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Year Ended June 30, 2022

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## INDEPENDENT AUDITORS' REPORT

Board of Directors

Board of Directors

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

Required Supplementary Information

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

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

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

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

The annual report consists of a series of financial statements, prepared in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 35, Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities. This standard is applicable to the Educational Foundation because it is a component unit of California State University, East Bay (University). Consistent with the University, the Educational Foundation has adopted the Business-Type Activity (BTA) reporting model to represent its activities.

The financial statements include the statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows. All sections should be considered together to obtain a complete understanding of the financial picture of the Educational Foundation. The discussion has been prepared by management and should be read in conjunction with the basic financial statements and accompanying notes.

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

Notes to Financial Statements

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

Statements of Revenues, Expenses and  
Changes in Net Position



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

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

See accompanying Notes to Financial Statements.

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

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

See accompanying Notes to Financial Statements.

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

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

See accompanying Notes to Financial Statements.

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

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

See accompanying Notes to Financial Statements.

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

2022

2021

See accompanying Notes to Financial Statements.

Notes to Financial Statements (Continued)

June 30, 2022

A. Nature of Activities

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

B. Financial Reporting Entity

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

C. Basis of Presentation

The basic financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Voluntary nonexchange transactions are recognized as revenue as soon as all eligibility requirements have been met.

D. Fiduciary Activities

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

E. Use of Estimates

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

F. Cash and Cash Equivalents

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

Notes to Financial Statements (Continued)

June 30, 2022

G. Pledges Receivable

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

Notes to Financial Statements (Continued)  
June 30, 2022



Notes to Financial Statements (Continued)  
June 30, 2022

The Educational Foundation recognizes accrued inte

Notes to Financial Statements (Continued)  
June 30, 2022

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

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

Notes to Financial Statements (Continued)  
June 30, 2022

D. Interest Rate Risk

This is the risk of loss due to the fair value of an investment falling due to interest rates rising. As a means of limiting this exposure, short-term investments are limited to relatively liquid instruments such as certificates of deposit, savings accounts, federally guaranteed notes and bills, money market mutual funds.

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

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

E. Fair Value Measurement and Application

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

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

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

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

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

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

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

Notes to Financial Statements (Continued)  
June 30, 2022

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

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

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

Notes to Financial Statements (Continued)  
June 30, 2022

Pledge receivables consist of the following:

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



Schedule of Net Position  
Year Ended June 30, 2022

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

See accompanying note to supplementary information.





Other Information  
Year Ended June 30, 2022

Portion of restricted cash and cash equivalents related to endowments

All other restricted cash and cash equivalents

Current cash and cash equivalents

	4,026,253

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

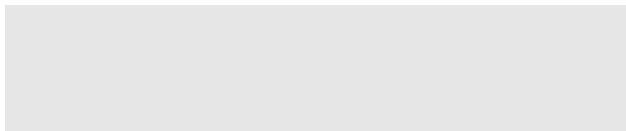
Total Other investments

Less endowment investments (enter as negative number)


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

2.2 Fair value hierarchy in investments:

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



Other Information (Continued)  
Year Ended June 30, 2022

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

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

-

-

Total Other intangible assets

Other Information (Continued)  
Year Ended June 30, 2022

Buildings and building improvements  
Improvements, other than buildings  
Infrastructure  
Leasehold improvements  
Personal property:  
Equipment  
Library books and materials  
Intangible assets:  
Software and websites  
Rights and easements  
Patents, copyrights and trademarks  
Licenses and permits  
Other intangible assets:

(112,000)

Total Other intangible assets:

	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-

Land and land improvements


Land and land improvements  
Buildings and building improvements  
Improvements, other than buildings  
Infrastructure  
Personal property:  
Equipment


Land and land improvements  
Buildings and building improvements  
Improvements, other than buildings  
Infrastructure  
Personal property:  
Equipment




Other Information (Continued)  
Year Ended June 30, 2022

Other Information (Continued)  
Year Ended June 30, 2022

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Other Information (Continued)  
Year Ended June 30, 2022

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

Note to Supplementary Schedules  
Year Ended June 30, 2022

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



