value of future minimum payments	-
				Unamortized net premium (discount)	-
				Total capital lease obligations	-
				Less current portion	-
				Capital lease obligations, net of current portion	<u>\$ -</u>

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**6. LONG-TERM DEBT OBLIGATIONS SCHEDULE:**

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

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All Other Long-Term Debt Obligations			Total Long-Term Debt Obligations		
Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
\$ 1,085,000	\$ 1,119,325	\$ 2,204,325	\$ 1,085,000	\$ 1,119,325	\$ 2,204,325
1,130,000	1,065,250	2,195,250	1,130,000	1,065,250	2,195,250
1,195,000	1,007,125	2,202,125	1,195,000	1,007,125	2,202,125
1,245,000	946,125	2,191,125	1,245,000	946,125	2,191,125
1,315,000	882,125	2,197,125	1,315,000	882,125	2,197,125
7,665,000	3,326,625	10,991,625	7,665,000	3,326,625	10,991,625
8,560,000	1,183,750	9,743,750	8,560,000	1,183,750	9,743,750
950,000	19,000	969,000	950,000	19,000	969,000
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 23,145,000</u>	<u>\$ 9,549,325</u>	<u>\$ 32,694,325</u>	<u>\$ 23,145,000</u>	<u>\$ 9,549,325</u>	32,694,325
					Less amounts representing interest <u>(9,549,325)</u>
					Present value of future minimum payments 23,145,000
					Unamortized net premium (discount) <u>4,299,300</u>
					Total long-term debt obligations 27,444,300
					Less current portion <u>(1,085,000)</u>
					Long-term debt obligations, net of current portion <u>\$ 26,359,300</u>



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**7. TRANSACTIONS WITH RELATED ENTITIES**

	<u>Amount</u>
Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$ 3,756,135
Payments to University for other than salaries of University personnel	\$ 9,510,830
Payments received from University for services, space, and programs	\$ 4,230,129
Gifts-in-kind to the University from discretely presented component units	\$ 261,858
Gifts (cash or assets) to the University from discretely presented component units	\$ 4,523,105
Accounts (payable to) University	\$ (749,531)
Other amounts (payable to) University	\$ -
Accounts receivable from University	\$ 123,708
Other amounts receivable from University	\$ -

**8. RESTATEMENTS/PRIOR PERIOD ADJUSTMENTS**

Intentionally left blank - no restatements/prior period adjustments

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**9. NATURAL CLASSIFICATIONS OF OPERATING EXPENSES:**

	<u>Salaries</u>	<u>Benefits- Other</u>	<u>Benefits- Pension</u>	<u>Benefits- OPEB</u>	<u>Scholarships and Fellowships</u>	<u>Supplies and Other Services</u>
Instruction	\$ 3,479,979	\$ 1,159,360	\$ 152,139	\$ -	\$ -	\$ 2,921,252
Research	6,743,103	1,574,614	110,678	-	-	5,429,189
Public service	1,912,107	475,491	25,979	-	-	1,921,868
Academic support	1,109,936	249,625	42,955	-	-	1,754,507
Student services	3,043,240	939,709	118,493	-	-	1,621,838
Institutional support	1,782,092	528,226	178,076	-	-	1,615,242
Operation and maintenance of plant	-	-	-	-	-	-
Student grants and scholarships	-	-	-	-	4,399,247	-
Auxiliary enterprise expenses	149,157	93,093	13,672	-	-	632,392
Depreciation and amortization	-	-	-	-	-	-
<b>Total</b>	<u>\$ 18,219,614</u>	<u>\$ 5,020,118</u>	<u>\$ 641,992</u>	<u>\$ -</u>	<u>\$ 4,399,247</u>	<u>\$ 15,896,288</u>

**10. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

Deferred outflows of resources	
Deferred outflows - unamortized loss on refunding(s)	\$ 1,658,319
Deferred outflows - net pension liability	-
Deferred outflows - net OPEB liability	71,454
Deferred outflows - others	<u>-</u>
<b>Total deferred outflows of resources</b>	<u>\$ 1,729,773</u>
Deferred inflows of resources	
Deferred inflows - service concession arrangements	\$ -
Deferred inflows - net pension liability	-
Deferred inflows - net OPEB liability	43,745
Deferred inflows - unamortized gain on debt refunding(s)	-
Deferred inflows - nonexchange transactions	12,647,679
Deferred inflows - other:	<u>-</u>
<b>Total deferred inflows of resources</b>	<u>\$ 12,691,424</u>

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<u>Depreciation and Amortization</u>	<u>Total Operating Expenses</u>
\$ -	\$ 7,712,730
-	13,857,584
-	4,335,445
-	3,157,023
-	5,723,280
-	4,103,636
-	-
-	4,399,247
-	888,314
1,113,583	1,113,583
\$ 1,113,583	\$ 45,290,842