

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

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2016 AND 2015

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

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2016 AND 2015

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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) as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise The Bulldog 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.

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, 2016 and 2015, 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 10 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 Bulldog Foundation's basic financial statements. The supplementary information, as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. 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 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 13, 2016, 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 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 Bulldog Foundation's internal control over financial reporting and compliance.

Moore Grier & Company

Fresno, California
September 13, 2016

THE BULLDOG FOUNDATION

MANAGEMENT'S DISCUSSION AND ANALYSIS (REQUIRED SUPPLEMENTARY INFORMATION)

YEARS ENDED JUNE 30, 2016 AND 2015

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, 2016 and 2015. This discussion has been prepared by management along with the financial statements and related footnote disclosures and should be read in conjunction with, and is qualified in its entirety by the financial statements and footnotes. The financial statements, footnotes and this discussion are the responsibility of management.

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 facilities, and to support the various sports programs for the California State University, Fresno Athletic Corporation.

Overview of the Financial Statements

The financial statements presented herein include all of the activities of the BDF as prescribed by statements of the Government Accounting Standards Board (GASB). The BDF is a component unit of California State University, Fresno.

The *Statements of Net Position* include all assets and liabilities of the BDF. It is prepared under the accrual basis of accounting, whereby receivables are recognized when the service is provided and liabilities are recognized when incurred, regardless of when cash is exchanged.

The *Statements of Revenues, Expenses and Changes in Net Position* present information showing how net position changed during the year. 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. Thus, revenues and expenses are reported in these statements for some items that will result in cash flows in future fiscal periods (e.g. pledges receivable).

The *Statements of Cash Flows* present the inflows and outflows of cash for the year and is summarized by operating, capital and related investing, and financing activities. These statements are prepared using the direct method of cash flows and therefore present gross rather than net amounts for the year's activities.

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
YEARS ENDED JUNE 30, 2016 AND 2015

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, 2016 and 2015. Included is a discussion of restrictions of the BDF's net position.

For the year ended June 30, 2013, the BDF received approval to change its financial reporting and convert from the FASB reporting requirements to the GASB reporting requirements.

Significant Events – Years Ended June 30, 2016 and 2015

During the year ended June 30, 2016, the endowment investments reflected unrealized losses of approximately \$970,000. Contributions increased by approximately \$1,437,000, which includes \$2,500,000 for the Athletic Director discretionary fund (funds expended for athletics department budget, training table, scholarships and renovation of football stadium, offset primarily by decreases in contributions for the following: Fund for Excellence accounts - approximately \$262,000; Special Promotions – approximately \$225,000; Facility Improvements – approximately \$335,000). Also, the BDF expended approximately \$457,000 to the CSU, Fresno Athletic Corporation for various facility improvements (primarily Tennis facilities \$250,000, Women's Soccer Locker Room \$150,000).

During the year ended June 30, 2015, the endowment investments reflected unrealized losses of approximately \$680,000. Contributions increased by approximately \$1,063,000, which includes approximately \$875,000 for the Fund for Excellence accounts. Also, the BDF expended approximately \$408,000 and \$479,000 to the CSU, Fresno Athletic Corporation and CSU, Fresno, respectively, for various facility improvements (Football facilities \$421,000, Save Mart Center Locker Room \$108,000, Weight Room enhancement \$46,000 and North Gym renovation \$312,000).

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

THE BULLDOG FOUNDATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2016 AND 2015

CONDENSED SUMMARY OF NET POSITION

	2016	2015
Assets		
Current assets	\$ 7,223,243	\$ 5,991,520
Other noncurrent assets	<u>11,321,854</u>	<u>11,785,734</u>
Total assets	<u>\$ 18,545,097</u>	<u>\$ 17,777,254</u>
Liabilities		
Current liabilities	\$ 2,504,970	\$ 1,013,877
Noncurrent liabilities	<u>0</u>	<u>0</u>
Total liabilities	<u>2,504,970</u>	<u>1,013,877</u>
Net position		
Restricted - nonexpendable	688,626	642,208
Restricted - expendable	6,675,661	5,259,633
Unrestricted	<u>8,675,840</u>	<u>10,861,536</u>
Total net position	<u>16,040,127</u>	<u>16,763,377</u>
Total liabilities and net position	<u>\$ 18,545,097</u>	<u>\$ 17,777,254</u>

Assets

Current assets increased \$1,231,723 from FY 2015 to FY 2016 primarily due to an increase in fundraising in excess of \$1,530,000 (Athletic Director discretionary fund - \$1,500,000, Tennis Facility - \$190,000, Football Coaches salaries - \$120,000 and Wrestling - \$250,000), offset by a \$72,000 decrease in pledges receivable, a decrease in prepaid expenses of approximately \$69,000, an increase in allowance for doubtful pledges of approximately \$90,000, and a decrease in cash and cash equivalents of approximately \$72,000.

Other noncurrent assets decreased by \$463,880 from FY 2015 to FY 2016 primarily due to a decrease in endowment investments, which is a result of unrealized losses of approximately \$970,000, offset by net investment earnings of approximately \$243,000 and realized gains of \$647,000. Additionally, the endowment fund distributed approximately \$560,000. There was also an increase in non-current pledges receivable of approximately \$86,000 due to normal pledge activity and an increase to restricted cash and cash equivalents of approximately \$98,000 due to memorial funds not yet invested and line of credit deposit not yet dispersed.

Total assets increased \$767,843 from FY 2015 to FY 2016 primarily due to the change in current and other noncurrent assets, as indicated above.

THE BULLDOG FOUNDATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2016 AND 2015

Liabilities

Current liabilities increased by \$1,491,093 from FY 2015 to FY 2016 primarily due to amounts payable to the CSU, Fresno Athletic Corporation totaling \$1,785,908. The payable includes \$283,435 for additional scholarships plus \$1,502,473 in endowment distributions. Credit line balance of \$582,384 was outstanding at June 30, 2016.

Net Position

Total net position decreased by \$723,250 primarily due to endowment loss of approximately \$79,000 and operating loss of \$700,715, detailed on page 9, which were offset by additions to restricted endowments of \$53,200.

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

THE BULLDOG FOUNDATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEARS ENDED JUNE 30, 2016 AND 2015

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, 2016 and 2015:

	2016	2015
Nonexpendable		
Bulldog Women's Foundation Fifth-Year Scholarship Fund	\$ 129,850	\$ 129,850
Dr. Thomas Thaxter Memorial Scholarship Fund	45,547	45,547
Pete Beiden Scholarship Fund	34,557	34,557
Pete and Martha Beiden Memorial Endowment Fund	93,907	93,907
Norman Weston Fund	22,741	22,741
Dr. William Kennedy and Friends	53,386	60,168
Sirman Men's Golf	11,356	11,356
Darrel Copeland Scholars	34,198	34,198
Ed Ferreira Memorial	2,550	2,350
Sweeney Memorial	2,025	2,025
Hoover Family Trust	151,690	111,690
Ben Madriano Memorial - Football Scholarship	93,819	93,819
Ted Dick Memorial	13,000	0
	<u>688,626</u>	<u>642,208</u>
Total restricted nonexpendable net position	\$ 688,626	\$ 642,208
Expendable		
Dr. Thomas Thaxter Memorial Scholarship Fund	\$ 1	\$ 1
Pete and Martha Beiden Memorial Endowment Fund	72,736	72,736
Dr. William Kennedy and Friends	0	(282)
Ben Madriano Memorial - Football Scholarship	0	1,190
Prepaid pledges to be used for expenses for periods after June 30, 2016 and 2015, respectively	0	850
Athletic Director Discretionary Fund	1,376,811	0
Fund for Excellence - Football	557,044	335,354
Fund for Excellence - Men's Basketball	120,646	304,707
Fund for Excellence - Wrestling	352,863	144,196
Fund for Excellence - Various sports	352,655	177,780
Basketball Promotions	2,323	2,323
Marketing Promotions	1,994	111,040
National Girls & Women's Sports Week	3,509	2,331
Training Table	133,078	224,471
Meyers Sports Medicine Center	82,607	92,132
Sweeney Learning Center	750	750
Weight Room Enhancement	3,973	93,480
Football Locker Renovation	0	14,688
Football Nutrition	0	10,000
North Gym Renovations	28,482	(6,980)
Save Mart Center Locker Room Renovation	27,299	27,299
Softball Renovations	78,167	78,167
Baseball Stadium (Bennett)	11,854	0
FCS - FB Coaches Salaries	108,283	0
Ricchiuti Academic Center	3,086	0
TNFA- Tennis Facility	(16,871)	0
TRFA- Track Facility	2,175	0
Women's Soccer Locker Room	0	150,000
2016/2017 Annual Scholarship Fund	3,372,196	0
2015/2016 Annual Scholarship Fund	0	3,423,400
	<u>6,675,661</u>	<u>5,259,633</u>
Total restricted expendable net position	\$ 6,675,661	\$ 5,259,633

THE BULLDOG FOUNDATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEARS ENDED JUNE 30, 2016 AND 2015

Restricted Resources (Continued)

Nonexpendable net position increased \$46,418 from FY 2015 to FY 2016 due to the receipt of memorials totaling \$53,200, less distributions of \$6,782.

Expendable net position increased by \$1,416,028 from FY 2015 to FY 2016 primarily due to funds raised and not yet expended of the following: approximately \$1,377,000 for Athletic Director discretionary fund; approximately \$421,000 for the Fund for Excellence accounts; and approximately \$108,000 for Football Coaches salaries. The following items decreased net position from FY 2015 to FY 2016: \$109,000 for marketing promotions; approximately \$91,000 to fund Training Table; approximately \$89,000 for Weight Room enhancements; a decrease of approximately \$51,000 in unexpended annual scholarship fund; and \$150,000 for Women's Soccer Locker Room renovations.

CONDENSED SUMMARY OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	2016	2015
Operating revenues:		
Other operating revenues	\$ 8,402,632	\$ 6,842,922
Operating expenses:		
Student services	<u>9,103,347</u>	<u>7,081,231</u>
Operating loss	<u>(700,715)</u>	<u>(238,309)</u>
Nonoperating revenues (expenses):		
Investment income	3,719	16
Endowment income	<u>(79,454)</u>	<u>67,145</u>
Net nonoperating revenues (expenses)	<u>(75,735)</u>	<u>67,161</u>
Loss before other additions	(776,450)	(171,148)
Additions to permanent endowments	<u>53,200</u>	<u>209,967</u>
Increase (decrease) in net position	(723,250)	38,819
Net position at beginning of year	<u>16,763,377</u>	<u>16,724,558</u>
Net position at end of year	<u>\$ 16,040,127</u>	<u>\$ 16,763,377</u>
Total revenues	\$ 8,380,097	\$ 7,120,050
Total expenses	<u>9,103,347</u>	<u>7,081,231</u>
Change in net position	<u>\$ (723,250)</u>	<u>\$ 38,819</u>

THE BULLDOG FOUNDATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2016 AND 2015

Operating Revenues and Expenses

Operating revenues and expenses come from sources that are connected directly to the BDF's primary business functions.

Operating Revenues

Other operating revenues increased \$1,559,710 from FY 2015 to FY 2016 primarily due to an increase of approximately \$1,699,000 in the general contributions; a decrease of approximately \$262,000 in the Fund for Excellence accounts; and an increase of approximately \$148,000 in donated salary and benefits for an additional fund raising position added. The remaining is from general business activity.

Operating Expenses

Student services expenses increased \$2,022,116 from FY 2015 to FY 2016. The net increase is primarily due to a decrease of approximately \$346,000 for grants-in-aid; an increase in Fund for Excellence disbursements of approximately \$400,000; a decrease of approximately \$53,000 to CSU, Fresno Athletic Corporation for Training Table; an increase of approximately \$1,145,000 in endowment distributions; an increase in donation expense – CSU, Fresno Athletic Corporation of approximately \$1,049,000 for various projects and renovations; a decrease in sport clubs expense of approximately \$126,000; a decrease of approximately \$463,000 expended to CSU, Fresno for various other projects and renovations; a decrease in total fund drive expenses of approximately \$23,000; an increase in salary and benefits of \$308,000; and an increase in bad debt expense of approximately \$137,000.

Nonoperating Revenues (Expenses)

Nonoperating revenues (expenses) come from sources that are not part of the BDF's primary business functions. Included in this classification are earnings on endowments, changes in the fair value of endowment investments, and capital gains on endowments.

Endowment income net, decreased \$146,599 from FY 2015 to FY 2016 primarily due to increased unrealized losses of approximately \$288,000 in FY 2016, a decrease in earnings of approximately \$27,000 in FY 2016, and an increase in realized gains of \$158,000 in FY 2016. The net decrease is a result of management of the endowment investments and market conditions.

Additions to permanent endowments

Additions to permanent endowments totaled approximately \$210,000 and \$53,000 for FY 2015 and FY 2016, respectively.

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, 2016 AND 2015

	2016	2015
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents (Note 3)	\$ 4,925,738	\$ 4,998,067
Pledges receivable, net (Note 4)	2,278,529	909,480
Prepaid expenses and other assets (Note 5)	18,976	83,973
	<u>7,223,243</u>	<u>5,991,520</u>
NONCURRENT ASSETS		
Restricted cash and cash equivalents	114,984	17,077
Pledges receivable, net (Note 4)	771,453	684,854
Endowment investments (Note 3 and 6)	10,435,417	11,083,803
	<u>11,321,854</u>	<u>11,785,734</u>
	<u>18,545,097</u>	<u>17,777,254</u>
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	1,886,326	701,303
Accrued compensated absences	35,960	26,556
Line of credit (Note 8)	582,384	0
Unearned revenue	300	286,018
	<u>2,504,970</u>	<u>1,013,877</u>
NET POSITION		
Restricted for:		
Nonexpendable - endowments	688,626	642,208
Expendable:		
Scholarships	72,737	73,645
Other	6,602,924	5,185,988
Unrestricted	8,675,840	10,861,536
	<u>16,040,127</u>	<u>16,763,377</u>
	<u>16,040,127</u>	<u>16,763,377</u>
	<u>\$ 18,545,097</u>	<u>\$ 17,777,254</u>

See Accompanying Notes to Financial Statements

THE BULLDOG FOUNDATION

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
REVENUES		
OPERATING REVENUES		
Other operating revenues (Note 9)	\$ 8,402,632	\$ 6,842,922
EXPENSES		
OPERATING EXPENSES		
Student Services (Note 11)	<u>9,103,347</u>	<u>7,081,231</u>
OPERATING LOSS	<u>(700,715)</u>	<u>(238,309)</u>
NONOPERATING REVENUES (EXPENSES)		
Investment income, net	3,719	16
Endowment income, net (Note 6)	<u>(79,454)</u>	<u>67,145</u>
NET NONOPERATING REVENUES (EXPENSES)	<u>(75,735)</u>	<u>67,161</u>
LOSS BEFORE OTHER ADDITIONS	(776,450)	(171,148)
ADDITIONS TO PERMANENT ENDOWMENTS	<u>53,200</u>	<u>209,967</u>
INCREASE (DECREASE) IN NET POSITION	(723,250)	38,819
NET POSITION		
Net position at beginning of year	<u>16,763,377</u>	<u>16,724,558</u>
Net position at end of year	<u>\$ 16,040,127</u>	<u>\$ 16,763,377</u>

See Accompanying Notes to Financial Statements

THE BULLDOG FOUNDATION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers and donors	\$ 6,234,455	\$ 6,470,255
Cash paid to CSU Fresno Athletic Corporation, other vendors and employees	<u>(7,417,112)</u>	<u>(5,975,292)</u>
NET CASH PROVIDED FROM (USED BY) OPERATING ACTIVITIES	<u>(1,182,657)</u>	<u>494,963</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of endowment investments	(500,000)	(156,289)
Sale of endowment investments	1,072,651	491,216
Increase in restricted cash	<u>(97,907)</u>	<u>(4,321)</u>
NET CASH PROVIDED FROM INVESTING ACTIVITIES	<u>474,744</u>	<u>330,606</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from (payments on) line of credit	582,384	(143,870)
Contributions to nonexpendable endowments	<u>53,200</u>	<u>209,967</u>
NET CASH PROVIDED FROM FINANCING ACTIVITIES	<u>635,584</u>	<u>66,097</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(72,329)	891,666
CASH AND CASH EQUIVALENTS, beginning of year	<u>4,998,067</u>	<u>4,106,401</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 4,925,738</u>	<u>\$ 4,998,067</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED FROM (USED BY) OPERATING ACTIVITIES		
Operating loss	\$ (700,715)	\$ (238,309)
Adjustments to reconcile operating loss to net cash provided from (used by) operating activities:		
Changes in:		
Pledges receivable	(1,455,648)	(133,119)
Prepaid expenses and other assets	64,997	163,543
Accounts payable	1,185,023	665,575
Accrued compensated absences	9,404	6,279
Unearned revenue	<u>(285,718)</u>	<u>30,994</u>
NET CASH PROVIDED FROM (USED BY) OPERATING ACTIVITIES	<u>\$ (1,182,657)</u>	<u>\$ 494,963</u>
NON CASH TRANSACTIONS		
Trade-outs (Note 10)	<u>\$ 164,404</u>	<u>\$ 156,154</u>
CSU Fresno Athletic Corporation and CSU Fresno salaries and benefits	<u>\$ 262,407</u>	<u>\$ 114,388</u>

See Accompanying Notes to Financial Statements

THE BULLDOG FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 AND 2015

NOTE 1: ORGANIZATION

History and business activity – The Bulldog Foundation (“BDF”) was incorporated March 17, 1950, as a non-profit corporation. The BDF’s corporate purposes include, among other things, raising funds to provide scholarships for student-athletes, upgrade and construct new facilities, and to support the various sports programs for the California State University, Fresno Athletic Corporation. The BDF is supported primarily by contributions.

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 with an initial maturity of three months or less to be cash equivalents.

Restricted cash – Restricted cash includes restricted cash held in trust and cash restricted as to use. At June 30, 2016, restricted cash consists of an account with a balance of \$42,400 for various facilities projects and \$72,584 of endowment cash, both of which are restricted as to use. At June 30, 2015, restricted cash consists of an account with a balance of \$5,766 for various facilities projects and \$11,311 of endowment cash, both of which are restricted as to use.

Pledges receivable - annual scholarship fund – Pledges receivable – annual scholarship fund are expected to be collected within one year and are recorded based upon estimated future cash flows. At June 30, 2016 and 2015, management has established an allowance of \$12,300 and \$3,220, 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, 2016 and 2015, management has determined an allowance of \$140,527 and \$59,631, respectively, for promises to give, based upon anticipated collections. Conditional promises to give are not included as support until the conditions are substantially met.

Inventory – Inventory consists of fundraising supplies and awards. Inventory is valued at cost.

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.

THE BULLDOG FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 AND 2015

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

Donations and contributions (continued)

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.

Net Position

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 the BDF retains in perpetuity. Net position in this category consist of endowments.

Restricted – expendable – Net position subject to externally imposed conditions that can be fulfilled by the actions of the BDF or by the passage of time.

Unrestricted – All other categories of net position. In addition, unrestricted net position may be designated for specific purposes by the Board of Directors of the BDF.

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 or from other activities that are connected directly to the BDF’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. These non-operating activities include the BDF’s endowment investment activity.

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, 2016 AND 2015

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

Income taxes (continued)

Generally accepted accounting principles provides accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken in its federal and state tax returns are more likely than not to be sustained upon examination.

Use of estimates – 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 previously-reported net income or cash flow information.

NOTE 3: **CASH, CASH EQUIVALENTS AND INVESTMENTS**

Cash, cash equivalents and investments as of June 30, 2016 and 2015 consist of the following:

	2016	2015
Cash and cash equivalents	\$ 4,925,738	\$ 4,998,067
Endowment investments (Note 6)	<u>10,435,417</u>	<u>11,083,803</u>
	<u>\$ 15,361,155</u>	<u>\$ 16,081,870</u>

The amounts above consist of the following as of June 30, 2016 and 2015:

	2016	2015
Cash and cash equivalents	\$ 3,517,334	\$ 3,593,382
Certificates of deposit	1,275,000	1,250,000
Money market funds	133,404	154,685
Equity securities	4,932,541	4,965,983
Money market funds - endowment	199,775	267,691
Mutual funds	<u>5,303,101</u>	<u>5,850,129</u>
	<u>\$ 15,361,155</u>	<u>\$ 16,081,870</u>

THE BULLDOG FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 AND 2015

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. Specific references are included below under various risk categories. 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 market interest rates will adversely affect the fair value of a fixed income investment. 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 repay the debt security when due. According to the BDF's investment policy, fixed income investments are limited to "Investment Grade" issues. 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 of loss attributed to the magnitude of the investment in a single issuer. 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 the BDF will not be able to recover its deposits in the event of a failure of a depository institution. 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.

THE BULLDOG FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 AND 2015

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, 2016 the BDF had various deposit accounts with one financial institution with balances that exceeded the FDIC limit by \$3,975,136. The BDF had no money market mutual fund balances that exceeded the SIPC limit.

Custodial credit risk for investments is the risk that if the counterparty to an investment transaction were to fail, the BDF would not be able to recover its investment. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to indirect investment in securities through the use of mutual funds.

NOTE 4: **PLEDGES RECEIVABLE**

Pledges receivable at June 30, 2016 consist of the following:

	Annual Scholarship Fund	Promises to Give	Total
Current portion			
Due in one year or less	\$ 392,275	\$ 2,039,081	\$ 2,431,356
Less: Allowance for doubtful pledges	<u>(12,300)</u>	<u>(140,527)</u>	<u>(152,827)</u>
	<u>379,975</u>	<u>1,898,554</u>	<u>2,278,529</u>
Non-current portion			
Due between one and five years	0	914,074	914,074
Less: Discount to reflect pledges receivable at present value	<u>0</u>	<u>(142,621)</u>	<u>(142,621)</u>
	<u>0</u>	<u>771,453</u>	<u>771,453</u>
	<u>\$ 379,975</u>	<u>\$ 2,670,007</u>	<u>\$ 3,049,982</u>

THE BULLDOG FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 AND 2015

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

Pledges receivable at June 30, 2015 consist of the following:

	Annual Scholarship Fund	Promises to Give	Total
Current portion			
Due in one year or less	\$ 464,584	\$ 507,747	\$ 972,331
Less: Allowance for doubtful pledges	<u>(3,220)</u>	<u>(59,631)</u>	<u>(62,851)</u>
	<u>461,364</u>	<u>448,116</u>	<u>909,480</u>
Non-current portion			
Due between one and five years	0	764,450	764,450
Less: Discount to reflect pledges receivable at present value	<u>0</u>	<u>(79,596)</u>	<u>(79,596)</u>
	<u>0</u>	<u>684,854</u>	<u>684,854</u>
	<u>\$ 461,364</u>	<u>\$ 1,132,970</u>	<u>\$ 1,594,334</u>

The discount rate used to calculate the present value at June 30, 2016 and 2015 is 3.5%.

NOTE 5: **PREPAID EXPENSES AND OTHER ASSETS**

Prepaid expenses and other assets at June 30, 2016 and 2015 consist of the following:

	2015	2015
Inventory	\$ 18,976	\$ 14,768
Prepaid expenses	<u>0</u>	<u>69,205</u>
	<u>\$ 18,976</u>	<u>\$ 83,973</u>

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THE BULLDOG FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 AND 2015

NOTE 6: **ENDOWMENTS**

Endowments are 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.

The BDF follows the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) adopted by the Board of Directors in July 2008. UPMIFA does not set specific expenditure limits; instead, 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 administration of endowment funds policy provides the guidance for the distribution of the net appreciation of restricted endowments. It is the BDF’s goal to distribute annually a minimum of 2.5% of the endowment value as established on December 31st. For the years ended June 30, 2016 and 2015, the net amount of appreciation available for distribution is \$0. The net amount of appreciation available for distribution is calculated after the minimum 2.5% distribution and all other required annual distributions. Endowment earnings distribution will occur in the fourth quarter of each fiscal year, based upon 2.5% of the endowment value, and/or an amount as approved by the Board.

Net endowment income (loss) for the years ended June 30, 2016 and 2015 are as follow:

	2016	2015
Realized gain	\$ 647,437	\$ 488,529
Unrealized loss	(969,858)	(682,134)
Earnings, net of investment expenses of \$72,774 and \$82,234, respectively	242,967	260,750
	\$ (79,454)	\$ 67,145

As of June 30, 2016 and 2015, the BDF had cumulative unrealized gains (appreciation) of approximately \$680,000 and \$1,660,000, respectively.

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THE BULLDOG FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 AND 2015

NOTE 7: COMMITMENTS AND CONTINGENCIES

Endowment Fund

Annually, the BDF pays 2.5% of the unrestricted endowment balance to the CSU Fresno Athletic Corporation. The calculation is based upon the unrestricted endowment balance as of December 31st. The eligible distribution for the years ended June 30, 2016 and 2015 is \$240,960 and \$271,883, respectively.

Operating Lease

The location from which the BDF operates is provided at no charge to the BDF.

Fundraising Services

The BDF is party to an agreement with a ticket sales/fundraising company and CSU Fresno Athletic Corporation, expiring March 1, 2016. The agreement requires the BDF to compensate the company for any new donor revenue; payment for which is based upon a declining sliding scale. This agreement, per both parties, was terminated December 1, 2015.

NOTE 8: LINE OF CREDIT

The BDF has a \$3,000,000 revolving line of credit agreement with Citibank, N.A. The line of credit has an expiration of March 5, 2017. Borrowings under this agreement are secured by six Wells Fargo Advisors investment accounts. Interest is calculated at a rate of 0.75% over the index determined by the financial institution. The amount drawn on the line of credit as of June 30, 2016 and 2015 was \$582,384 and \$0, respectively.

NOTE 9: OTHER OPERATING REVENUES

Other operating revenues for the years ended June 30, 2016 and 2015 are as follow:

	2016	2015
Contributions	\$ 6,680,089	\$ 4,980,853
Contributions - Fund for Excellence	627,264	889,012
CSU Fresno Athletic Corporation and		
CSU Fresno - salary and benefits	262,407	114,388
Football suite rent	454,560	470,600
Memorials	1,685	925
Non-cash donations (Note 10)	164,404	156,154
Sport clubs income	212,223	230,990
	<u>\$ 8,402,632</u>	<u>\$ 6,842,922</u>

THE BULLDOG FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 AND 2015

NOTE 10: **NON-CASH DONATIONS (TRADE-OUTS)**

Non-cash donations (trade-outs) for the years ended June 30, 2016 and 2015 are as follow:

	2016	2015
CSU, FRESNO ATHLETIC CORPORATION		
Athletic Program		
Automobiles	\$ 116,524	\$ 100,980
Fundraising	4,780	4,780
Professional services	<u>9,480</u>	<u>10,121</u>
	130,784	115,881
Administrative		
Maintenance	<u>9,660</u>	<u>4,425</u>
	140,444	120,306
BULLDOG FOUNDATION		
Fundraising expenses	14,254	16,402
Office expenses	0	10,000
Professional services	<u>9,706</u>	<u>9,446</u>
	<u>23,960</u>	<u>35,848</u>
	<u>\$ 164,404</u>	<u>\$ 156,154</u>

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THE BULLDOG FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 AND 2015

NOTE 11: PROGRAM, MANAGEMENT AND GENERAL, AND FUNDRAISING EXPENSES

Expenses by function for the year ended June 30, 2016, are as follow:

	PROGRAM EXPENSES	MANAGEMENT AND GENERAL EXPENSES	FUNDRAISING EXPENSES	TOTAL
Program expenses				
Athletic program expenses				
Grants-in-aid	\$ 2,633,199	\$ 0	\$ 0	\$ 2,633,199
Trade-outs	140,444	0	0	140,444
Athletic Director discretionary fund	1,000,000	0	0	1,000,000
Athletic training	14,000	0	0	14,000
Football suite rent transfer	454,560	0	0	454,560
Fund for Excellence disbursements	565,060	0	0	565,060
Special promotions	127,646	0	0	127,646
Training Table	198,000	0	0	198,000
Non-budgeted	121	0	0	121
Endowment distribution	1,736,933	0	0	1,736,933
Expendable scholarship distributions	7,690	0	0	7,690
Donation expense - CSU Fresno				
Athletic Corporation	456,683	0	0	456,683
Sport clubs expenses	<u>241,763</u>	<u>0</u>	<u>0</u>	<u>241,763</u>
Total athletic program expenses	7,576,099	0	0	7,576,099
Donation expense - CSU Fresno	15,699			15,699
Donation expense - CSU Fresno Foundation	<u>15,909</u>	<u>0</u>	<u>0</u>	<u>15,909</u>
Total program expenses	<u>7,607,708</u>	<u>0</u>	<u>0</u>	<u>7,607,708</u>
Fund drive expenses				
Fund drive events	0	12,923	116,307	129,230
Fundraising services	0	5,728	51,552	57,280
Member benefits	0	1,919	17,271	19,190
Advertising	0	1,344	12,091	13,435
Promotion	<u>0</u>	<u>5,015</u>	<u>45,140</u>	<u>50,155</u>
Total fund drive expenses	<u>0</u>	<u>26,929</u>	<u>242,361</u>	<u>269,290</u>
Salaries and benefits	<u>0</u>	<u>89,040</u>	<u>801,361</u>	<u>890,401</u>
Office overhead				
Computer system	0	2,921	26,287	29,208
Professional services	0	3,332	29,983	33,315
Bank card fees	0	8,311	74,800	83,111
Equipment maintenance	0	205	1,842	2,047
Insurance	0	1,043	9,382	10,425
Postage	0	1,168	10,509	11,677
Printing	0	1,358	12,224	13,582
Office supplies	0	1,135	10,211	11,346
Telephone	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total office overhead	<u>0</u>	<u>19,473</u>	<u>175,238</u>	<u>194,711</u>
Other expenses				
Conferences and seminars	0	155	1,396	1,551
Reserve for contingency	0	146	1,314	1,460
Bad debt expense	<u>0</u>	<u>13,823</u>	<u>124,403</u>	<u>138,226</u>
Total other expenses	<u>0</u>	<u>14,124</u>	<u>127,113</u>	<u>141,237</u>
	<u>\$ 7,607,708</u>	<u>\$ 149,566</u>	<u>\$ 1,346,073</u>	<u>\$ 9,103,347</u>

THE BULLDOG FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 AND 2015

NOTE 11: PROGRAM, MANAGEMENT AND GENERAL, AND FUNDRAISING EXPENSES
(Continued)

Expenses by function for the year ended June 30, 2015, are as follow:

	PROGRAM EXPENSES	MANAGEMENT AND GENERAL EXPENSES	FUNDRAISING EXPENSES	TOTAL
Program expenses				
Athletic program expenses				
Grants-in-aid	\$ 2,979,248	\$ 0	\$ 0	\$ 2,979,248
Trade-outs	120,306	0	0	120,306
Athletic training	14,000	0	0	14,000
Football suite rent transfer	471,800	0	0	471,800
Fund for Excellence disbursements	165,302	0	0	165,302
Special promotions	115,637	0	0	115,637
Training Table	250,799	0	0	250,799
Non-budgeted	230	0	0	230
Endowment distribution	592,278	0	0	592,278
Expendable scholarship distributions	17,927	0	0	17,927
Donation expense - CSU Fresno				
Athletic Corporation	408,206	0	0	408,206
Sport clubs expenses	<u>367,583</u>	<u>0</u>	<u>0</u>	<u>367,583</u>
Total athletic program expenses	5,503,316	0	0	5,503,316
Donation expense - CSU Fresno	479,114			479,114
Donation expense - CSU Fresno Foundation	<u>25,008</u>	<u>0</u>	<u>0</u>	<u>25,008</u>
Total program expenses	<u>6,007,438</u>	<u>0</u>	<u>0</u>	<u>6,007,438</u>
Fund drive expenses				
Fund drive events	0	8,128	73,156	81,284
Fundraising services	0	11,268	101,407	112,675
Member benefits	0	3,211	28,903	32,114
Advertising	0	1,212	10,908	12,120
Promotion	<u>0</u>	<u>5,380</u>	<u>48,416</u>	<u>53,796</u>
Total fund drive expenses	<u>0</u>	<u>29,199</u>	<u>262,790</u>	<u>291,989</u>
Salaries and benefits	<u>0</u>	<u>58,198</u>	<u>523,787</u>	<u>581,985</u>
Office overhead				
Computer system	0	3,012	27,106	30,118
Professional services	0	3,114	28,030	31,144
Bank card fees	0	7,802	70,213	78,015
Equipment maintenance	0	206	1,853	2,059
Insurance	0	1,271	11,437	12,708
Postage	0	1,638	14,743	16,381
Printing	0	712	6,404	7,116
Office supplies	0	1,395	12,554	13,949
Telephone	<u>0</u>	<u>116</u>	<u>1,044</u>	<u>1,160</u>
Total office overhead	<u>0</u>	<u>19,266</u>	<u>173,384</u>	<u>192,650</u>
Other expenses				
Reserve for contingency	0	571	5,140	5,711
Bad debt expense	<u>0</u>	<u>146</u>	<u>1,312</u>	<u>1,458</u>
Total other expenses	<u>0</u>	<u>717</u>	<u>6,452</u>	<u>7,169</u>
	<u>\$ 6,007,438</u>	<u>\$ 107,380</u>	<u>\$ 966,413</u>	<u>\$ 7,081,231</u>

THE BULLDOG FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 AND 2015

NOTE 11: PROGRAM, MANAGEMENT AND GENERAL, AND FUNDRAISING EXPENSES
(Continued)

Expenses are allocated between fundraising and management and general based upon the estimated amount of time employees spend on each activity. Total expenses are reflected as student services on the statements of revenues, expenses and changes in net position.

NOTE 12: RETIREMENT PLAN

The BDF has a defined contribution employee benefit plan that covers eligible employees. The contribution amount is 6.5% of an employee's salary. Contributions for the years ended June 30, 2016 and 2015 totaled \$26,833 and \$21,092, respectively.

NOTE 13: 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 | Quoted prices for identical assets or liabilities traded in active markets. |
| Level 2 | Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; quoted prices that are observable for the asset or liability or inputs that are derived principally from or corroborated by observable market data by correlation or other means. |
| Level 3 | Inputs to the valuation methodology are unobservable and significant to the fair value measurement. |

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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See next page for continuation of notes.

THE BULLDOG FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 AND 2015

NOTE 13: **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, 2016 and 2015.

Money market funds: Valued at authorized cost, which approximates fair value.

Mutual funds: Valued at the closing price reported in the active market in which the individual securities are traded.

Equity Securities: Valued at the closing price reported in the active market in which the individual equities are traded.

The methods 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 organization 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.

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THE BULLDOG FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 AND 2015

NOTE 13: **FAIR VALUE MEASUREMENTS** (Continued)

The table below presents the level within the hierarchy at which assets are measured at June 30, 2016 and 2015:

2016				
	Total	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments:				
Money market funds	\$199,775	199,775	\$ 0	\$ 0
Mutual funds	5,303,101	5,303,101	0	0
Equity securities	4,932,541	4,932,541	0	0
	<u>\$ 10,435,417</u>	<u>\$ 10,435,417</u>	<u>\$ 0</u>	<u>\$ 0</u>
2015				
	Total	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments:				
Money market funds	\$267,691	267,691	\$ 0	\$ 0
Mutual funds	5,850,129	5,850,129	0	0
Equity securities	4,965,983	4,965,983	0	0
	<u>\$ 11,083,803</u>	<u>\$ 11,083,803</u>	<u>\$ 0</u>	<u>\$ 0</u>



Moore Grider & Company
Certified Public Accountants

**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**

*A Partnership Including
Accountancy Corporations*

Richard L. Holland, C.P.A.

Thomas L. Bell, C.P.A.,
Accountancy Corporation

Denise S. Hurst, C.P.A.

Kenneth J. Labendeira, C.P.A.,
Accountancy Corporation

Pamela J. Gallemore, C.P.A.,
Accountancy Corporation

Karl L. Noyes, C.P.A.,
Accountancy Corporation

Cory J. Bell, C.P.A.

Kendall K. Wheeler, C.P.A.

Tom Collins, C.P.A.

Necia Wollenman, C.P.A.

Rena R. Avedikian, C.P.A.

Kelli D. Steele, C.P.A.

Julie B. Fillmore, C.P.A.

Carrie M. Wiebe, C.P.A., C.F.E.

Nora E. Crow, C.P.A.

Nicholas Medeiros, C.P.A.

Oscar Espinoza, C.P.A.

Lisa Brown, C.P.A., C.F.E.

Abel M. Cabello, E.A.

L. Jerome Moore, C.P.A.
Retired

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

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 as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise The Bulldog Foundation's basic financial statements, and have issued our report thereon dated September 13, 2016.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that

we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 Glicken & Company

Fresno, California
September 13, 2016

SUPPLEMENTARY INFORMATION

For inclusion in California State University, Fresno

THE BULLDOG FOUNDATION

SCHEDULE OF NET POSITION

JUNE 30, 2016

(for inclusion in the California State University)

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 4,925,738
Pledges receivable, net	2,278,529
Prepaid expenses and other assets	<u>18,976</u>
TOTAL CURRENT ASSETS	<u>7,223,243</u>
NONCURRENT ASSETS	
Restricted cash and cash equivalents	114,984
Pledges receivable, net	771,453
Endowment investments	<u>10,435,417</u>
TOTAL NONCURRENT ASSETS	<u>11,321,854</u>
TOTAL ASSETS	<u>18,545,097</u>
DEFERRED OUTFLOWS OF RESOURCES	
Others	<u>0</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>0</u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	1,886,326
Accrued compensated absences - current portion	35,960
Unearned revenue	300
Other liabilities	<u>582,384</u>
TOTAL CURRENT LIABILITIES	2,504,970
NONCURRENT LIABILITIES	
Other liabilities	<u>0</u>
TOTAL LIABILITIES	<u>2,504,970</u>
DEFERRED INFLOWS OF RESOURCES	
Others	<u>0</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>0</u>
NET POSITION	
Net investment in capital assets	0
Restricted for:	
Nonexpendable - endowments	688,626
Expendable:	
Scholarships and fellowships	72,737
Other	6,602,924
Unrestricted	<u>8,675,840</u>
TOTAL NET POSITION	<u>\$ 16,040,127</u>

THE BULLDOG FOUNDATION

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2016
(for inclusion in the California State University)

REVENUES

OPERATING REVENUES

Other operating revenues \$ 8,402,632

TOTAL OPERATING REVENUES 8,402,632

EXPENSES

OPERATING EXPENSES

Student Services 9,103,347

TOTAL OPERATING EXPENSES 9,103,347

OPERATING INCOME (LOSS) (700,715)

NONOPERATING REVENUES (EXPENSES)

Investment income (loss), net 3,719

Endowment income (loss), net (79,454)

**NET NONOPERATING REVENUES
(EXPENSES)** (75,735)

INCOME (LOSS) BEFORE OTHER REVENUES (EXPENSES) (776,450)

STATE APPROPRIATIONS, CAPITAL 0

GRANTS AND GIFTS, CAPITAL 0

ADDITIONS (REDUCTIONS) TO PERMANENT ENDOWMENTS 53,200

INCREASE (DECREASE) IN NET POSITION (723,250)

NET POSITION

Net position at beginning of year, as previously reported 16,763,377

Restatements 0

Net position at beginning of year, as restated 16,763,377

Net position at end of year \$ 16,040,127

THE BULLDOG FOUNDATION
Other Information
June 30, 2016
(for inclusion in the California State University)

1 Restricted cash and cash equivalents at June 30, 2016:

Portion of restricted cash and cash equivalents related to endowments	\$ 72,583
All other restricted cash and cash equivalents	42,400
Total restricted cash and cash equivalents	<u>\$ 114,984</u>

2.1 Composition of investments at June 30, 2016:

	Current Unrestricted	Current Restricted	Total Current	Noncurrent Unrestricted	Noncurrent Restricted	Total Noncurrent	Total
Mutual funds	\$ -	\$ -	\$ -	\$ 4,535,237	\$ 767,864	\$ 5,303,101	\$ 5,303,101
Money market funds	-	-	-	199,775	-	199,775	199,775
Equity securities	-	-	-	4,932,541	-	4,932,541	4,932,541
Total investments	-	-	-	9,667,553	767,864	10,435,417	10,435,417
Less endowment investments	-	-	-	(9,667,553)	(767,864)	(10,435,417)	(10,435,417)
Total investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

2.2 Investments held by The Bulldog Foundation under contractual agreements at June 30, 2016: Not applicable

2.3 Restricted current investments at June 30, 2016: Not applicable

2.4 Restricted noncurrent investments at June 30, 2016 related to:

	Amount
Endowment investment	
Mutual funds	<u>\$ 767,864</u>

2.5 Fair value hierarchy in investments at June 30, 2016:

	Fair Value Measurements Using				Net Asset Value (NAV)
	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
Mutual funds	\$ 5,303,101	\$ 5,303,101	\$ -	\$ -	-
Money market funds	199,775	199,775	-	-	-
Equity securities	4,932,541	4,932,541	-	-	-
Total investments	<u>\$ 10,435,417</u>	<u>\$ 10,435,417</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>

3.1 Composition of capital assets at June 30, 2016: Not applicable

THE BULLDOG FOUNDATION
Other Information
June 30, 2016
(for inclusion in the California State University)

3.2 Detail of depreciation and amortization expense for the year ended June 30, 2016: Not applicable

4 Long-term liabilities activity schedule:

	Balance June 30, 2015	Additions	Reductions	Balance June 30, 2016	Current Portion	Long-term Portion
Accrued compensated absences	\$ 26,556	\$ 33,195	\$ (23,791)	\$ 35,960	\$ 35,960	\$ —

5 Future minimum lease payments - capital lease obligations: Not applicable

6 Long-term debt obligation schedule: Not applicable

7 Calculation of net position:

7.1 Calculation of net position - Net investment in capital assets: Not applicable

7.2 Calculation of net position - Restricted for nonexpendable - endowments

	Auxiliary Organizations		Total
	GASB	FASB	Auxiliaries
Portion of restricted cash and cash equivalents related to endowments	\$ 72,583	\$ —	\$ 72,583
Endowment investments	9,667,553	—	9,667,553
Other adjustments:			
Portion of restricted investments related to expendable net position	(72,737)	—	(72,737)
Portion of restricted investments related to unrestricted net position	(8,978,773)	—	(8,978,773)
Net position - Restricted for nonexpendable - endowments per SNP	<u>\$ 688,626</u>	<u>\$ —</u>	<u>\$ 688,626</u>

8 Transactions with Related Entities: Not Applicable

9 Other Postemployment Benefits Obligation (OPEB): Not applicable

10 Pollution remediation liabilities under GASB Statement No. 49: Not applicable

11 The nature and amount of the prior period adjustment(s) recorded to beginning net position: Not applicable