CONTENTS

Independent Auditors' Report	1-2
Management's Discussion and Analysis (Unaudited)	3-12
Statement of Net Position	13
Statement of Revenues, Expenses and Changes in Net Position	14
Statement of Cash Flows	15-16
Notes to the Financial Statements	17-28
Supplementary Financial Information	29-38
Other Reporting Required by Government Auditing Standards	39-40
Schedule of Findings and Questioned Costs	41

CSULB 49er FOUNDATION

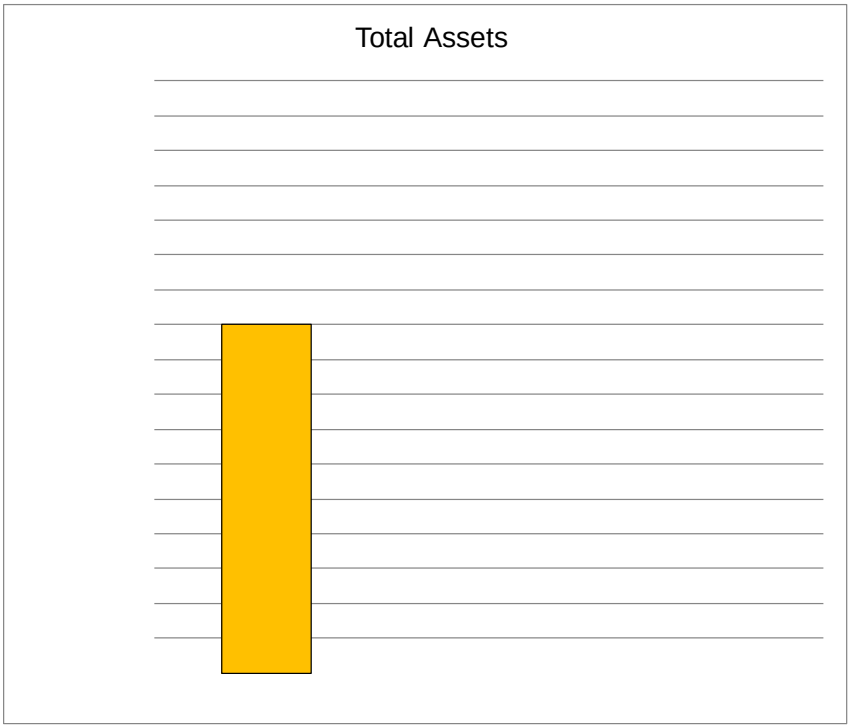
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2018AND 2017

Statement of Net Position

The statement of net position presents the financial position of the 49er Foundation at the end of the fiscal year and includes all assets, liabilities, and deferred outflows/inflows of resources. The difference between total assets, total liabilities, and total deferred outflows/inflows of resources – net position – is one indicator of the current financial condition of the 49er Foundation, while the change in net position is an indicator of whether the overall financial condition has improved or worsened during the year. Assets and liabilities are generally measured using current values. For the purpose of distinguishing between current and noncurrent assets and liabilities, current assets and liabilities are those that can be reasonably

CSULB 49er FOUNDATION

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2018AND 2017



CSULB 49er FOUNDATION

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2018AND 2017

Endowment Investments

The 49erFoundation'sendowment is $77.2 million and $66.1t.elleon91.9 (a146 (t)-1.9 (JT)-1 unea14

CSULB 49er FOUNDATION

CSULB 49er FOUNDATION

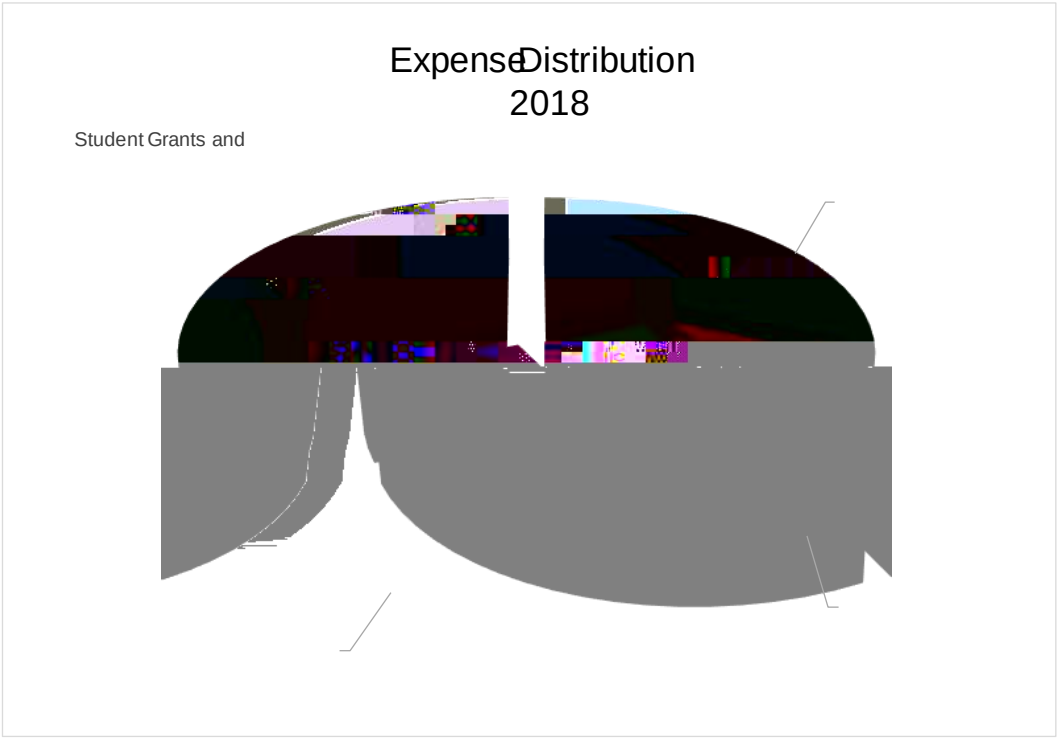
MANAGEMENT'S DISCUSSION AND ANALYSISn43(CS)46.12 0.6 re f 441 357.48 66.12 0

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

The operating loss is mainly affected by the gift revenues which are treated as nonoperating

CSULB 49er FOUNDATION

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2018AND 2017



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 49er Foundation's expenses by functional classification is as follows:

	For the Year Ended June 30, 2018	2017
Operating		
Public service	$ 10,000	$ 20,000
Academic support	3,840,000	3,320,000
Student services	1,300,000	1,060,000
Institutional support	3,100,000	3,200,000
Student grants and scholarships	3,850,000	5,400,000
Total Operating Expenses	$ 12,100,000	$ 13,000,000

Statement of Cash Flows

The statement of cash flows provides additional information on the 49er Foundation's financial results by reporting the major sources and uses of cash. A summary of the statement of cash flows is as follows:

	For the Year Ended June 30, 2018	2017
Net cash used in operating activities	$(11,300,000)	$ (12,250,000)
Net cash provided by noncapital financing activities	9,850,000	9,900,000
Net cash used in capital and related financing activities	None	None
Net cash provided by investing activities	5,400,000	1,250,000
Net change in cash and cash equivalents	3,950,000	(1,100,000)
Cash transfer from CSULB Research Foundation	650,000	1,400,000
Cash and cash equivalents at beginning of year	2,300,000	2,000,000
Cash and cash equivalents at end of year	$ 6,900,000	$ 2,300,000

The cash balance increase in 2018 is due to the timing of a change in investment strategy. At 6/30/18, $5 million of investment assets designated for ESG investment were liquidated, and not yet reinvested.

CSULB 49er FOUNDATION

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2018 AND 2017

Economic Factors That Will Affect the Future

The CSULB 49er Foundation assets consist of invested assets, as well as funds on deposit for short-term expenditures. Invested assets are subject to the volatility of the equity and fixed income markets.

The general health of the economy directly affects campus fundraising. A significant economic downturn could negatively affect the level of charitable giving to the university.

Significant Developments

With twenty-one (21) current authorized members, the CSULB 49er Foundation will continue to recruit new board members until it meets its full membership target of twenty-five (25).

The 49er Foundation's campus management team underwent a major transition with the installation of a new Chief Financial Officer and Chief Operating Officer. In addition, a new Chief Executive Officer will assume her role early in the next fiscal year.

The CSULB 49er Foundation now has more than two full fiscal years of performance with our Outsourced Chief Investment Officer (OCIO) model of investment management. The performance has been in line with or exceeding our various benchmarks.

Per a request from the CSULB student government calling for the adoption of more Socially Responsible Investing, the Board adopted the Finance & Investment Committee's recommendation to create the 49er Foundation Sustainability Fund. With guidance from our OCIO, this new pilot-program pool is comprised of investments based on Environmental-Social-Governance (ESG) criteria and was created using a small portion of funds from the larger investment portfolio.

The Foundation will continue to partner with University Relations & Development to provide resources, set priorities and identify new funding opportunities in preparation for the next fundraising campaign.

	For the Year Ended June 30,	
	2018	2017
REVENUES		
Operating revenues	$ 920,007	$ 421,969
EXPENSES		
Operating Expenses		
Public service	7,734	16,242
Academic support	3,837,585	3,319,544
Student services	1,287,095	1,054,902
Institutional support	3,115,031	3,185,390
Student grants and scholarships	3,834,334	

CSULB 49er FOUNDATION

CSULB 49er FOUNDATION

STATEMENT OF CASH FLOWS
(Continued)

	For the Year Ended June 30,	
	2018	2017
RECONCILIATION OF OPERATING LOSS TO NET CASH FROM OPERATING ACTIVITIES:		
Operating loss	$	

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 1 – Statement of Significant Accounting Policies

CSULB 49er FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 1 – Statement of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

During the year ended June 30, 2018, the 49er Foundation adopted GASB Statement No. 81 – Irrevocable Split-Interest Agreements. This Statement provides recognition and measurement guidance for irrevocable split-interest agreements. Split-interest agreements are types of donor arrangements where resources are provided to two or more beneficiaries, including the 49er Foundation. This Statement will require an organization that enters into an irrevocable split interest agreement to recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Assets could be resources (i.e. cash or investment) received or administered by a third party. Liabilities would be amounts due to other beneficiaries and deferred inflow of resources would be the organization's share of the agreement. Changes to the asset or liabilities are recognized as increases or decreases in the deferred inflow of resources. Revenue is only recognized at the termination of the split-interest agreement.

Classi Tr 8.u-2 (t)-2 (heco)-44 (r)ed aedihe thetthetthetthettheth-/eo 0,31 (eahe)4 (t)e N S t t-

NOTE 1 – Statement of Significant Accounting Policies (Continued)

Net Position (Continued)

- Restricted

  Nonexpendable – Net position subject to externally imposed stipulations that they be maintained permanently by the 49er Foundation. Such assets include the 49er Foundation's permanent endowment funds.

  Expendable – Net position whose use by the 49er Foundation is subject to externally imposed stipulations that can be fulfilled by actions of the 49er Foundation pursuant to those stipulations or that expire by the passage of time.

- Unrestricted

  Unrestricted net position is one that is not subject to externally imposed stipulations. Unrestricted net position 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 position is designated for any University-related use, which includes academic and research programs and initiatives, and capital programs.

Reporting Entity

The 49er Foundation is an affiliated organization component unit of the University. As such, the 49er Foundation's financial data will be included in the financial statements of the University.

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. Actual results could vary from the estimates that were assumed in preparing the financial statements.

NOTE 2 – 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, 2018 using interest rates ranging from 2% to 4%, which approximated the 49er Foundation's rate of return on treasury notes at the time the pledge is made. Pledges receivable as of June 30, 2018 are summarized as follows:

Due in the Year Ending June 30,	
2019	$ 2,651,491
2020	680,445
2021	175,258
2022	61,994
2023	45,500
Thereafter	4,287,380
	7,902,068
Less allowance for uncollectible pledges	

NOTE 3 – 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.

NOTE 3 – Investments (Continued)

Concentration of Credit Risk (Continued)

The following is a summary of investments:

	June 30, 2018	June 30, 2017
Investments at fair value as determined by quoted market price or estimated fair value:		
Local Agency Investment Fund (LAIF)	$ 2,889,871	$ 9,313,587
Corporate bonds	1,656,291	1,568,017
Mutual funds	37,705,920	25,080,633
Government securities	3,090,011	3,468,996
Equity securities	32,080,280	30,640,927
Exchange traded funds (ETFs)	16,776,813	14,343,754
Other investments	21,275	208,310
	94,220,461	84,624,224
Less short-term portion of investments	(17,024,657)	(17,990,248)
Less long-term portion of investments	(21,275)	(20,526)
Endowment investments	$ 77,174,529	$ 66,613,450

NOTE 3 – Investments (Continued)

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

	Fair Value Measurements at June 30, 2018			
	(Level 1)	(Level 2)	(Level 3)	Total
LAIF	$ -	$ 2,889,871	$ -	$ 2,889,871
Corporate bonds	-	1,656,291	-	1,656,291
Mutual funds	37,705,920	-	-	37,705,920
Government securities	3,090,011	-	-	3,090,011
Equity securities	32,080,280	-	-	32,080,280
Exchange traded funds	16,776,813	-	-	16,776,813
Other investment funds	-	21,275	-	21,275
Total assets at fair value	$ 89,653,024	$ 4,567,437	None	$ 94,220,461

	Fair Value Measurements at June 30, 2017			
	(Level 1)	(Level 2)	(Level 3)	Total
LAIF	$ -	$ 9,313,587	$ -	$ 9,313,587
Corporate bonds	-	1,568,017	-	1,568,017
Mutual funds	25,080,633	-	-	25,080,633
Government securities	3,468,996	-	-	3,468,996
Equity securities	30,640,927	-	-	30,640,927
Exchange traded funds	14,343,754	-	-	14,343,754
Other investment funds	187,784	20,526	-	208,310
Total assets at fair value	$ 73,722,094	$10,902,130	None	$ 84,624,224

NOTE 3 – Investments (Continued)

Investment income (loss) is summarized as follows:

NOTE 6 – 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 and 2017, the Research Foundation transferred $654,816 and $1,365,743, respectively, of cash related to obligations satisfied and net proceeds from philanthropic events to the 49er Foundation.

Transfers by Type	For the Year Ended June 30, 2018	2017
Obligations satisfied (campus programs)	$ 423,709	$ 1,095,196
Proceeds from philanthropic events	231,107	270,547
Total Transfer	$ 654,816	$ 1,365,743

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of
CSULB 49er Foundation:

We have audited, in accordance with the 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, the financial statements of CSULB 49er Foundation (a nonprofit organization), which comprise the statement of net position as of June 30, 2018, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 18, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered CSULB 49er Foundation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CSULB 49er Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether CSULB 49er Foundation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization'her nd no0uleH-2 (i4 (e)4 (-4 1(u)-48li0Ta)4 (t)-2e)4 (or)1 (4n o)10 F innl2c115ti ori

CSULB 49er FOUNDATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

The auditors express an unmodified opinion on whether the financial statements of CSULB 49er Foundation were prepared in accordance with generally accepted accounting principles.

Internal control over financial reporting

1. Material weakness(es) identified? No
2. Significant deficiencies identified? None reported
3. Noncompliance material to financial statements noted? No

SECTION II – FINDINGS – FINANCIAL STATEMENTS AUDIT

None

SECTION III – FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None