CAL STATE EAST BAY
EDUCATIONAL FOUNDATION, INC.

Financial Statements
and Supplementary Information

June 30, 2013

(With Independent Auditor's Report Thereon)

MGO Certified Public Accountants.

CAL STATE EAST BAY EDUCATIONAL FOUNDATION, INC.

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MGO Certified Public Accountants.

Newport Beach
4675 MacArthur Court, Suite 600
Newport Beach, CA 92660
949.221.0025

Sacramento

Walnut Creek

Oakland

LA/Century City

San Diego

Seattle

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of Cal State East Bay Educational Foundation, Inc. (the Educational Foundation) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Educational Foundation's basic financial statements as listed in the table of contents.

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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 audit 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 auditor's 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 auditor considers 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 respective financial position of the Cal State East Bay Educational Foundation, Inc., as of June 30, 2013, and the respective changes in financial position and cash flows thereof for the year 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 on page 3 to 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Educational Foundation's basic financial statements. The information for the California State University Chancellor's Office is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was 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 information is 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 20, 2013, on our consideration of the Educational 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 the Educational Foundation's internal control over financial reporting and compliance.

Macias Gini & O'Connell LLP

Newport Beach, California
September 20, 2013

CAL STATE EAST BAY EDUCATIONAL FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013
(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, 2013. This discussion has been prepared by management and should be read in conjunction with the financial statements and notes.

Financial Highlights

- Non-current assets increased by $4.4 million or 58% and operating revenues by $0.8 million or 35% resulting from the return of contributions to the Educational Foundation from several University funds into the Presidential Pioneer Scholarship Fund.
- Operating expenses increased by $2.5 million or 209% with a corresponding decrease in current assets due to the movement of the current use funds to the University in fiscal year 2013.
- Non-operating revenue increase by $1.5 million resulting from improved investment activity in fiscal year 2013.

Overview of the Basic Financial Statements

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 schedule of net position, the schedule of revenues, expenses, and changes in net position, and the statement of cash flows. These statements are supported in the annual report by the notes to the financial statements and this section. All sections should be considered together to obtain a complete understanding of the financial picture of the Foundation.

Statement of Net Position: The statement of net position include all assets and liabilities of the Foundation. It is prepared under the accrual basis of accounting, whereby revenues and receivables are recognized when the service is provided and expenses and liabilities are recognized when incurred, regardless of when cash is exchanged. It also identifies major categories of restrictions on the net position of the Foundation.

Statement of Revenues, Expenses, and Changes in Net Position: The statement of revenues, expenses, and changes in net position present the revenues earned and expenses incurred during the year on an accrual basis.

Statement of Cash Flows: The statement of cash flows present the inflows and outflows of cash, summarized by operating, noncapital financing, capital and related financing, and investing activities. The statement is prepared using the direct method of cash flows, and therefore, presents gross rather than net amounts for the year's operating activities.

(Continued)

Notes to Financial Statements: The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the Educational Foundation's basic financial statements. The notes are included immediately following the basic financial statements within this report.

Condensed Statement of Net Position

A summary of key financial statement information is presented below:

	2013	2012
Assets:		
Current assets	$ 3,825,233	$ 7,597,804
Non-current assets	11,874,754	7,510,744
Total Assets	15,699,987	15,108,548
Liabilities:		
Current liabilities	660,258	815,236
Net Position:		
Restricted:		
Nonexpendable	10,654,335	6,379,342
Expendable	3,895,077	7,538,051
Unrestricted	490,317	375,919
Total net position	$ 15,039,729	$ 14,293,312

Current assets decreased 50% to $3.8 million as the current use funds previously held by the Educational Foundation were closed and moved to the University in fiscal year 2013. This business process change affords University users better visibility of the fund balances and streamlines operations for the Educational Foundation as all incoming gifts designated as current use are passed along to the University upon receipt.

Total non-current assets increased 58% to $11.9 million in fiscal year 2013. The increase is primarily due to a 67% increase in non-current investments that are related to endowment holdings as well as an 8% increase in pledge receivables. Increases to the endowment investments are primarily the result of a move of University held endowments to the Educational Foundation in fiscal year 2013 as well as contributions from several University funds that were returned to the Educational Foundation that in turn formed the corpus of the Presidential Pioneer endowment.

Total current liabilities decreased 19% or $0.2 million. A near 100% decrease in accounts payable was partially offset by a 19% increase in agency liabilities. The decrease in accounts payable is the result of business process changes discussed above, in that with the movement of all current use activities to the

(Continued)

University, accounts payable for the Educational Foundation generally only result from board meeting activities.

Net position increased 5% to $15.0 million in fiscal year 2013. Nonexpendable endowment increases of 67% were partially offset by decreases in restricted for scholarships and fellowships as well as a 45% decrease in restricted for other programs. These decreases in the restricted net position designations for scholarships and other programs were the result of the move of current use trust funds to the University in fiscal year 2013.

Statement of Revenues, Expenses and Changes in Net Position

	2013	2012
Operating revenues	$ 3,104,322	$ 2,299,249
Operating expenses	3,611,187	1,116,282
Operating (loss) income	(506,865)	1,182,967
Nonoperating revenues (expenses)	1,253,282	(233,463)
Increase in net position	746,417	949,504
Net position, beginning of year	14,293,312	13,343,808
Net position, end of year	$ 15,039,729	$ 14,293,312

Operating revenues increased by 35% to $3.1 million and fiscal year 2013. The increase is primarily due to a 75% increase in additions to permanent endowment. The additions to permanent endowments resulted from the return of contributions to the Educational Foundation from several University funds that along with several individual gifts formed the corpus of the Presidential Pioneer endowment. Decreases in gifts non-capital, in fiscal year 2013, was the result of a challenging fund raising environment, however the Educational Foundation management is confident that efforts in the coming year will yield better results.

Operating expenses increased by 223% to $3.6 million primarily as a result of the movement of current use funds to the University in fiscal year 2013. However, with the move of the current use funds to the University, it is anticipated that the expenses will largely consist of the operating costs of the Educational Foundation itself.

Non-operating revenues/expenses ended the year with net revenue of $1.3 million. This increase is primarily due to gains in investment and endowment income realized this year as the financial environment improved.

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Request for Information

The financial report is designed to provide a general overview of the Educational Foundation's finances. For questions concerning any information in this report or for additional financial information, contact Sherry Pickering, Director Fiscal Services, California State University East Bay, 25800 Carlos Bee Boulevard, Hayward, California 94542 or call (510) 885-7363.

CAL STATE EAST BAY EDUCATIONAL FOUNDATION, INC.
STATEMENT OF NET POSITION
JUNE 30, 2013

Assets:		
Current assets:		
Cash	$	143,633
Investments		3,149,050
Accounts receivable		152,338
Pledges receivable, net		380,212
Total current assets		3,825,233
Noncurrent assets:		
Investments		10,654,335
Pledges receivable		1,220,419
Total noncurrent assets		11,874,754
Total assets		15,699,987
Liabilities:		
Current liabilities:		
Accounts payable		1,142
Agency liabilities		659,116
Total liabilities		660,258
Net position:		
Restricted for:		
Nonexpendable - endowments		10,654,335
Expendable:		
Scholarships and fellowships		965,473
Loans		951
Other programs		2,928,653
Unrestricted		490,317
Total net position	$	15,039,729

See accompanying notes to financial statements.

CAL STATE EAST BAY EDUCATIONAL FOUNDATION, INC.
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2013

Revenues:		
Operating revenues:		
Gifts, noncapital	$	1,005,544
In-kind contributions		67,145
Additions to permanent endowments		1,949,951
Other operating revenues		81,682
Total operating revenues		3,104,322
Expenses:		
Operating expenses:		
Contributions to support activities of University		3,355,541
Scholarship disbursements		118,056
Accounting and administrative costs		137,590
Total operating expenses		3,611,187
Operating loss		(506,865)
Non-operating revenues (expenses):		
Investment gains, net		1,103,938
Investment income, net		149,344
Total non-operating revenues		1,253,282
Increase in net position		746,417
Net position, beginning of year		14,293,312
Net position, end of year	$	15,039,729

See accompanying notes to financial statements.

CAL STATE EAST BAY EDUCATIONAL FOUNDATION, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2013

Cash flows from operating activities:		
Receipts from contributors	$	2,660,603
Payments for student grants and scholarships		(118,056)
Payments for contributions to the University		(3,288,396)
Payments for accounting and administrative costs		(243,610)
Other operating cash flows		93,673
Net cash used in operating activities		(895,786)
Cash flows from investing activities:		
Purchases of investments		(5,544,692)
Sales of investments		4,896,024
Investment gains, net		1,253,282
Net cash provided by investing activities		604,614
Net decrease in cash		(291,172)
Cash, beginning		434,805
Cash, ending	$	143,633
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	$	(506,865)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Changes in operating assets and liabilities:		
Accounts receivable		(18,560)
Pledges receivable, net		(215,383)
Accounts payable		(248,650)
Agency liabilities		93,672
Net cash provided by operating activities	$	(895,786)

See accompanying notes to financial statements.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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 (GAAP) 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.

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 GAAP 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 revenue as soon as all eligibility requirements have been met.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

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 using rates commensurate with the risks involved. The discount rate for the year ended June 30, 2013 was 3.17%. An allowance for doubtful pledges is provided based on management’s evaluation of potential uncollectible pledges receivable at year-end.

Investments

Investments are reflected at fair value using quoted market prices. Gains and losses are included in the statements of revenues, expenses, and changes in net position as investment gain or loss. Earnings or losses on donor restricted endowments are available or deducted from donor-designated purposes, primarily scholarships, and are presented separately in non-operating revenues or losses in the statement of revenues, expenses, and changes in net position

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Property and Equipment

Property and equipment are stated at cost. Expenditures for maintenance and repairs are charged against operations. Depreciation and/or amortization is computed using the straight-line method over the estimated useful lives of the related assets of three years.

Agency Liabilities

The Educational Foundation administers monies and investments for the CSUEB Alumni Association and other University programs. Such funds are reported as agency liabilities in the statement of net position.

In-kind Contributions

In-kind contributions are composed of miscellaneous tangible items. All items greater than $5,000 require a professional appraisal and the remainder are valued by the donor.

Classification of Revenues and Expenses

The Educational 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 with the Educational Foundation's primary functions. Exchange transactions include charges for services rendered and the acquisition of goods and services. Certain other transactions are reported as non-operating revenues and expenses in accordance with GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*. These non-operating activities include the Educational Foundation's net investment and endowment gain or loss.

Net Position

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

- *Unrestricted:* All other categories of net position, including those net position designated by the Board or management.

- *Expendable:* Net position subject to externally imposed conditions that can be fulfilled by the actions of the Educational Foundation or by the passage of time.

- *Nonexpendable:* Net position subject to irrevocable donor restrictions requiring that the assets be maintained in perpetuity for the purpose of generating investment income to fund the agreed-upon purpose of the donor's gift.

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Classification of Revenues and Expenses

The Educational Foundation considers operating revenues and expenses in the schedule 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 with the Educational 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, *Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities—an amendment of GASB Statement No. 34.* These nonoperating activities include the Educational Foundation's net investment income and interest expense

Services and Facilities

Certain administrative personnel and office facilities provided to the Educational Foundation by the University were subject to reimbursement through the University cost recovery process. As these services and facilities have been priced via an objective valuation process, the related expenses have been reflected in the financial statements of the Educational Foundation as reimbursements to the University.

Income Taxes

The Educational Foundation is exempt from Federal and State corporate income taxes under Internal Revenue Service Code Section 501(c)(3) and California Revenue and Taxation Service Code 23701d. In addition, the Educational Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization that is not a private foundation under Section 509(a)(1). However, the Educational Foundation remains subject to taxes on any net income which is derived from a trade or business, regularly carried on, and unrelated to its exempt purpose.

The Educational Foundation recognizes accrued interest and penalties associated with uncertain tax positions as part of the income tax provision, when applicable. There are no amounts accrued in the financial statements related to uncertain tax positions.

The Educational Foundation files informational and income tax returns in the United States and various state and local jurisdictions. The Educational Foundation's Federal income tax and informational returns are subject to examination by the Internal Revenue Service generally for 3 years after the returns were filed. State and local jurisdictions have statutes of limitation that generally range from 3 to 5 years.

NOTE 2 - CASH

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

NOTE 3 - INVESTMENTS

With respect to its investment decision making, the Educational Foundation considers factors such as general economic conditions, possible effects of inflation or deflation, expected total return, availability of other resources, the needs of the University, and preservation of capital. Investment decisions are made in the context of the entire portfolio viewed as a whole.

The desired target for distributions from endowment funds for each year will be amounts that, over time, will result in the retention of earnings in the endowments equal to the rate of inflation plus 0% to 5%, after payment of investment, administration fees and distributions. In order to provide stability in distribution amounts over time, the Educational Foundation's approved overall distribution percentage

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will be no more than 4% times the average of the quarter-end balances of endowment and quasi-endowment values over the preceding twelve quarters.

Investments consist of the following as of June 30, 2013:

Equity Securities	$	9,802,234
US Government securities		1,259,764
Mututal funds		1,132,052
Corporate bonds		658,489
Mortgage securities		610,183
Money market funds		309,668
Commodities		30,995
	$	13,803,385

Investment income, net, consists of the following as of June 30, 2013:

Interest and dividends, net of fees	$	149,344
Realized and unrealized gains (losses)		1,103,938
	$	1,253,282

Credit Risk

This is the risk that an issuer or other counterparty to a debt instrument will not fulfill its obligations. This is measured by the assignment of ratings by nationally recognized statistical rating organizations. The Educational Foundation's investment policy generally prohibits investments in the following vehicles: private placements, venture capital investments, real estate properties, futures contracts, options, short sales, or margin sales. Investments in cash equivalents, fixed income securities, equity securities and mutual funds are done in a diversified manner that is risk averse with an objective of minimize risk while obtaining a reasonable return. The Educational Foundation's investment policy dictates a diverse asset allocation as follows: domestic equities (40-75%), fixed income (20-55%), cash (0-10%), and alternative investments (0-20%). The investment consultant is provided a maximum and minimum portfolio target for each asset class to ensure proper diversification and to avoid unnecessary risk.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that the Educational Foundation will not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. The California Government Code and Education Code do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the provision that a financial institution must secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The risk is mitigated in that the Educational Foundation's deposits are maintained at financial institutions that are fully insured or collateralized as required by state law.

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Concentration of Credit Risk

This is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. In order to maximize the rate of return in Educational Foundation's long-term investment portfolio while preserving capital and limiting concentration of credit risk, the Educational Foundation's investment policy dictates a diverse asset allocation as follows: domestic equities (40-75%), fixed income (20-55%), cash (0-10%), and alternative investments (0-20%).

The following indicates the credit and interest rate risk of investments as of June 30, 2013. The credit ratings listed are for Moody's Investor Services.

		MATURITY			
	Moody's Credit Rating	Less than 3 months (90 days)	3 to 12 months (90-360 days)	Over 1 year (360+ days)	Total
Corporate Bonds	Aa2-Baa2	$ 35,053	$158,714	$ 464,723	$ 658,489
Government Securities	Not Rated	25,043	-	1,234,721	1,259,764
Mortgage Securities	Not Rated	-	-	610,183	610,183

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.

NOTE 4 - PLEDGES RECEIVABLE

At June 30, 2013, pledges receivable consist of the following:

Receivable in less than one year	$ 506,116
Receivable in one to five years	1,220,419
Less allowance for doubtful accounts	(47,592)
Less discount factor to present value	(78,312)
	$ 1,600,631

At June 30, 2013, the Educational Foundation had pledges receivable from members and officers of the Board of Trustees in the amounts of $745,460, net of allowance for doubtful accounts and discount. These pledges receivable are due at various dates through 2017.

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NOTE 5 - RELATED PARTIES TRANSACTIONS

The Educational Foundation may enter into transactions with the other California State University, East Bay Auxiliaries (Associated Students, Inc. of California State University, East Bay and the California State University, East Bay Foundation, Inc. (Foundation) (collectively known as the "Auxiliaries")) as well as transactions with the University itself. Certain administrative and accounting functions are provided by the Foundation for a fee that is included in operating expenses. The fees for these services was $108,750 for the year ended June 30, 2013. Additionally, the Educational Foundation reimburses the University, Associated Students and the Foundation for certain services provided by the University, Associated Students and the Foundation. The fees for these services were $348,437 for the year ended June 30, 2013. During the year ended June 30, 2013, the Educational Foundation contributed cash and in-kind gifts of $1,784,893 to the University. This amount is included as contributions to/support activities of the University in the statement of revenues, expenses, and net position. The Educational Foundation also received reimbursements for services and gifts provided by the University, Associated Students and the Foundation. During the years ended June 30, 2013, the Educational Foundation received $21,781. This amount is included as gifts and other operating revenues in the statements of revenues, expenses, and changes in net position.

At June 30, 2013 amounts receivable were as follows:

California State University, East Bay-Receivable	$ 3,625
	$ 3,625

NOTE 6 - FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis in the schedule of revenues, expenses, and changes in net position. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE 7 - CONTINGENCIES

The Educational Foundation has grants and contracts with government agencies which are subject to audit. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined. Management believes that any liability which may result from these audits is not material.

NOTE 8 - SUBSEQUENT EVENTS

The Educational Foundation has evaluated subsequent events and transactions for potential recognition or disclosure through September 20, 2013, the date the financial statements were available to be issued.

CAL STATE EAST BAY EDUCATIONAL FOUNDATION, INC.
SCHEDULE OF NET POSITION
YEAR ENDED JUNE 30, 2013
(for inclusion in the California State University)

Assets:		
Current assets:		
Cash and cash equivalents	$	143,633
Short-term investments		3,149,050
Accounts receivable, net		152,338
Leases receivable, current portion		-
Notes receivable, current portion		-
Pledges receivable, net		380,212
Prepaid expenses and other assets		-
Total current assets		3,825,233
Noncurrent assets:		
Restricted cash and cash equivalents		-
Accounts receivable, net		-
Leases receivable, net of current portion		-
Notes receivable, net of current portion		-
Student loans receivable, net		-
Pledges receivable, net		1,220,419
Endowment investments		10,654,335
Other long-term investments		-
Capital assets, net		-
Other assets		-
Total noncurrent assets		11,874,754
Total assets		15,699,987
Deferred outflows of resources:		
Unamortized loss on refunding(s)		-
Total deferred outflows of resources		-
Liabilities:		
Current liabilities:		
Accounts payable		1,142
Accrued salaries and benefits payable		-
Accrued compensated absences– current portion		-
Unearned revenue		-
Capitalized lease obligations – current portion		-
Long-term debt obligations – current portion		-
Self-insurance claims liability - current portion		-
Depository accounts		659,116
Other liabilities		-
Total current liabilities		660,258
Noncurrent liabilities:		
Accrued compensated absences, net of current portion		-
Unearned revenue		-
Grants refundable		-
Capitalized lease obligations, net of current portion		-
Long-term debt obligations, net of current portion		-
Self-insurance claims liabilities, net of current portion		-
Depository accounts		-
Other postemployment benefits obligation		-
Other liabilities		-
Total noncurrent liabilities		-
Total liabilities		660,258
Deferred inflows of resources:		
Deferred inflows from SCAs, grants, and others		-
Total deferred inflows of resources		-
Net Position:		
Net investment in capital assets		-
Restricted for:		
Nonexpendable – endowments		10,654,335
Expendable:		
Scholarships and fellowships		965,473
Research		-
Loans		-
Capital projects		951
Debt service		-
Other		2,928,653
Unrestricted		490,317
Total net position	$	15,039,729

See accompanying note to supplementary information.

CAL STATE EAST BAY EDUCATIONAL FOUNDATION, INC.
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2013
(for inclusion in the California State University)

Revenues:		
Operating revenues:		
Student tuition and fees (net of scholarship allowances of $_____)	$	-
Grants and contracts, noncapital:		
Federal		-
State		-
Local		-
Nongovernmental		-
Sales and services of educational activities		-
Sales and services of auxiliary enterprises (net of scholarship allowances of $_____)		-
Other operating revenues		-
Total operating revenues		-
Expenses:		
Operating expenses:		
Instruction		-
Research		-
Public service		-
Academic support		-
Student services		-
Institutional support		-
Operation and maintenance of plant		-
Student grants and scholarships		118,056
Auxiliary enterprise expenses		3,493,131
Depreciation and amortization		-
Total operating expenses		3,611,187
Operating income (loss)		(3,611,187)
Nonoperating revenues (expenses):		
State appropriations, noncapital		-
Federal financial aid grants, noncapital		-
State financial aid grants, noncapital		-
Local financial aid grants, noncapital		-
Nongovernmental and other financial aid grants, noncapital		-
Other federal nonoperating grants, noncapital		-
Gifts, noncapital		1,072,689
Investment income (loss), net		1,103,938
Endowment income (loss), net		149,344
Interest Expenses		—
Other nonoperating revenues (expenses)		81,682
Net nonoperating revenues (expenses)		2,407,653
Income (loss) before other additions		(1,203,534)
State appropriations, capital		-
Grants and gifts, capital		-
Additions (reductions) to permanent endowments		1,949,951
Increase (decrease) in net position		746,417
Net position:		
Net position at beginning of year, as previously reported		14,293,312
Restatements		-
Net position at beginning of year, as restated		14,293,312
Net position at end of year	$	15,039,729

See accompanying note to supplementary information.

CAL STATE EAST BAY EDUCATIONAL FOUNDATION, INC.
OTHER INFORMATION
YEAR ENDED JUNE 30, 2013
(FOR INCLUSION IN THE CALIFORNIA STATE UNIVERSITY)

1 Restricted cash and cash equivalents at June 30, 2013:

Portion of restricted cash and cash equivalents related to endowments	$ -
All other restricted cash and cash equivalents	-
Total restricted cash and cash equivalents	$ -

2.1 Composition of investments at June 30, 2013:

	Current Unrestricted	Current Restricted	Total Current	Noncurrent Unrestricted	Noncurrent Restricted	Total Noncurrent	Total
State of California Surplus Money Investment Fund (SMIF)	$ -	-	-	-	-	-	-
State of California Local Agency Investment Fund (LAIF)	-	-	-	-	-	-	-
Wachovia Short Term Fund	-	-	-	-	-	-	-
Wachovia Medium Term Fund	-	-	-	-	-	-	-
Wachovia Equity Fund	-	-	-	-	-	-	-
CSU Consolidated Investment Pool (includes SWIFT and 0948 SMIF)	-	-	-	-	-	-	-
Common Fund - Short Term Fund	-	-	-	-	-	-	-
Common Fund - Others	-	-	-	-	-	-	-
Debt securities	-	-	-	-	-	-	-
Equity securities	2,236,243	-	2,236,243	-	7,565,991	7,565,991	9,802,234
Fixed income securities (Treasury notes, GNMA's)	139,205	-	139,205	-	470,978	470,978	610,183
Land and other real estate	-	-	-	-	-	-	-
Certificates of deposit	-	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-	-
Mutual funds	258,262	-	258,262	-	873,791	873,791	1,132,053
Money Market funds	70,646	-	70,646	-	239,022	239,022	309,668
Collateralized mortgage obligations:	-						
Inverse floaters	-	-	-	-	-	-	-
Interest-only strips	-	-	-	-	-	-	-
Agency pass-through	-	-	-	-	-	-	-
Partnership interests (includes private pass-through)	-	-	-	-	-	-	-
Alternative investments	-	-	-	-	-	-	-
Hedge funds	-	-	-	-	-	-	-
Other major investments:						-	-
Corporate Bonds	150,225	-	150,225	-	508,264	508,264	658,489
Government Securities	287,398	-	287,398	-	972,366	972,366	1,259,764
Commodities	7,071	-	7,071	-	23,923	23,923	30,994
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Total investments	3,149,050	-	3,149,050	-	10,654,335	10,654,335	13,803,385
Less endowment investments (enter as negative number)					(10,654,335)	(10,654,335)	(10,654,335)
Total investments	3,149,050	-	3,149,050	-	-	-	3,149,050

2.2 Investments held by the University under contractual agreements at June 30, 2013:

Portion of investments in note 2.1 held by the University under contractual agreements at June 30, 2013 :	-	-	-	-	-	-	-

2.3 Restricted current investments at June 30, 2013 related to:

	Amount
Add description	$ —
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Total restricted current investments at June 30, 2013	$ —

2.4 Restricted noncurrent investments at June 30, 2013 related to:

	Amount
Endowment investment	$ 10,654,335
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Total restricted noncurrent investments at June 30, 2013	$ 10,654,335

See accompanying note to supplementary information.

CAL STATE EAST BAY EDUCATIONAL FOUNDATION, INC.
OTHER INFORMATION
YEAR ENDED JUNE 30, 2013
(FOR INCLUSION IN THE CALIFORNIA STATE UNIVERSITY)

3.1 Composition of capital assets at June 30, 2013:

	Balance June 30, 2012	Prior period Adjustments	Reclassifications	Balance June 30, 2012 (restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2013
Nondepreciable/nonamortizable capital assets:								
Land and land improvements	$ -	-	-	-	-	-	-	-
Works of art and historical treasures	-	-	-	-	-	-	-	-
Construction work in progress (CWIP)	-	-	-	-	-	-	-	-
Intangible assets:								
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-
Internally generated intangible assets in progress	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets:								
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-
Total nondepreciable/nonamortizable capital assets	-	-	-	-	-	-	-	-
Depreciable/amortizable capital assets:								
Buildings and building improvements	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	-	-	-	-	-	-	-	-
Personal property:								
Equipment	-	-	-	-	-	-	-	-
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets:								
Software and websites	112,000	-	-	112,000	-	-	-	112,000
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyright and trademarks	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets:								
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total intangible assets	112,000	-	-	112,000	-	-	-	112,000
Total depreciable/amortizable capital assets	112,000	-	-	112,000	-	-	-	112,000
Total capital assets	112,000	-	-	112,000	-	-	-	112,000
Less accumulated depreciation/amortization:								
Buildings and building improvements	-	-	-	-	-	-		-
Improvements, other than buildings	-	-	-	-	-	-		-
Infrastructure	-	-	-	-	-	-		-
Leasehold improvements	-	-	-	-	-	-		-
Personal property:								
Equipment	-	-	-	-	-	-		-
Library books and materials	-	-	-	-	-	-		-
Intangible assets:								
Software and websites	(112,000)	-	-	(112,000)	-	-		(112,000)
Rights and easements	-	-	-	-	-	-		-
Patents, copyright and trademarks	-	-	-	-	-	-		-
Licenses and permits	-	-	-	-	-	-		-
Other intangible assets:								
	-	-	-	-	-	-		-
	-	-	-	-	-	-		-
	-	-	-	-	-	-		-
	-	-	-	-	-	-		-
	-	-	-	-	-	-		-
Total intangible assets	(112,000)	-	-	(112,000)	-	-		(112,000)
Total accumulated depreciation/amortization	(112,000)	-	-	(112,000)	-	-		(112,000)
Total capital assets, net	$ -	-	-	-	-	-	-	-

See accompanying note to supplementary information.

CAL STATE EAST BAY EDUCATIONAL FOUNDATION, INC.
OTHER INFORMATION
YEAR ENDED JUNE 30, 2013
(FOR INCLUSION IN THE CALIFORNIA STATE UNIVERSITY)

3.2 Detail of depreciation and amortization expense for the year ended June 30, 2013:

Depreciation and amortization expense related to capital assets	$	—
Amortization expense related to other assets		—
Total depreciation and amortization	$	—

4 Long-term liabilities activity schedule:

	Balance June 30, 2012	Prior period adjustments	Reclassifications	Balance June 30, 2012 (restated)	Additions	Reductions	Balance June 30, 2013	Current portion	Long-term portion
Accrued compensated absences	$ —	—	—	—	-	-	—	—	—
Capitalized lease obligations:									
Gross balance	—	—	—	—	-	-	—	—	—
Unamortized premium / (discount) on capitalized lease obligations	—	—	—	—	-	-	—		—
Total capitalized lease obligations	—	—	—	—	-	-	—	—	—
Long-term debt obligations:									
Revenue Bonds	—	—	—	—	-	-	—	—	—
Other bonds (non-Revenue Bonds)	—	—	—	—	-	-	—	—	—
Commercial Paper	—	—	—	—	-	-	—	—	—
Note Payable related to SRB	—	—	—	—	-	-	—	—	—
Other:									
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Total long-term debt obligations	—	—	—	—	-	-	—	—	—
Unamortized bond premium / (discount)	—	—	—	—	-	-	—		—
Unamortized loss on refunding	—	—	—	—	-	-	—		—
Total long-term debt obligations, net	—	—	—	—	—	—	—	—	—
Total long-term liabilities	$ —	—	—	—	—	—	—	—	—

5 Future minimum lease payments - capital lease obligations:

	Principal	Interest	Principal and Interest
Year ending June 30:			
2014	-	-	—
2015	-	-	—
2016	-	-	—
2017	-	-	—
2018	-	-	—
2019 - 2023	-	-	—
2024 - 2028	-	-	—
2029 - 2033	-	-	—
2034 - 2038	-	-	—
2039 - 2043	-	-	—
2044 - 2048	-	-	—
2049 - 2053	-	-	—
2054 - 2058	-	-	—
2059 - 2063	-	-	—
Total minimum lease payments			—
Less amounts representing interest			—
Present value of future minimum lease payments			—
Less: current portion			—
Capitalized lease obligation, net of current portion			$ —

See accompanying note to supplementary information.

CAL STATE EAST BAY EDUCATIONAL FOUNDATION, INC.
OTHER INFORMATION
YEAR ENDED JUNE 30, 2013
(FOR INCLUSION IN THE CALIFORNIA STATE UNIVERSITY)

6 Long-term debt obligation schedule

	Revenue Bonds			All other long-term debt obligations			Total		
	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest
Year ending June 30:									
2014	$ -	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-	-
2019 - 2023	-	-	-	-	-	-	-	-	-
2024 - 2028	-	-	-	-	-	-	-	-	-
2029 - 2033	-	-	-	-	-	-	-	-	-
2034 - 2038	-	-	-	-	-	-	-	-	-
2039 - 2043	-	-	-	-	-	-	-	-	-
2044 - 2048	-	-	-	-	-	-	-	-	-
2049 - 2053	-	-	-	-	-	-	-	-	-
2054 - 2058	-	-	-	-	-	-	-	-	-
2059 - 2063	-	-	-	-	-	-	-	-	-
Total	$ -	-	-	-	-	-	-	-	-

7 Calculation of net position

	Auxiliary Organizations		Total
	GASB	FASB	Auxiliaries
7.1 Calculation of net position - Net investment in capital assets			
Capital assets, net of accumulated depreciation	$ —	—	—
Capitalized lease obligations - current portion	—	—	—
Capitalized lease obligations, net of current portion	—	—	—
Long-term debt obligations - current portion	—	—	—
Long-term debt obligations, net of current portion	—	—	—
Portion of outstanding debt that is unspent at year-end	—	—	—
Other adjustments: (please list)			
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Net position - net investment in capital asset	$ —	—	—
7.2 Calculation of net position - Restricted for nonexpendable - endowments			
Portion of restricted cash and cash equivalents related to endowments	$ —	—	—
Endowment investments	10,654,335	—	10,654,335
Other adjustments: (please list)			
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Net position - Restricted for nonexpendable - endowments per SNP	$ 10,654,335	—	10,654,335

See accompanying note to supplementary information.

CAL STATE EAST BAY EDUCATIONAL FOUNDATION, INC.
OTHER INFORMATION
YEAR ENDED JUNE 30, 2013
(FOR INCLUSION IN THE CALIFORNIA STATE UNIVERSITY)

8 Transactions with Related Entities

	Amount
Payments to University for salaries of University personnel working on contracts, grants, and other programs	$ 3,264
Payments to University for other than salaries of University personnel	257,647
Payments received from University for services, space, and programs	—
Gifts-in-kind to the University from Auxiliary Organizations	67,145
Gifts (cash or assets) to the University from recognized Auxiliary Organizations	1,717,748
Accounts (payable to) University (enter as negative number)	—
Other amounts (payable to) University (enter as negative number)	—
Accounts receivable from University	3,625
Other amounts receivable from University	—

9 Other Postemployment Benefits Obligation (OPEB)

Annual required contribution (ARC)	$ —
Contributions during the year	—
Increase (decrease) in net OPEB obligation (NOO)	—
NOO - beginning of year	—
NOO - end of year	$ —

10 Pollution remediation liabilities under GASB Statement No. 49:

Description	Amount
Add description	$ —
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Total pollution remediation liabilities	$ —
Less: current portion	—
Pollution remedition liabilities, net of current portion	—

See accompanying note to supplementary information.

CAL STATE EAST BAY EDUCATIONAL FOUNDATION, INC.
OTHER INFORMATION
YEAR ENDED JUNE 30, 2013
(FOR INCLUSION IN THE CALIFORNIA STATE UNIVERSITY)

11 The nature and amount of the prior period adjustment(s) recorded to beginning net position

	Net Position Class	Amount Dr. (Cr.)
Net position as of June 30, 2012, as previously reported		$ 14,293,312
Prior period adjustments:		
1 (list description of each adjustment)		—
2 (list description of each adjustment)		—
3 (list description of each adjustment)		—
4 (list description of each adjustment)		—
5 (list description of each adjustment)		—
6 (list description of each adjustment)		—
7 (list description of each adjustment)		—
8 (list description of each adjustment)		—
9 (list description of each adjustment)		—
10 (list description of each adjustment)		—
Net position as of June 30, 2012, as restated		$ 14,293,312

Provide a detailed breakdown of the journal entries (at the financial statement line item level) booked to record each prior period adjustment:

	Debit	Credit
Net position class:_____		
1 (breakdown of adjusting journal entry)	$ —	
		—
Net position class:_____		
2 (breakdown of adjusting journal entry)	—	
		—
Net position class:_____		
3 (breakdown of adjusting journal entry)	—	
		—
Net position class:_____		
4 (breakdown of adjusting journal entry)	—	
		—
Net position class:_____		
5 (breakdown of adjusting journal entry)	—	
		—
Net position class:_____		
6 (breakdown of adjusting journal entry)	—	
		—
Net position class:_____		
7 (breakdown of adjusting journal entry)	—	
		—
Net position class:_____		
8 (breakdown of adjusting journal entry)	—	
		—
Net position class:_____		
9 (breakdown of adjusting journal entry)	—	
		—
Net position class:_____		
10 (breakdown of adjusting journal entry)	—	
		—

See accompanying note to supplementary information.

CAL STATE EAST BAY EDUCATIONAL FOUNDATION, INC.
NOTE TO SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2013

1. Basis of Presentation

These schedules are prepared in accordance with the instructions listed in an Administrative Directive, dated June 24, 2003, Financial Reporting Requirements for Auxiliary Organizations, from the California State University Office of the Chancellor and as a result, do not purport to represent financial statements prepared in accordance with generally accepted accounting principles applicable to governmental not-for-profit organizations.