

**THE BULLDOG FOUNDATION
(A COMPONENT UNIT OF
CALIFORNIA STATE UNIVERSITY, FRESNO)**

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

THE BULLDOG FOUNDATION
(a Component Unit of California State University, Fresno)

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The Bulldog Foundation
Fresno, California

Report on the Financial Statements

We have audited the accompanying financial statements of The Bulldog Foundation (a component of California State University, Fresno), which comprise the statements 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 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 Bulldog Foundation, as of June 30, 2019 and 2018, and the respective changes in financial position, and cash flows thereof 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 on pages 4 to 11 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 comprise The Bulldog Foundation's financial statements. The supplementary information on pages 32 to 35 is presented as required by the Chancellor of the California State University. The supplementary information is the responsibility of management and was derived from and relates 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 supplementary information is fairly stated in all material respects in relation to the 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 19, 2019, on our consideration of The Bulldog 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 solely 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 the effectiveness of The Bulldog Foundation's 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 Bulldog Foundation's internal control over financial reporting and compliance.

Moore Shider & Company

Fresno, California
September 19, 2019

THE BULLDOG FOUNDATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEARS ENDED JUNE 30, 2019 AND 2018

This section of The Bulldog Foundation's ("BDF") annual financial report presents management's discussion and analysis of the financial performance of the BDF during the years ended June 30, 2019 and 2018. This discussion has been prepared by management and should be read in conjunction with the financial statements and accompanying notes, which follow this section.

Reporting Entity

The BDF is a non-profit corporation and a component of California State University, Fresno. The BDF's corporate purposes include, among other things, raising funds to provide scholarships for student-athletes, upgrade and construct new athletic facilities, and to support the various sports programs for the California State University, Fresno Athletic Corporation.

Overview of the Financial Statements

The financial statements of the BDF for the fiscal years ended June 30, 2019 and 2018 have been prepared in accordance with Government Accounting Standards Board (GASB). The BDF is a component unit of California State University, Fresno. The BDF is not legally required to have an adopted budget, and therefore is not required to present budgetary comparison information.

The *Statements of Net Position* include all assets and liabilities of the BDF, with the difference between these reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of the financial position of the BDF.

The *Statements of Revenues, Expenses and Changes in Net Position* present information showing how net position changed during the most recent two fiscal years. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Revenues and expenses are classified as either operating or nonoperating. This distinction results in operating deficits, as the GASB reporting model requires classification of contributions as nonoperating revenue.

The *Statements of Cash Flows* present the inflows and outflows of cash during the most recent two fiscal years and is summarized by operating, investing, and noncapital financing activities. This statement is prepared using the direct method of cash flows and therefore presents gross rather than net amounts for the years' activities. When used with related disclosures and information in the other financial statements, the information provided in these statements should help financial report users assess the BDF's ability to generate future net cash flows, its ability to meet obligations as they come due, and its need for occasional external financing.

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

THE BULLDOG FOUNDATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEARS ENDED JUNE 30, 2019 AND 2018

Financial Overview

The following discussion highlights management's understanding of the key financial aspects of the BDF's financial activities as of and for the years ended June 30, 2019 and 2018. Included is a discussion of restrictions of the BDF's net position.

Financial Highlights – Years Ended June 30, 2019 and 2018

During 2019 the BDF had a net position decrease of \$1,933,106. This was a result of the support for the California State University, Fresno Athletic Corporation exceeding revenue earned during the year.

During 2018 the BDF had a net position decrease of \$2,743,776. This was a result of the support for the California State University, Fresno Athletic Corporation exceeding revenue earned during the year. In the fall of 2017, the California State University, Fresno decided against moving the Bulldog Stadium Modernization Project forward. The result of this action released the contingent promises of \$2,050,000.

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See next page for continuation of management's discussion and analysis.

THE BULLDOG FOUNDATION

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

YEARS ENDED JUNE 30, 2019 AND 2018

CONDENSED SUMMARY OF NET POSITION

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Assets			
Current assets	\$ 6,444,092	\$ 5,748,725	\$ 6,673,508
Noncurrent assets	<u>7,187,339</u>	<u>9,584,665</u>	<u>11,183,428</u>
Total assets	<u>13,631,431</u>	<u>15,333,390</u>	<u>17,856,936</u>
Liabilities			
Current liabilities	<u>4,390,000</u>	<u>4,158,853</u>	<u>3,938,623</u>
Net position			
Restricted - nonexpendable	1,093,204	970,053	868,488
Restricted - expendable	5,541,713	5,021,403	5,506,653
Unrestricted	<u>2,606,514</u>	<u>5,183,081</u>	<u>7,543,172</u>
Total net position	<u><u>\$ 9,241,431</u></u>	<u><u>\$ 11,174,537</u></u>	<u><u>\$ 13,918,313</u></u>

Assets

Current assets, consisting of cash and cash equivalents, pledges receivable, prepaid expenses and other assets, increased approximately \$695,000 FY 2018 to FY 2019. The increase is primarily due to an increase in cash of approximately \$648,000, and with a minor increase of pledges receivable and other assets.

Noncurrent assets, consisting of restricted cash and cash equivalents, long-term pledges receivable and endowment investments, decreased \$2,397,000 from FY 2018 to FY 2019. The decrease is primarily due to a decrease in endowment investments of approximately \$2,531,000, offset by an increase in long-term pledges receivable of approximately \$126,000. The endowment investments decrease is primarily a result of endowment fund distributions of \$3,150,000 toward athletic scholarships, unrealized losses of approximately \$213,000, offset by realized gains of approximately \$582,000, investment earnings of approximately \$132,000 and additional endowment contributions of \$143,481.

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See next page for continuation of management's discussion and analysis.

THE BULLDOG FOUNDATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEARS ENDED JUNE 30, 2019 AND 2018

Liabilities

Current liabilities, consisting of accounts payable, accrued compensated absences, line of credit and unearned revenue, increased approximately \$231,000 from FY 2018 to FY 2019. The increase is primarily due to an increase of amounts payable to the California State University, Fresno Athletic Corporation of approximately \$412,000, offset by a decrease in unearned revenue of approximately \$74,000, and a decrease in the balance due on the credit line of \$115,000. Amounts payable to the California State University, Fresno Athletic Corporation include \$405,512 in fund for excellence expenses, \$59,942 in Athletic Director discretionary fund expenses, \$75,000 in training table expenses, plus \$3,150,000 in endowment distributions.

Net Position

Total net position decreased by \$1,933,106 primarily due to operating loss of \$8,496,000, offset by endowment earnings of \$500,000, contributions of \$5,921,000 and additions to restricted endowments of \$123,000.

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See next page for continuation of management's discussion and analysis.

THE BULLDOG FOUNDATION

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

YEARS ENDED JUNE 30, 2019 AND 2018

Restricted Resources

Net position of the BDF includes funds that are restricted by donor or law. The following table summarizes which funds are restricted, the type of restriction and the amount as of June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Nonexpendable			
Bulldog Women's Foundation Fifth-Year Scholarship Fund	\$ 138,056	\$ 138,056	\$ 133,230
Dr. Thomas Thaxter Memorial Scholarship Fund	48,425	48,425	46,732
Pete Beiden Scholarship Fund	36,740	36,740	35,456
Pete and Martha Beiden Memorial Endowment Fund	99,841	99,841	96,351
Norman Weston Fund	24,179	24,179	23,333
Dr. William Kennedy and Friends	56,760	56,760	54,775
Sirman Men's Golf	12,073	12,073	11,651
Darrel Copeland Scholars	40,550	37,385	35,088
Ed Ferreira Memorial	0	0	2,550
Sweeney Memorial	0	0	2,025
Hoover Family Trust	364,190	297,523	251,094
Ben Madriano Memorial - Football Scholarship	99,748	99,748	96,261
Ted Dick Memorial	13,250	13,250	13,250
Virginia Dix Memorial	69,108	69,108	66,692
Atomic Torosian Memorial	27,050	26,925	0
Dean Eller Family Memorial	10,040	10,040	0
Margie Wright Scholarship Fund	19,595	0	0
Kyle Wilson Scholarship Fund	33,599	0	0
Total restricted nonexpendable net position	<u>\$ 1,093,204</u>	<u>\$ 970,053</u>	<u>\$ 868,488</u>
Expendable			
Pete and Martha Beiden Memorial Endowment Fund	\$ 72,736	\$ 90,539	\$ 80,068
Dr. William Kennedy and Friends	0	1	0
Athletic Directors Fund	199,827	292,252	502,826
Fund for Excellence - Football	406,497	430,784	624,220
Fund for Excellence - Men's Basketball	88,920	80,353	1,528
Fund for Excellence - Wrestling	149,720	231,454	263,685
Fund for Excellence - Various sports	336,057	347,231	289,738
Basketball Promotions	2,353	2,353	2,323
Golf Van	0	0	2,639
Sweeney - to be allocated	10,000	10,000	0
National Girls & Women's Sports Week	2,688	2,858	4,058
Athletic Trainer	30,574	12,600	12,600
Nutrition Program	181,083	149,544	140,236
Meyers Sports Medicine Center	0	(372)	(372)
Sweeney Learning Center	750	750	750
Weight Room Enhancement	3,973	3,973	3,973
North Gym Renovations	(276,512)	(276,512)	(196,252)
Save Mart Center Locker Room Renovation	27,299	27,299	27,299
Softball Renovations	0	78,167	78,167
Baseball Stadium (Bennett)	23,530	22,964	22,248
Football Stadium Renovation	2,700	2,700	1,850
Football Coaches Salaries	0	0	(3,009)
Football Charter travel	0	(8,271)	(6,951)
Football Boise Bus Trip	4,000	4,000	0
Ricchiuti Academic Center	3,086	3,086	3,086
Softball Locker/Facility Project	0	(3,564)	129,001
Student Athlete Services	25,504	25,504	0
Tennis Facility	(8,518)	(13,811)	(16,871)
Track Facility	41,973	60,660	65,656
Equestrian Locker Project	2,500	0	0
Bulldog Brave Bulldog Strong	250	0	0
2017/2018 Annual Scholarship Fund	0	0	3,474,157
2018/2019 Annual Scholarship Fund	0	3,444,861	0
2019/2020 Annual Scholarship Fund	3,822,768	0	0
Annual Scholarship Fund - Future Years	387,955	0	0
Total restricted expendable net position	<u>\$ 5,541,713</u>	<u>\$ 5,021,403</u>	<u>\$ 5,506,653</u>

THE BULLDOG FOUNDATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEARS ENDED JUNE 30, 2019 AND 2018

Restricted Resources (Continued)

Nonexpendable net position increased \$123,151 from FY 2018 to FY 2019 due to the receipt of gifts to the endowment totaling \$123,151.

Expendable net position increased by \$520,310 from FY 2018 to FY 2019 due to increases and decreases in the funds. Significant increases were in the Annual Scholarship Fund of \$377,907, Annual Scholarship Fund – Future Years of \$387,955 and Nutrition Program of \$31,539. The following items decreased net position from FY 2018 to FY 2019: \$92,425 for the Athletic Director's Fund; \$24,287 to the Football Fund for Excellence; \$81,734 to the Wrestling Fund for Excellence; and \$78,167 reclassified to unrestricted net position.

Unrestricted net position decreased \$2,576,567 from FY 2018 to FY 2019 primarily due to endowment disbursements of \$3,150,000 offset by endowment earnings of \$500,000 in FY 2019.

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See next page for continuation of management's discussion and analysis.

THE BULLDOG FOUNDATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEARS ENDED JUNE 30, 2019 AND 2018

CONDENSED SUMMARY OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Operating revenues:			
Other operating revenues	\$ 680,049	\$ 762,277	\$ 726,132
Operating expenses:			
Auxiliary enterprise expenses	9,175,759	9,453,474	9,091,967
Operating loss	<u>(8,495,710)</u>	<u>(8,691,197)</u>	<u>(8,365,835)</u>
Nonoperating revenues (expenses):			
Gifts, noncapital	5,921,206	5,008,169	4,793,560
Investment income	18,170	11,099	6,317
Endowment income	<u>500,078</u>	<u>852,860</u>	<u>1,348,438</u>
Net nonoperating revenues (expenses)	<u>6,439,454</u>	<u>5,872,128</u>	<u>6,148,315</u>
Loss before other additions	(2,056,256)	(2,819,069)	(2,217,520)
Additions to permanent endowments	<u>123,150</u>	<u>75,293</u>	<u>95,706</u>
Decrease in net position	(1,933,106)	(2,743,776)	(2,121,814)
Net position at beginning of year	<u>11,174,537</u>	<u>13,918,313</u>	<u>16,040,127</u>
Net position at end of year	<u>\$ 9,241,431</u>	<u>\$ 11,174,537</u>	<u>\$ 13,918,313</u>
Total revenues	\$ 7,242,653	\$ 6,709,698	\$ 6,970,153
Total expenses	<u>9,175,759</u>	<u>9,453,474</u>	<u>9,091,967</u>
Change in net position	<u>\$ (1,933,106)</u>	<u>\$ (2,743,776)</u>	<u>\$ (2,121,814)</u>

Operating Revenues

Operating revenues consist of football suite income, sports clubs income and other revenue. There was no significant change in operating revenues.

THE BULLDOG FOUNDATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEARS ENDED JUNE 30, 2019 AND 2018

Operating Expenses

Operating expenses decreased \$277,715 from FY 2018 to FY 2019 primarily due to a decrease in expenses to support various sports programs for the California State University, Fresno Athletic Corporation of \$244,892, decrease in fund drive expenses of \$50,080, decrease in salaries and benefits of \$38,615, offset by an increase in administrative expenses of \$57,794. The detail can be reviewed in Note 10 to the financial statements. The key changes in expenses to support various sports programs are: a \$190,946 decrease in football charter expense, a \$137,168 decrease in facility improvements, a \$34,125 decrease in sport clubs disbursement, expenses, offset by a \$50,747 increase in grants-in-aid, a \$41,749 increase in training table and a \$33,563 increase in fund for excellence disbursements. The key changes in administrative expenses are: a \$23,667 increase in professional services and a \$34,556 increase in bank card fees.

Nonoperating Revenues (Expenses)

Nonoperating revenues consist of contributions and endowment income.

Nonoperating revenues increased \$567,326 from FY 2018 to FY 2019 partially due to an overall increase in gifts, noncapital of \$913,037, offset by a decrease in net endowment income of \$352,782.

Additions to permanent endowments

Additions to permanent endowments increased by approximately \$48,000 FY 2018 to FY 2019.

Factors Affecting Future Periods

The BDF assets are comprised of primarily invested assets, as well as funds on deposit for short-term expenditure. Invested assets are subject to future volatility of the equity and fixed income markets.

The fundraising activity (new contributions) is largely tied to the general health of the economy and could be altered if we experience a significant downturn in economic activity.

Request for Information

The financial report is designed to provide a general overview of the BDF's finances. For questions concerning any information in this report or for additional financial information, contact Terry Johnson, Executive Director, 1620 E. Bulldog Lane, Fresno, California 93740 or call (559) 278-6132.

THE BULLDOG FOUNDATION
STATEMENTS OF NET POSITION
JUNE 30, 2019 AND 2018

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents (Note 3)	\$ 5,688,157	\$ 5,040,201
Pledges receivable, net (Note 4)	729,661	687,893
Prepaid expenses and other assets	<u>26,274</u>	<u>20,631</u>
TOTAL CURRENT ASSETS	<u>6,444,092</u>	<u>5,748,725</u>
NONCURRENT ASSETS		
Restricted cash and cash equivalents	126,921	119,239
Pledges receivable, net (Note 4)	699,282	573,252
Endowment investments (Note 3)	<u>6,361,136</u>	<u>8,892,174</u>
TOTAL NONCURRENT ASSETS	<u>7,187,339</u>	<u>9,584,665</u>
TOTAL ASSETS	<u>13,631,431</u>	<u>15,333,390</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	3,780,245	3,340,228
Accrued compensated absences (Note 6)	27,104	47,291
Line of credit (Note 7)	357,384	472,384
Unearned revenue	<u>225,267</u>	<u>298,950</u>
TOTAL CURRENT LIABILITIES	<u>4,390,000</u>	<u>4,158,853</u>
NET POSITION		
NET POSITION		
Restricted for:		
Nonexpendable - endowments	1,093,204	970,053
Expendable:		
Scholarships	72,736	90,540
Other	5,468,977	4,930,863
Unrestricted	<u>2,606,514</u>	<u>5,183,081</u>
TOTAL NET POSITION	<u>\$ 9,241,431</u>	<u>\$ 11,174,537</u>

See Accompanying Notes to Financial Statements

THE BULLDOG FOUNDATION

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
REVENUES		
OPERATING REVENUES		
Other operating revenues (Note 8)	\$ 680,049	\$ 762,277
EXPENSES		
OPERATING EXPENSES (Note 10)		
Auxiliary enterprise expenses	9,175,759	9,453,474
OPERATING LOSS	(8,495,710)	(8,691,197)
NONOPERATING REVENUES (EXPENSES)		
Gifts, noncapital (Note 9)	5,921,206	5,008,169
Investment income, net	18,170	11,099
Endowment income, net (Note 5)	500,078	852,860
NET NONOPERATING REVENUES (EXPENSES)	6,439,454	5,872,128
LOSS BEFORE OTHER ADDITIONS	(2,056,256)	(2,819,069)
ADDITIONS TO PERMANENT ENDOWMENTS	123,150	75,293
DECREASE IN NET POSITION	(1,933,106)	(2,743,776)
NET POSITION		
Net position at beginning of year	11,174,537	13,918,313
Net position at end of year	<u><u>\$ 9,241,431</u></u>	<u><u>\$ 11,174,537</u></u>

See Accompanying Notes to Financial Statements

THE BULLDOG FOUNDATION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers and donors	\$ 641,566	\$ 781,527
Cash paid to CSU Fresno Athletic Corporation and other vendors	(8,001,901)	(8,815,735)
Payments to employees	<u>(726,285)</u>	<u>(742,400)</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>(8,086,620)</u>	<u>(8,776,608)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of endowment investments	(184,605)	(1,039,009)
Sale of endowment investments	2,715,643	2,319,775
Increase in restricted cash	(7,682)	(61,094)
Investment income, net	18,170	11,099
Endowment income, net	<u>500,078</u>	<u>852,860</u>
NET CASH PROVIDED FROM INVESTING ACTIVITIES	<u>3,041,604</u>	<u>2,083,631</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Gifts received for other than capital purposes	5,684,822	5,918,053
Proceeds from (payments on) line of credit	(115,000)	472,384
Contributions to nonexpendable endowments	<u>123,150</u>	<u>75,293</u>
NET CASH PROVIDED FROM NONCAPITAL FINANCING ACTIVITIES	<u>5,692,972</u>	<u>6,465,730</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	647,956	(227,247)
CASH AND CASH EQUIVALENTS, beginning of year	<u>5,040,201</u>	<u>5,267,448</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 5,688,157</u>	<u>\$ 5,040,201</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating loss	\$ (8,495,710)	\$ (8,691,197)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Trade-out expenses	33,386	40,607
Changes in:		
Prepaid expenses and other assets	(5,643)	35,136
Accounts payable	440,017	(182,717)
Accrued compensated absences	(20,187)	2,313
Unearned revenue	<u>(38,483)</u>	<u>19,250</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>\$ (8,086,620)</u>	<u>\$ (8,776,608)</u>

See Accompanying Notes to Financial Statements

THE BULLDOG FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 1: ORGANIZATION

History and business activity – The Bulldog Foundation (“BDF”) was incorporated March 17, 1950, as a non-profit corporation. The BDF is organized to fundraise in order to provide scholarships for student-athletes, upgrade and construct new athletic facilities, and to support the various sports programs for the California State University, Fresno Athletic Corporation (“Athletic Corporation”). The BDF is supported primarily by contributions. The BDF is a component unit of California State University, Fresno.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents – For purposes of the statements of cash flows, the BDF considers all highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents.

Restricted cash – This includes restricted cash held in trust and cash restricted as to use. At June 30, 2019, restricted cash consists of an account with a balance of \$10,280 for various facilities projects and \$116,641 of endowment cash, both of which are restricted as to use. At June 30, 2018, restricted cash consists of an account with a balance of \$23,641 for various facilities projects and \$95,598 of endowment cash, both of which are restricted as to use.

Pledges receivable - annual scholarship fund – These are expected to be collected within one year and are recorded based upon estimated future cash flows. At June 30, 2019 and 2018, management has established an allowance of \$23,846 and \$18,877, respectively, for uncollectable pledges based upon historical write-offs of pledges.

Pledges receivable – Promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. At June 30, 2019 and 2018, management has determined an allowance of \$48,893 and \$76,389, respectively, for promises to give, based upon anticipated collections. Conditional promises to give are not included as support until the conditions are substantially met.

Investments – Investments are reflected at fair value using market prices. Securities traded on the national exchange are valued at the last reported sales price.

Donations and contributions – Unrestricted contributions are recorded as revenue when received. Noncash donations are recorded at estimated fair market value on the date of donation. Contributions received with donor restrictions are recorded as revenue when all applicable eligibility requirements, generally timing and use restrictions, have been met. Unexpended contributions with donor purpose restrictions are classified as restricted net position.

THE BULLDOG FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Net Position

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

Restricted – nonexpendable – Net position subject to externally imposed conditions that they be maintained permanently by the BDF. Net position in this category consists of endowments.

Restricted – expendable – Net position whose use by the BDF is subject to externally imposed stipulations that can be fulfilled by actions of the BDF 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 Athletic Corporation use.

Restricted resources are used in accordance with the BDF policies. When both restricted and unrestricted resources are available for use, the determination to use restricted or unrestricted resources is made on a case-by-case basis.

Classification of revenues and expenses – The BDF considers operating revenues and expenses in the statements of revenues, expenses and changes in net position to be those revenues and expenses that result from exchange transactions. Exchange transactions include charges for services rendered and the acquisition of goods and services. Other transactions are reported as non-operating revenues and expenses. These non-operating activities include the BDF's endowment investment and fundraising activities. Even though fundraising is the primary activity of the BDF, it is considered to be non-operating as it does not meet the definition of an exchange transaction.

Income taxes – The BDF is incorporated as a non-profit California corporation and is exempt from income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d.

Tax returns are filed in U.S. federal and state of California jurisdictions. Tax returns remain subject to examination by the U.S. federal jurisdiction for three years after the return is filed and for four years by the California jurisdiction. There are currently no tax years under examination.

THE BULLDOG FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of estimates and assumptions – The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, gains, expenses and losses during the reporting period. Actual results could differ from those estimates.

Reclassifications – Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements. The reclassification had no impact on the previously-reported decrease in net position of cash flow information.

NOTE 3: CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash, cash equivalents and investments as of June 30, 2019 and 2018 consist of the following:

	2019	2018
Cash and cash equivalents	\$ 5,688,157	\$ 5,040,201
Endowment investments	<u>6,361,136</u>	<u>8,892,174</u>
	<u>\$ 12,049,293</u>	<u>\$ 13,932,375</u>

The amounts above consist of the following as of June 30, 2019 and 2018:

Cash and cash equivalents	\$ 4,744,176	\$ 4,114,390
Certificates of deposit	600,008	600,008
Money market funds	343,973	325,803
Money market funds - endowment	19,802	0
Corporate bonds	1,515,532	2,032,241
Mutual funds	860,844	1,869,871
Equity securities	3,964,958	4,826,397
Preferred securities	<u>0</u>	<u>163,665</u>
	<u>\$ 12,049,293</u>	<u>\$ 13,932,375</u>

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THE BULLDOG FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 3: CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Investment Policy

The primary objective of the investment policy of the BDF is to protect the underlying assets so that the funds are available when needed by various projects and programs. A secondary objective is to maximize investment income on available investments. Various policies have been adopted to meet these objectives at the same time. In general, operating funds are limited in maturity ranges and type of debt instrument.

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 value to changes in market interest rates. In order to reduce interest rate risk exposure, the BDF's investment policy is to invest in various maturities, depending on market conditions and expectations. Typically, these investments are held in fixed income mutual funds.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the debt security investment. Credit ratings by nationally recognized institutions are used to assess the creditworthiness of specific investments. The table below summarizes the ratings of relevant fixed income investments of the BDF:

Bond mutual funds	BBB to AAA
-------------------	------------

Concentration of Credit Risk

Concentration of credit risk is the risk associated with a lack of diversification, such as having substantial investments in a few individual issuers, thereby exposing the BDF to greater risks resulting from adverse economic, political, regulatory, geographic or credit developments.

The BDF's investment policy contains no limitations as to how much can be invested with any one issuer. There is no investment equal to the concentrated risk factor of 5%.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the BDF's deposits may not be returned to it. In the ordinary course of the BDF's operations, deposit balances in money market mutual funds may exceed the Securities Investor Protection Corporation (SIPC) insured limit of \$500,000, and deposit balances in checking accounts may exceed the Federal Deposit Insurance Corporation (FDIC) insured limits of \$250,000 for interest bearing and non-interest bearing accounts and are exposed to custodial credit risk.

THE BULLDOG FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 3: CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Custodial Credit Risk (continued)

None of the cash and money market accounts are collateralized. At June 30, 2019, the BDF had various deposit accounts with one financial institution with balances that exceeded the FDIC limit by \$4,833,266 and are exposed to custodial credit risk. The BDF has not experienced any losses and the risk of loss is not significant.

Custodial credit risk for investments is the risk that in the event of the failure of the custodian, the investments may not be returned to the BDF. Substantially all of the BDF's investments are registered in the BDF's name by the custodian. As a result, custodial credit risk for such investments is remote.

The BDF 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 statements of net position.

NOTE 4: PLEDGES RECEIVABLE

Pledges receivable at June 30, 2019 consist of the following:

	Annual Scholarship Fund	Promises to Give	Total
Current portion			
Due in one year or less	\$ 487,119	\$ 315,281	\$ 802,400
Less: Allowance for doubtful pledges	<u>(23,846)</u>	<u>(48,893)</u>	<u>(72,739)</u>
	<u>463,273</u>	<u>266,388</u>	<u>729,661</u>
Non-current portion			
Due between one and five years	0	804,768	804,768
Less: Discount to reflect pledges receivable at present value	<u>0</u>	<u>(105,486)</u>	<u>(105,486)</u>
	<u>0</u>	<u>699,282</u>	<u>699,282</u>
	<u><u>\$ 463,273</u></u>	<u><u>\$ 965,670</u></u>	<u><u>\$ 1,428,943</u></u>

THE BULLDOG FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 4: **PLEDGES RECEIVABLE** (Continued)

Pledges receivable at June 30, 2018 consist of the following:

	Annual Scholarship Fund	Promises to Give	Total
Current portion			
Due in one year or less	\$ 394,119	\$ 389,040	\$ 783,159
Less: Allowance for doubtful pledges	<u>(18,877)</u>	<u>(76,389)</u>	<u>(95,266)</u>
	<u>375,242</u>	<u>312,651</u>	<u>687,893</u>
Non-current portion			
Due between one and five years	0	644,944	644,944
Less: Discount to reflect pledges receivable at present value	<u>0</u>	<u>(71,692)</u>	<u>(71,692)</u>
	<u>0</u>	<u>573,252</u>	<u>573,252</u>
	<u><u>\$ 375,242</u></u>	<u><u>\$ 885,903</u></u>	<u><u>\$ 1,261,145</u></u>

The discount rate used to calculate the present value at June 30, 2019 and 2018 is 3.5%.

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THE BULLDOG FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 5: ENDOWMENT

The endowment is invested in a well-diversified asset mix which includes equity and debt securities. It is the goal of the BDF that the total return from endowment investments should be adequate to meet the following objectives:

- Preserve investment capital and its purchasing power;
- Attain reasonable capital appreciation through prudent acceptance of risk to enhance the future purchasing power of the investment capital.

Endowment net position consists of the following at June 30, 2019 and 2018:

	2019			
	Unrestricted	Restricted Expendable	Restricted Nonexpendable	Total
Donor-restricted endowment funds	\$ 0	\$ 72,736	\$ 1,093,204	\$ 1,165,940
Board-designated endowment funds	<u>2,161,837</u>	<u>0</u>	<u>0</u>	<u>2,161,837</u>
	<u>\$ 2,161,837</u>	<u>\$ 72,736</u>	<u>\$ 1,093,204</u>	<u>\$ 3,327,777</u>
	2018			
	Unrestricted	Restricted Expendable	Restricted Nonexpendable	Total
Donor-restricted endowment funds	\$ 0	\$ 90,540	\$ 970,053	\$ 1,060,593
Board-designated endowment funds	<u>4,791,428</u>	<u>0</u>	<u>0</u>	<u>4,791,428</u>
	<u>\$ 4,791,428</u>	<u>\$ 90,540</u>	<u>\$ 970,053</u>	<u>\$ 5,852,021</u>

The BDF follows the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) adopted by the Board of Directors in July 2008. UPMIFA pertains only to the nonexpendable portion of the endowment. A charity can spend the amount the charity deems prudent after considering the donor’s intent that the endowment continue permanently, the purpose of the fund, and relevant economic factors. The BDF’s endowment fund policy provides the guideline for the distribution of the net appreciation of restricted endowments. The percentage of restricted funds to be withdrawn is determined on December 31st each year and is based on the rate of return for the year.

THE BULLDOG FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 5: ENDOWMENT (Continued)

The memorandum of understanding between the BDF and the Athletic Corporation dated August 4, 2015 requires a minimum annual distribution of 2.5% of the unrestricted endowment funds (or a greater amount as approved by the board) as determined on December 31st. The distribution usually occurs in the fourth quarter of each fiscal year.

The following schedule shows changes in endowment net positions for the years ended June 30, 2019 and 2018:

	Unrestricted	Restricted Expendable	Restricted Nonexpendable	Total
Endowment net position, July 1, 2018	\$ 4,791,428	\$ 90,540	\$ 970,053	\$ 5,852,021
Investment return				
Realized gain	581,759	0	0	581,759
Unrealized loss	(213,201)	0	0	(213,201)
Earnings, net of expenses	<u>131,520</u>	<u>0</u>	<u>0</u>	<u>131,520</u>
Net investment return	500,078	0	0	500,078
Contributions	20,330	0	123,151	143,481
Minimum 2.5% distribution	(113,520)	0	0	(113,520)
Additional distribution	(3,036,480)	0	0	(3,036,480)
Interfund recharacterization	1	(1)	0	0
Release of endowment earnings to fund for excellence	<u>0</u>	<u>(17,803)</u>	<u>0</u>	<u>(17,803)</u>
Endowment net position, June 30, 2019	<u>\$ 2,161,837</u>	<u>\$ 72,736</u>	<u>\$ 1,093,204</u>	<u>\$ 3,327,777</u>

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THE BULLDOG FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 5: ENDOWMENT (Continued)

	Unrestricted	Restricted Expendable	Restricted Nonexpendable	Total
Endowment net position, July 1, 2017	\$ 7,115,558	\$ 80,068	\$ 868,488	\$ 8,064,114
Investment return				
Realized gain	597,217	0	0	597,217
Unrealized gain	59,106	0	0	59,106
Earnings, net of expenses	73,154	92,537	30,846	196,537
Net investment return	729,477	92,537	30,846	852,860
Contributions	6,535	0	75,293	81,828
Minimum 2.5% distribution	(196,420)	0	0	(196,420)
Additional distribution	(2,868,296)	0	0	(2,868,296)
Interfund recharacterization	4,574	0	(4,574)	0
Release of endowment earnings	0	(82,065)	0	(82,065)
Endowment net position, June 30, 2018	\$ 4,791,428	\$ 90,540	\$ 970,053	\$ 5,852,021

As of June 30, 2019, and 2018, the BDF had cumulative unrealized gains (appreciation) of approximately \$1,140,000 and \$1,375,000, respectively.

NOTE 6: LONG-TERM LIABILITIES ACTIVITY

Long-term liabilities activity for the years ended June 30, 2019 and 2018 are as follows:

	2019				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Accrued compensated absences	\$ 47,291	\$ 11,509	\$ (31,696)	\$ 27,104	\$ 27,104
	2018				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Accrued compensated absences	\$ 44,978	\$ 32,594	\$ (30,281)	\$ 47,291	\$ 47,291

THE BULLDOG FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 7: LINE OF CREDIT

A \$1,000,000 revolving line of credit agreement was established with Citibank, N.A. in June 2017. The line of credit has an expiration of March 5, 2020. Borrowings under this agreement are secured by one Citibank, N.A. investment account. Interest is calculated at a rate of 1.0% over the index determined by the financial institution. The amount drawn on the line of credit as of June 30, 2019 and 2018 was \$357,384 and \$472,384, respectively.

NOTE 8: OTHER OPERATING REVENUES

Other operating revenues for the years ended June 30, 2019 and 2018 are as follow:

	2019	2018
Football suite rent	\$ 454,560	\$ 455,760
Sport clubs income	213,021	243,105
Other operating revenue	<u>12,468</u>	<u>63,412</u>
	<u>\$ 680,049</u>	<u>\$ 762,277</u>

NOTE 9: GIFTS, NONCAPITAL

Gifts, noncapital for the years ended June 30, 2019 and 2018 are as follow:

	2019	2018
Contributions	\$ 4,934,519	\$ 3,946,913
Contributions - Fund for Excellence	932,970	1,014,114
Memorials	20,331	6,535
Non-cash donations	<u>33,386</u>	<u>40,607</u>
	<u>\$ 5,921,206</u>	<u>\$ 5,008,169</u>

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THE BULLDOG FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 10: OPERATING EXPENSES BY FUNCTION

Operating expenses by function for the years ended June 30, 2019 and 2018, are as follow:

	AUXILIARY ENTERPRISE EXPENSES	
	2019	2018
Expenses to support various sports programs for the Athletic Corporation		
Grants-in-aid	\$ 2,850,000	\$ 2,799,253
Training table	75,000	33,251
All sport pass transfer	12,200	0
Athletic Director discretionary fund	98,116	77,533
Athletic training	2,061	14,000
Football charter expense	1,858	192,803
Football suite rent transfer	454,560	455,760
Fund for excellence disbursements	1,131,894	1,098,331
Special promotions	0	15,375
Non-budgeted	0	16,200
Endowment distribution	3,150,000	3,064,716
Expendable scholarship distributions	0	82,065
Facility improvements	89,513	226,681
Sport clubs disbursements, expenses	170,156	204,282
Total	<u>8,035,358</u>	<u>8,280,250</u>
Fund drive expenses		
Fund drive events	77,950	124,645
Member benefits	18,167	17,595
Advertising	11,238	9,568
Promotion	43,592	49,219
Total	<u>150,947</u>	<u>201,027</u>
Salaries and benefits	<u>706,098</u>	<u>744,713</u>
Administrative expenses		
Computer system and software	29,721	28,030
Professional services	60,582	36,915
Bank card fees	133,599	99,043
Equipment maintenance	1,491	2,468
Insurance	10,866	12,108
Interest expense	13,361	0
Postage	11,432	15,887
Printing	4,510	16,136
Office supplies	13,553	10,735
Total	<u>279,115</u>	<u>221,322</u>
Other expenses	<u>4,241</u>	<u>6,162</u>
	<u>\$ 9,175,759</u>	<u>\$ 9,453,474</u>

THE BULLDOG FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 11: RETIREMENT PLAN

The BDF has a defined contribution employee benefit plan that covers eligible employees. The contribution amount is 5% of an employee's salary. Prior to July 1, 2018, the BDF had a defined contribution employee benefit plan covering eligible employees with a contribution amount of 6.5% of an employee's salary. Contributions for the years ended June 30, 2019 and 2018 totaled \$23,768 and \$54,978, respectively. Prior to July 1, 2018, the annual contribution was typically paid in July, for the prior year. Therefore, as a result of the transfer to the new plan, an additional contribution of \$20,229 was made in 2018 to fund the contribution for the year ended June 30, 2018.

NOTE 12: FAIR VALUE MEASUREMENTS

Generally accepted accounting principles establishes a 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 fair value hierarchy under GASB No. 72 are described below:

- | | |
|---------|---|
| Level 1 | Inputs are quoted market prices (unadjusted) for identical assets or liabilities traded in active exchange markets. |
| Level 2 | Inputs are other than quoted prices included in Level 1 that are observable, either directly or indirectly. |
| Level 3 | Inputs are unobservable. |

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

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THE BULLDOG FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 12: FAIR VALUE MEASUREMENTS (Continued)

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2019 and 2018.

Corporate bonds, mutual funds, equity securities, and preferred securities: Valued at the closing price reported in the active market in which the individual securities are traded.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the BDF believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The table below presents the level within the hierarchy at which assets are measured at June 30, 2019 and 2018:

2019				
	Total	Level 1	Level 2	Level 3
Investments:				
Corporate bonds	\$ 1,515,532	\$ 1,515,532	\$ 0	\$ 0
Money market funds	19,802	19,802	0	0
Mutual funds	860,844	860,844	0	0
Equity securities	3,964,958	3,964,958	0	0
	<u>\$ 6,361,136</u>	<u>\$ 6,361,136</u>	<u>\$ 0</u>	<u>\$ 0</u>
2018				
	Total	Level 1	Level 2	Level 3
Investments:				
Corporate bonds	\$ 2,032,241	\$ 2,032,241	\$ 0	\$ 0
Mutual funds	1,869,871	1,869,871	0	0
Equity securities	4,826,397	4,826,397	0	0
Preferred securities	163,665	163,665	0	0
	<u>\$ 8,892,174</u>	<u>\$ 8,892,174</u>	<u>\$ 0</u>	<u>\$ 0</u>

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THE BULLDOG FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 13: RELATED PARTIES

The BDF provides financial support to the Athletic Corporation to help fund student-athlete scholarships and to enhance sport team operations. The BDF provides virtually all monies generated (net of fundraising expense and operating reserves) to the Athletic Corporation. As of June 30, 2019 and 2018, amounts due to the Athletic Corporation were \$3,745,866 and \$3,334,135, respectively. During the fiscal years ended June 30, 2019 and 2018, the BDF provided the following to the Athletic Corporation:

	2019	2018
Grants-in-aid	\$ 2,850,000	\$ 2,799,253
Training table	75,000	33,251
Athletic Director discretionary fund	98,116	77,533
Fund for excellence disbursements	1,131,894	1,098,331
Endowment distribution	3,150,000	3,064,716
Endowment scholarship distributions	0	82,065
Facility improvements	89,513	226,681
Sports clubs expenses	170,156	204,282
Athletic training	<u>2,061</u>	<u>14,000</u>
	<u>\$ 7,566,740</u>	<u>\$ 7,600,112</u>



Moore Grider & Company

Certified Public Accountants

*A Partnership Including
Accountancy Corporations
and a Partnership*

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L. Jerome Moore, C.P.A.
1923-2016

Robert E. Grider, C.P.A.
Retired

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

Board of Directors
The Bulldog Foundation
Fresno, California

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 The Bulldog Foundation, which comprise the statements of net position as of June 30, 2019 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 19, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Bulldog 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 The Bulldog Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of The Bulldog Foundation'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described below that we consider to be a significant deficiency.

Findings:

During our review of the unadjusted trial balance, we noted that The Bulldog Foundation did not record two recurring year-end journal entries in the accounting system; the entries totaled \$3,375,267. The entries were to record the additional endowment distribution to the Athletic Corporation (\$3,150,000) and deferred football suite revenue (\$225,267). We also noted \$134,618 in deferred revenue that should have been recorded as current-year income. Management's review of year-end activity should include reviewing the year-end account balances for reasonableness. As a result of not entering the journal entries, net income before audit adjustments was overstated by \$3,240,649.

During our review of the promises to give schedule, we noted the following:

- 1) Six promises did not list the correct number of years to calculate the present value discount.
- 2) There was one promise listed with an outstanding balance of \$7,200 for which the payment had been received in a prior year.

Response to findings:

Management concurs with the findings. Prior to commencement of the audit, management will review the year-end account balances (i.e. additional endowment distribution, deferred football suite revenue) to ensure the account balances are reasonable and the associated recurring year-end journal entries have been recorded. Management will also review the year-end promises to give schedule for accuracy and completeness of all transactions prior to commencement of the audit.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Bulldog Foundation's financial statements are free from 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.

Response to Findings

The BDF's response to the finding identified in our audit is described previously. The BDF's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Moore Grier & Company

Fresno, California
September 19, 2019

SUPPLEMENTARY INFORMATION

For inclusion in California State University, Fresno

THE BULLDOG FOUNDATION

SCHEDULE OF NET POSITION

JUNE 30, 2019

(for inclusion in the California State University)

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 5,688,157
Pledges receivable, net	729,661
Prepaid expenses and other current assets	<u>26,274</u>

TOTAL CURRENT ASSETS 6,444,092

NONCURRENT ASSETS

Restricted cash and cash equivalents	126,921
Pledges receivable, net	699,282
Endowment investments	<u>6,361,136</u>

TOTAL NONCURRENT ASSETS 7,187,339

TOTAL ASSETS 13,631,431

DEFERRED OUTFLOWS OF RESOURCES 0

LIABILITIES

CURRENT LIABILITIES

Accounts payable	3,780,245
Accrued compensated absences, current portion	27,104
Unearned revenues	225,267
Other liabilities	<u>357,384</u>

TOTAL CURRENT LIABILITIES 4,390,000

NONCURRENT LIABILITIES 0

TOTAL LIABILITIES 4,390,000

DEFERRED INFLOWS OF RESOURCES 0

NET POSITION

Net investment in capital assets	0
Restricted for:	
Nonexpendable - endowments	1,093,204
Expendable:	
Scholarships and fellowships	72,736
Other	5,468,977
Unrestricted	<u>2,606,514</u>

TOTAL NET POSITION \$ 9,241,431

THE BULLDOG FOUNDATION

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2019
(for inclusion in the California State University)

REVENUES

OPERATING REVENUES

Other operating revenues \$ 680,049

TOTAL OPERATING REVENUES 680,049

EXPENSES

OPERATING EXPENSES

Auxiliary enterprise expenses 9,175,759

TOTAL OPERATING EXPENSES 9,175,759

OPERATING INCOME (LOSS) (8,495,710)

NONOPERATING REVENUES (EXPENSES)

Gifts, noncapital 5,921,206

Investment income (loss), net 18,170

Endowment income (loss), net 500,078

**NET NONOPERATING REVENUES
(EXPENSES)** 6,439,454

INCOME (LOSS) BEFORE OTHER REVENUES (EXPENSES) (2,056,256)

Additions (reductions) to permanent endowments 123,150

INCREASE (DECREASE) IN NET POSITION (1,933,106)

NET POSITION

Net position at beginning of year 11,174,537

Net position at end of year **\$ 9,241,431**

THE BULLDOG FOUNDATION
Other Information
June 30, 2019
(for inclusion in the California State University)

1 Cash and cash equivalents:

Portion of restricted cash and cash equivalents related to endowments	\$ 116,641
All other restricted cash and cash equivalents	10,280
Noncurrent restricted cash and cash equivalents	<u>126,921</u>
Current cash and cash equivalents	5,688,157
Total	<u>\$ 5,815,078</u>

2.1 Composition of investments:

	Current Unrestricted	Current Restricted	Total Current	Noncurrent Unrestricted	Noncurrent Restricted	Total Noncurrent	Total
Corporate bonds	\$ —	\$ —	\$ —	\$ 349,592	\$ 1,165,940	\$ 1,515,532	\$ 1,515,532
Money market funds	—	—	—	19,802	—	19,802	19,802
Mutual funds	—	—	—	860,844	—	860,844	860,844
Equity securities	—	—	—	3,964,958	—	3,964,958	3,964,958
Preferred securities	—	—	—	—	—	—	—
Total investments	<u>—</u>	<u>—</u>	<u>—</u>	<u>5,195,196</u>	<u>1,165,940</u>	<u>6,361,136</u>	<u>6,361,136</u>
Less endowment investments	—	—	—	(5,195,196)	(1,165,940)	(6,361,136)	(6,361,136)
Total investments	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

2.2 Fair value hierarchy in investments:

	Total	Fair Value Measurements Using			
		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)
Corporate bonds	\$ 1,515,532	\$ 1,515,532	\$ —	\$ —	\$ —
Money market funds	19,802	19,802	—	—	—
Mutual funds	860,844	860,844	—	—	—
Equity securities	3,964,958	3,964,958	—	—	—
Preferred securities	—	—	—	—	—
Total investments	<u>\$ 6,361,136</u>	<u>\$ 6,361,136</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

2.3 Investments held by the University under contractual agreements: Not Applicable

3.1 Composition of capital assets: Not Applicable

3.2 Detail of depreciation and amortization expense: Not Applicable

4 Long-term liabilities:

	Balance June 30, 2018	Additions	Reductions	Balance June 30, 2019	Current Portion	Long-term Portion
Accrued compensated absences	\$ 47,291	\$ 11,509	\$ (31,696)	\$ 27,104	\$ 27,104	\$ —

5 Capital lease obligations schedule: Not Applicable

6 Long-term debt obligations schedule: Not Applicable

7 Transactions with Related Entities: Not Applicable

8 Restatement/Prior period adjustments: Not Applicable

9 Natural Classifications of Operating Expenses:

	Salaries	Benefits	Supplies and other services	Total operating expenses
Auxiliary enterprise expenses	\$ 553,194	\$ 152,904	\$ 8,469,661	\$ 9,175,759

10 Deferred outflows/inflows of resources: Not Applicable