

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

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2018 AND 2017

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

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2018 AND 2017

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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, 2018 and 2017 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, 2018 and 2017, 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 31 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. The 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 18, 2018, 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 Grier & Company

Fresno, California
September 18, 2018

THE BULLDOG FOUNDATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEARS ENDED JUNE 30, 2018 AND 2017

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, 2018 and 2017. 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, 2018 and 2017 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, 2018 AND 2017

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, 2018 and 2017. Included is a discussion of restrictions of the BDF's net position.

Significant Events – Years Ended June 30, 2018 and 2017

During the year ended June 30, 2018, the endowment investments reflected unrealized gains of approximately \$59,000, down from \$642,000 the previous year, with total investment earnings of approximately \$853,000, down from \$1,348,000 the previous year. Endowment distributions increased by approximately \$719,000, totaling \$3,064,716. Also, the BDF expended approximately \$227,000 to the CSU, Fresno Athletic Corporation for various projects. 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 and released the Foundation of expense commitments of approximately \$403,000, accrued in 2017.

During the year ended June 30, 2017, the endowment investments reflected unrealized gains of approximately \$642,000, with total investment earnings exceeding \$1,348,000. Endowment distributions increased by approximately \$609,000, totaling \$2,345,812. Also, the BDF expended approximately \$1,073,000 to the CSU, Fresno Athletic Corporation for various projects (primarily for preliminary work on the Bulldog Stadium Modernization Project, \$1,013,000). Additionally, the BDF received promises to give of \$2,050,000 for the Bulldog Stadium Modernization Project that were contingent upon the approval of the project by the CSU Board of Trustees. Contingent promises are not reflected in the financial statements, as required by generally accepted accounting principles.

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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, 2018 AND 2017
CONDENSED SUMMARY OF NET POSITION

	2018	2017
Assets		
Current assets	\$ 5,515,347	\$ 6,673,508
Other noncurrent assets	9,818,043	11,183,428
Total assets	15,333,390	17,856,936
Liabilities		
Current liabilities	4,158,853	3,938,623
Net position		
Restricted - nonexpendable	970,053	868,488
Restricted - expendable	5,021,403	5,506,653
Unrestricted	5,183,081	7,543,172
Total net position	\$ 11,174,537	\$ 13,918,313

Assets

Current assets decreased \$1,158,161 from FY 2017 to FY 2018 primarily due to a decrease in cash of approximately \$227,000, a decrease in the current portion of pledges receivable of approximately \$896,000, and a decrease in prepaid expenses of \$35,000. The decrease in the current portion of pledges receivable is due to the elimination of pledges attributable to the Bulldog Stadium Modernization Project of \$850,000, collections on pledges, along with a minor decrease in overall pledges for FY 2018.

Other noncurrent assets decreased by \$1,365,385 from FY 2017 to FY 2018 primarily due to a decrease in endowment investments of approximately \$1,281,000, a decrease in long-term pledges receivable of approximately \$146,000 and an increase in restricted cash and cash equivalents of approximately \$61,000. The investment decrease is primarily a result of unrealized gains of approximately \$59,000, realized gains of approximately \$597,000 and investment earnings of approximately \$196,000, additional memorial contributions of approximately \$75,293, offset by endowment fund distributions of approximately \$2,143,000 toward athletic scholarships.

Total assets decreased \$2,523,546 from FY 2017 to FY 2018 primarily due to the change in current and other noncurrent assets, as indicated above.

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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, 2018 AND 2017

Liabilities

Current liabilities increased by \$220,230 from FY 2017 to FY 2018 primarily due to a decrease of amounts payable to the CSU, Fresno Athletic Corporation of approximately \$183,000, a decrease in unearned revenue of approximately \$72,000, and a balance due on the credit line of approximately \$472,000. Amounts payable to the CSU, Fresno Athletic Corporation include \$509,130 of sport club expenses, \$349,253 in scholarships, plus \$2,475,751 in endowment distributions.

Net Position

Total net position decreased by \$2,743,776 primarily due to operating loss of \$8,692,000, offset by endowment earnings of \$853,000, contributions of \$5,008,000 and additions to restricted endowments of \$75,000.

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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, 2018 AND 2017

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, 2018 and 2017:

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

THE BULLDOG FOUNDATION

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

YEARS ENDED JUNE 30, 2018 AND 2017

Restricted Resources (Continued)

Nonexpendable net position increased \$101,565 from FY 2017 to FY 2018 due to the receipt of memorials totaling \$75,293 and earnings of approximately \$31,000.

Expendable net position decreased by \$485,250 from FY 2017 to FY 2018 due to increases and decreases in the funds. Significant increases in the Beiden Memorial Endowment Fund of \$10,471, the Men's Basketball Fund for Excellence of \$78,825, various Sport's Fund for Excellence of \$57,493 and new fund – Student Athlete Services received \$25,504. The following items decreased net position from FY 2017 to FY 2018: approximately \$210,574 for the Athletic Director's Fund; approximately \$193,436 to the Football Fund for Excellence; approximately \$80,260 used toward the North Gym Renovations; and approximately \$132,565 used toward the Softball Locker Facility Project.

Unrestricted net position decreased \$2,360,091 from FY 2017 to FY 2018 primarily due to endowment disbursements of \$3,065,000 offset by endowment income of \$853,000 in FY 2018.

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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, 2018 AND 2017

CONDENSED SUMMARY OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	<u>2018</u>	<u>2017</u>
Operating revenues:		
Other operating revenues	\$ 762,277	\$ 726,132
Operating expenses:		
Auxiliary enterprises	9,336,152	8,981,109
Institutional support	<u>117,322</u>	<u>110,858</u>
	<u>9,453,474</u>	<u>9,091,967</u>
Operating loss	<u>(8,691,197)</u>	<u>(8,365,835)</u>
Nonoperating revenues (expenses):		
Gifts, noncapital	5,008,169	4,793,560
Investment income	11,099	6,317
Endowment income	<u>852,860</u>	<u>1,348,438</u>
Net nonoperating revenues (expenses)	<u>5,872,128</u>	<u>6,148,315</u>
Loss before other additions	(2,819,069)	(2,217,520)
Additions to permanent endowments	<u>75,293</u>	<u>95,706</u>
Decrease in net position	(2,743,776)	(2,121,814)
Net position at beginning of year	<u>13,918,313</u>	<u>16,040,127</u>
Net position at end of year	<u>\$ 11,174,537</u>	<u>\$ 13,918,313</u>
Total revenues	\$ 6,709,698	\$ 6,970,153
Total expenses	<u>9,453,474</u>	<u>9,091,967</u>
Change in net position	<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, 2018 AND 2017

Operating Expenses

Operating expenses increased \$361,507 from FY 2017 to FY 2018. The details of the increase can be reviewed in Note 10 of the financial statements. The key changes are: a \$69,712 increase in Grants-in-Aid; a \$82,717 increase in Football Charter Expense; a \$198,986 increase in Funds for Excellence disbursements; a \$718,905 increase in Endowment Distribution; a \$846,286 decrease in facility improvements for various projects and renovations; a \$122,979 decrease in facility improvements – CSU, Fresno Foundation for the Meyers Sports Medicine Center renovations; and a \$77,533 increase in Athletic Director discretionary fund.

Nonoperating Revenues (Expenses)

Nonoperating revenues consist of contributions and endowment income.

Nonoperating revenues decreased \$276,187 from FY 2017 to FY 2018 partially due to an overall increase in gifts, non-capital of \$214,609, and a decrease in net endowment income of \$495,578. The remaining increase is a result of management of the endowment investments and market conditions.

Additions to permanent endowments

Additions to permanent endowments decreased by approximately \$20,413.

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, 2018 AND 2017

	2018	2017
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents (Note 3)	\$ 5,040,201	\$ 5,267,448
Pledges receivable, net (Note 4)	454,515	1,350,293
Prepaid expenses and other assets	<u>20,631</u>	<u>55,767</u>
TOTAL CURRENT ASSETS	<u>5,515,347</u>	<u>6,673,508</u>
NONCURRENT ASSETS		
Restricted cash and cash equivalents	119,239	58,145
Pledges receivable, net (Note 4)	806,630	952,343
Endowment investments (Note 3)	<u>8,892,174</u>	<u>10,172,940</u>
TOTAL NONCURRENT ASSETS	<u>9,818,043</u>	<u>11,183,428</u>
TOTAL ASSETS	<u>15,333,390</u>	<u>17,856,936</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	3,340,228	3,522,945
Accrued compensated absences (Note 6)	47,291	44,978
Line of credit (Note 7)	472,384	0
Unearned revenue	<u>298,950</u>	<u>370,700</u>
TOTAL CURRENT LIABILITIES	<u>4,158,853</u>	<u>3,938,623</u>
NET POSITION		
NET POSITION		
Restricted for:		
Nonexpendable - endowments	970,053	868,488
Expendable:		
Scholarships	90,540	80,068
Other	4,930,863	5,426,585
Unrestricted	<u>5,183,081</u>	<u>7,543,172</u>
TOTAL NET POSITION	<u>\$ 11,174,537</u>	<u>\$ 13,918,313</u>

See Accompanying Notes to Financial Statements

THE BULLDOG FOUNDATION

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
REVENUES		
OPERATING REVENUES		
Other operating revenues (Note 8)	\$ 762,277	\$ 726,132
EXPENSES		
OPERATING EXPENSES (Note 10)		
Auxiliary enterprises	9,336,152	8,981,109
Institutional support	117,322	110,858
TOTAL OPERATING EXPENSES	<u>9,453,474</u>	<u>9,091,967</u>
OPERATING LOSS	<u>(8,691,197)</u>	<u>(8,365,835)</u>
NONOPERATING REVENUES (EXPENSES)		
Gifts, noncapital (Note 9)	5,008,169	4,793,560
Investment income, net	11,099	6,317
Endowment income, net (Note 5)	852,860	1,348,438
NET NONOPERATING REVENUES (EXPENSES)	<u>5,872,128</u>	<u>6,148,315</u>
LOSS BEFORE OTHER ADDITIONS	(2,819,069)	(2,217,520)
ADDITIONS TO PERMANENT ENDOWMENTS	<u>75,293</u>	<u>95,706</u>
DECREASE IN NET POSITION	(2,743,776)	(2,121,814)
NET POSITION		
Net position at beginning of year	<u>13,918,313</u>	<u>16,040,127</u>
Net position at end of year	<u>\$ 11,174,537</u>	<u>\$ 13,918,313</u>

See Accompanying Notes to Financial Statements

THE BULLDOG FOUNDATION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers and donors	\$ 781,527	\$ 970,332
Cash paid to CSU Fresno Athletic Corporation and other vendors	(8,815,735)	(6,752,760)
Payments to employees	<u>(742,400)</u>	<u>(705,149)</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>(8,776,608)</u>	<u>(6,487,577)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of endowment investments	(1,039,009)	(1,482,362)
Sale of endowment investments	2,319,775	1,744,838
Decrease (increase) in restricted cash	(61,094)	56,839
Investment income, net	11,099	6,317
Endowment income, net	<u>852,860</u>	<u>1,348,438</u>
NET CASH PROVIDED FROM INVESTING ACTIVITIES	<u>2,083,631</u>	<u>1,674,071</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Gifts received for other than capital purposes	5,918,053	5,641,894
Proceeds from (payments on) line of credit	472,384	(582,384)
Contributions to nonexpendable endowments	<u>75,293</u>	<u>95,706</u>
NET CASH PROVIDED FROM NONCAPITAL FINANCING ACTIVITIES	<u>6,465,730</u>	<u>5,155,216</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(227,247)	341,710
CASH AND CASH EQUIVALENTS, beginning of year	<u>5,267,448</u>	<u>4,925,738</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 5,040,201</u>	<u>\$ 5,267,448</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating loss	\$ (8,691,197)	\$ (8,365,835)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Trade-outs	40,607	25,212
Changes in:		
Prepaid expenses and other assets	35,136	(36,791)
Accounts payable	(182,717)	1,636,619
Accrued compensated absences	2,313	9,018
Unearned revenue	<u>19,250</u>	<u>244,200</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>\$ (8,776,608)</u>	<u>\$ (6,487,577)</u>

See Accompanying Notes to Financial Statements

THE BULLDOG FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

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, 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. At June 30, 2017, restricted cash consists of an account with a balance of \$35,042 for various facilities projects and \$23,103 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, 2018 and 2017, management has established an allowance of \$18,877 and \$47,300, 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, 2018 and 2017, management has determined an allowance of \$551,313 and \$531,707, 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, 2018 AND 2017

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, 2018 AND 2017

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 previously-reported decrease in net position or cash flow information.

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

Cash, cash equivalents and investments as of June 30, 2018 and 2017 consist of the following:

	2018	2017
Cash and cash equivalents	\$ 5,040,201	\$ 5,267,448
Endowment investments	<u>8,892,174</u>	<u>10,172,940</u>
	<u>\$ 13,932,375</u>	<u>\$ 15,440,388</u>

The amounts above consist of the following as of June 30, 2018 and 2017:

	2018	2017
Cash and cash equivalents	\$ 4,114,390	\$ 4,052,726
Certificates of deposit	600,008	900,008
Money market funds	325,803	314,714
Corporate bonds	2,032,241	2,267,778
Mutual funds	1,869,871	2,186,391
Equity securities	4,826,397	5,555,561
Preferred securities	<u>163,665</u>	<u>163,210</u>
	<u>\$ 13,932,375</u>	<u>\$ 15,440,388</u>

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THE BULLDOG FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

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
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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, 2018 AND 2017

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, 2018, the BDF had various deposit accounts with one financial institution with balances that exceeded the FDIC limit by \$4,120,821 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, 2018 consist of the following:

	Annual Scholarship Fund	Promises to Give	Total
Current portion			
Due in one year or less	\$ 394,119	\$ 630,586	\$ 1,024,705
Less: Allowance for doubtful pledges	<u>(18,877)</u>	<u>(551,313)</u>	<u>(570,190)</u>
	<u>375,242</u>	<u>79,273</u>	<u>454,515</u>
Non-current portion			
Due between one and five years	0	903,398	903,398
Less: Discount to reflect pledges receivable at present value	<u>0</u>	<u>(96,768)</u>	<u>(96,768)</u>
	<u>0</u>	<u>806,630</u>	<u>806,630</u>
	<u>\$ 375,242</u>	<u>\$ 885,903</u>	<u>\$ 1,261,145</u>

THE BULLDOG FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

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

Pledges receivable at June 30, 2017 consist of the following:

	Annual Scholarship Fund	Promises to Give	Total
Current portion			
Due in one year or less	\$ 436,526	\$ 1,492,774	\$ 1,929,300
Less: Allowance for doubtful pledges	<u>(47,300)</u>	<u>(531,707)</u>	<u>(579,007)</u>
	<u>389,226</u>	<u>961,067</u>	<u>1,350,293</u>
Non-current portion			
Due between one and five years	0	1,098,453	1,098,453
Less: Discount to reflect pledges receivable at present value	<u>0</u>	<u>(146,110)</u>	<u>(146,110)</u>
	<u>0</u>	<u>952,343</u>	<u>952,343</u>
	<u>\$ 389,226</u>	<u>\$ 1,913,410</u>	<u>\$ 2,302,636</u>

The discount rate used to calculate the present value at June 30, 2018 and 2017 is 3.5%.

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THE BULLDOG FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

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, 2018 and 2017:

	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>
	2017			
	Unrestricted	Restricted Expendable	Restricted Nonexpendable	Total
Donor-restricted endowment funds	\$ 0	\$ 80,068	\$ 868,488	\$ 948,556
Board-designated endowment funds	<u>7,115,558</u>	<u>0</u>	<u>0</u>	<u>7,115,558</u>
	<u>\$ 7,115,558</u>	<u>\$ 80,068</u>	<u>\$ 868,488</u>	<u>\$ 8,064,114</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, 2018 AND 2017

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, 2018 and 2017:

	Unrestricted	Restricted Expendable	Restricted Nonexpendable	Total
Endowment net position, July 1, 2017	<u>\$ 7,115,558</u>	<u>\$ 80,068</u>	<u>\$ 868,488</u>	<u>\$ 8,064,114</u>
Investment return				
Realized gain	597,217	0	0	597,217
Unrealized gain	59,106	0	0	59,106
Earnings, net of expenses	<u>73,154</u>	<u>92,537</u>	<u>30,846</u>	<u>196,537</u>
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	4,575	0	(4,575)	0
Release of endowment earnings	<u>0</u>	<u>(82,065)</u>	<u>0</u>	<u>(82,065)</u>
Endowment net position, June 30, 2018	<u>\$ 4,791,429</u>	<u>\$ 90,540</u>	<u>\$ 970,052</u>	<u>\$ 5,852,021</u>

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THE BULLDOG FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 5: **ENDOWMENT** (Continued)

	Unrestricted	Restricted Expendable	Restricted Nonexpendable	Total
Endowment net position, July 1, 2016	<u>\$ 8,244,165</u>	<u>\$ 72,737</u>	<u>\$ 688,626</u>	<u>\$ 9,005,528</u>
Investment return				
Realized gain	484,171	0	0	484,171
Unrealized gain	642,086	0	0	642,086
Earnings, net of expenses	<u>145,558</u>	<u>57,467</u>	<u>19,156</u>	<u>222,181</u>
Net investment return	1,271,815	57,467	19,156	1,348,438
Contributions	10,390	0	95,706	106,096
Minimum 2.5% distribution	(221,608)	0	0	(221,608)
Additional distribution	(2,124,204)	0	0	(2,124,204)
Interfund recharacterization	(65,000)	0	65,000	0
Release of endowment earnings	<u>0</u>	<u>(50,136)</u>	<u>0</u>	<u>(50,136)</u>
Endowment net position, June 30, 2017	<u>\$ 7,115,558</u>	<u>\$ 80,068</u>	<u>\$ 868,488</u>	<u>\$ 8,064,114</u>

As of June 30, 2018, and 2017, the BDF had cumulative unrealized gains (appreciation) of approximately \$1,375,000 and \$1,320,000, respectively.

NOTE 6: **LONG-TERM LIABILITIES ACTIVITY**

Long-term liabilities activity for the fiscal years ended June 30, 2018 and 2017 are as follows:

	2018				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Accrued compensated absences	<u>\$ 44,978</u>	<u>\$ 32,594</u>	<u>\$ (30,281)</u>	<u>\$ 47,291</u>	<u>\$ 47,291</u>
	2017				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Accrued compensated absences	<u>\$ 35,960</u>	<u>\$ 39,505</u>	<u>\$ (30,487)</u>	<u>\$ 44,978</u>	<u>\$ 44,978</u>

THE BULLDOG FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

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, 2018 and 2017 was \$472,384 and \$0, respectively.

NOTE 8: OTHER OPERATING REVENUES

Other operating revenues for the years ended June 30, 2018 and 2017 are as follow:

	2018	2017
Football suite rent	\$ 455,760	\$ 455,760
Sport clubs income	243,105	236,765
Other operating revenue	63,412	33,607
	\$ 762,277	\$ 726,132

NOTE 9: GIFTS, NONCAPITAL

Gifts, noncapital for the years ended June 30, 2018 and 2017 are as follow:

	2018	2017
Contributions	\$ 3,946,913	\$ 3,932,379
Contributions - Fund for Excellence	1,014,114	825,524
Memorials	6,535	10,445
Non-cash donations	40,607	25,212
	\$ 5,008,169	\$ 4,793,560

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THE BULLDOG FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 10: OPERATING EXPENSES BY FUNCTION

Operating expenses by function for the year ended June 30, 2018, are as follow:

	AUXILIARY ENTERPRISES	INSTITUTIONAL SUPPORT	TOTAL
Expenses to support various sports programs for the Athletic Corporation			
Grants-in-aid	\$ 2,799,253	\$ 0	\$ 2,799,253
Training table	33,251	0	33,251
Athletic director discretionary fund	77,533	0	77,533
Athletic training	14,000	0	14,000
Football charter expense	192,803	0	192,803
Football suite rent transfer	455,760	0	455,760
Fund for excellence disbursements	1,098,331	0	1,098,331
Special promotions	15,375	0	15,375
Non-budgeted	16,200	0	16,200
Endowment distribution	3,064,716	0	3,064,716
Expendable scholarship distributions	82,065	0	82,065
Facility improvements	226,681	0	226,681
Sport clubs disbursements	<u>204,282</u>	<u>0</u>	<u>204,282</u>
Total	<u>8,280,250</u>	<u>0</u>	<u>8,280,250</u>
Fund drive expenses			
Fund drive events	112,181	12,464	124,645
Member benefits	15,836	1,759	17,595
Advertising	8,611	957	9,568
Promotion	44,297	4,922	49,219
Total	<u>180,925</u>	<u>20,102</u>	<u>201,027</u>
Salaries and benefits	<u>670,242</u>	<u>74,471</u>	<u>744,713</u>
Office overhead			
Computer system	25,227	2,803	28,030
Professional services	33,223	3,692	36,915
Bank card fees	89,139	9,904	99,043
Equipment maintenance	2,221	247	2,468
Insurance	10,897	1,211	12,108
Postage	14,298	1,589	15,887
Printing	14,522	1,614	16,136
Office supplies	<u>9,662</u>	<u>1,073</u>	<u>10,735</u>
Total	<u>199,189</u>	<u>22,133</u>	<u>221,322</u>
Other expenses			
Conferences and seminars	1,170	130	1,300
Reserve for contingency	<u>4,376</u>	<u>486</u>	<u>4,862</u>
Total	<u>5,546</u>	<u>616</u>	<u>6,162</u>
	<u>\$ 9,336,152</u>	<u>\$ 117,322</u>	<u>\$ 9,453,474</u>

THE BULLDOG FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 10: **OPERATING EXPENSES BY FUNCTION** (Continued)

Operating expenses by function for the year ended June 30, 2017, are as follow:

	AUXILIARY ENTERPRISES	INSTITUTIONAL SUPPORT	TOTAL
Expenses to support various sports programs for the Athletic Corporation			
Grants-in-aid	\$ 2,729,541	\$ 0	\$ 2,729,541
All sport pass transfer	5,225	0	5,225
Athletic training	1,400	0	1,400
Football charter expense	110,086	0	110,086
Football suite rent transfer	455,760	0	455,760
Fund for excellence disbursements	899,345	0	899,345
Special promotions	16,744	0	16,744
Non-budgeted	1,451	0	1,451
Endowment distribution	2,345,812	0	2,345,812
Expendable scholarship distributions	50,136	0	50,136
Facility improvements	1,072,967	0	1,072,967
Sport clubs disbursements	171,931	0	171,931
Total	<u>7,860,398</u>	<u>0</u>	<u>7,860,398</u>
Facility improvements - CSU Fresno Foundation	<u>122,979</u>	<u>0</u>	<u>122,979</u>
Fund drive expenses			
Fund drive events	103,164	11,463	114,627
Member benefits	15,729	1,748	17,477
Advertising	7,959	884	8,843
Promotion	41,934	4,659	46,593
Total	<u>168,786</u>	<u>18,754</u>	<u>187,540</u>
Salaries and benefits	<u>642,750</u>	<u>71,417</u>	<u>714,167</u>
Office overhead			
Computer system	25,339	2,815	28,154
Professional services	26,056	2,895	28,951
Bank card fees	74,883	8,320	83,203
Equipment maintenance	1,818	202	2,020
Insurance	11,857	1,317	13,174
Postage	13,485	1,498	14,983
Printing	17,439	1,938	19,377
Office supplies	10,584	1,176	11,760
Total	<u>181,461</u>	<u>20,161</u>	<u>201,622</u>
Other expenses			
Conferences and seminars	2,755	306	3,061
Reserve for contingency	1,980	220	2,200
Total	<u>4,735</u>	<u>526</u>	<u>5,261</u>
	<u>\$ 8,981,109</u>	<u>\$ 110,858</u>	<u>\$ 9,091,967</u>

THE BULLDOG FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 11: RETIREMENT PLAN

The BDF had a defined contribution employee benefit plan that covered eligible employees. The contribution amount was 6.5% of an employee's salary. Contributions for the years ended June 30, 2018 and 2017 totaled \$54,978 and \$25,367, respectively. The annual contribution was typically paid in July, for the prior year. With the transfer of the payroll function to the CSU, Fresno Association, the employees are now covered under a new defined contribution employee benefit plan effective July 1, 2018. Therefore, as a result of the transfer, 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, 2018 AND 2017

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, 2018 and 2017.

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, 2018 and 2017:

	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>
	2017			
	Total	Level 1	Level 2	Level 3
Investments:				
Corporate bonds	\$ 2,267,778	\$ 2,267,778	\$ 0	\$ 0
Mutual funds	2,186,391	2,186,391	0	0
Equity securities	5,555,561	5,555,561	0	0
Preferred securities	163,210	163,210	0	0
	<u>\$ 10,172,940</u>	<u>\$ 10,172,940</u>	<u>\$ 0</u>	<u>\$ 0</u>

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THE BULLDOG FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 13: **RELATED PARTIES**

The BDF provides financial support to CSU, Fresno Athletic Corporation (the Corporation) to help fund athletic scholarships and to enhance sport programming. The BDF provides virtually all monies generated (net of fundraising expense and operating reserves) to the Corporation. During the fiscal years ended June 30, 2018 and 2017, the BDF provided the following to the Corporation:

	2018	2017
Grants-in-aid	\$ 2,799,253	\$ 2,729,541
Training table	33,251	0
Athletic director discretionary fund	77,533	0
Fund for excellence disbursements	1,098,331	899,345
Endowment distribution	3,064,716	2,345,812
Endowment scholarship distributions	82,065	50,136
Facility improvements	226,681	1,072,967
Sports clubs expenses	204,282	171,931
Athletic training	<u>14,000</u>	<u>1,400</u>
	<u>\$ 7,600,112</u>	<u>\$ 7,271,132</u>



Moore Grider & Company

Certified Public Accountants

A Partnership Including
Accountancy Corporations
and a Partnership

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., C.F.E.
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.
Accountancy Corporation

Aaron C. Studt, C.P.A.

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

Lozano, Lozano & Company
Accountancy Partnership with partners:

Phil A. Lozano, C.P.A.

Ginger A. Lozano, C.P.A.

Kelli D. Steele, C.P.A.

Julie B. Fillmore, C.P.A.

Oscar Espinoza, C.P.A.

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

Stalin Hernandez, C.P.A.

Michiko Rosenthal, C.P.A.

Abel M. Cabello, E.A.

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, 2018 and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 18, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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 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.

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.

More Grider & Company

Fresno, California
September 18, 2018

SUPPLEMENTARY INFORMATION

For inclusion in California State University, Fresno

THE BULLDOG FOUNDATION

SCHEDULE OF NET POSITION

JUNE 30, 2018

(for inclusion in the California State University)

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 5,040,201
Pledges receivable, net	454,515
Prepaid expenses and other assets	<u>20,631</u>

TOTAL CURRENT ASSETS 5,515,347

NONCURRENT ASSETS

Restricted cash and cash equivalents	119,239
Pledges receivable, net	806,630
Endowment investments	<u>8,892,174</u>

TOTAL NONCURRENT ASSETS 9,818,043

TOTAL ASSETS 15,333,390

DEFERRED OUTFLOWS OF RESOURCES 0

LIABILITIES

CURRENT LIABILITIES

Accounts payable	3,340,228
Accrued compensated absences - current portion	47,291
Unearned revenue	298,950
Other liabilities	<u>472,384</u>

TOTAL CURRENT LIABILITIES 4,158,853

NONCURRENT LIABILITIES 0

TOTAL LIABILITIES 4,158,853

DEFERRED INFLOWS OF RESOURCES 0

NET POSITION

Net investment in capital assets	0
Restricted for:	
Nonexpendable - endowments	970,053
Expendable:	
Scholarships and fellowships	90,540
Other	4,930,863
Unrestricted	<u>5,183,081</u>

TOTAL NET POSITION \$ 11,174,537

THE BULLDOG FOUNDATION

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2018
(for inclusion in the California State University)

REVENUES

OPERATING REVENUES

Other operating revenues \$ 762,277

TOTAL OPERATING REVENUES 762,277

EXPENSES

OPERATING EXPENSES

Institutional support 117,322

Auxiliary enterprise expenses 9,336,152

TOTAL OPERATING EXPENSES 9,453,474

OPERATING INCOME (LOSS) (8,691,197)

NONOPERATING REVENUES (EXPENSES)

Gifts, noncapital 5,008,169

Investment income (loss), net 11,099

Endowment income (loss), net 852,860

**NET NONOPERATING REVENUES
(EXPENSES)** 5,872,128

INCOME (LOSS) BEFORE OTHER REVENUES (EXPENSES) (2,819,069)

Additions (reductions) to permanent endowments 75,293

INCREASE (DECREASE) IN NET POSITION (2,743,776)

NET POSITION

Net position at beginning of year 13,918,313

Net position at end of year \$ 11,174,537

THE BULLDOG FOUNDATION
Other Information
June 30, 2018
(for inclusion in the California State University)

1 Restricted cash and cash equivalents at June 30, 2018:

Portion of restricted cash and cash equivalents related to endowments	\$ 95,598
All other restricted cash and cash equivalents	<u>23,641</u>
Total restricted cash and cash equivalents	<u>\$ 119,239</u>

2.1 Composition of investments at June 30, 2018:

	Current Unrestricted	Current Restricted	Total Current	Noncurrent Unrestricted	Noncurrent Restricted	Total Noncurrent	Total
Corporate bonds	\$ -	\$ -	\$ -	\$ 900,613	\$ 1,131,628	\$ 2,032,241	\$ 2,032,241
Mutual funds	-	-	-	1,869,871	-	1,869,871	1,869,871
Equity securities	-	-	-	4,826,397	-	4,826,397	4,826,397
Preferred securities	-	-	-	163,665	-	163,665	163,665
Total investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,760,546</u>	<u>1,131,628</u>	<u>8,892,174</u>	<u>8,892,174</u>
Less endowment investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,760,546)</u>	<u>(1,131,628)</u>	<u>(8,892,174)</u>	<u>(8,892,174)</u>
Total investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

2.2 Investments held by the University under contractual agreements at June 30, 2018: Not applicable

2.3 Restricted current investments at June 30, 2018: Not applicable

2.4 Restricted noncurrent investments at June 30, 2018 related to:

	<u>Amount</u>
Endowment investment	
Corporate bonds	<u>\$ 1,131,628</u>

2.5 Fair value hierarchy in investments at June 30, 2018:

	Total	Fair Value Measurements Using			Net Asset Value (NAV)
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Corporate bonds	\$ 2,032,241	\$ 2,032,241	\$ -	\$ -	-
Mutual funds	1,869,871	1,869,871	-	-	-
Equity securities	4,826,397	4,826,397	-	-	-
Preferred securities	163,665	163,665	-	-	-
Total investments	<u>\$ 8,892,174</u>	<u>\$ 8,892,174</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>

3.1 Composition of capital assets at June 30, 2018: Not applicable

3.2 Detail of depreciation and amortization expense for the year ended June 30, 2018: Not applicable

THE BULLDOG FOUNDATION
Other Information
June 30, 2018
(for inclusion in the California State University)

4 Long-term liabilities activity schedule:

	<u>Balance June 30, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2018</u>	<u>Current Portion</u>	<u>Long-term Portion</u>
Accrued compensated absences	\$ 44,978	\$ 32,594	\$ (30,281)	\$ 47,291	\$ 47,291	\$ —

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

Portion of restricted cash and cash equivalents related to endowments	\$ 95,598
Endowment investments	7,760,546
Other adjustments:	
Portion of restricted investments related to expendable net position	(90,540)
Portion of restricted investments related to unrestricted net position	(6,795,551)
Net position - Restricted for nonexpendable - endowments	\$ 970,053

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

12 Natural Classification of Operating Expenses:

	<u>Salaries</u>	<u>Benefits</u>	<u>Supplies and other services</u>	<u>Total operating expenses</u>
Auxiliary enterprises	\$ 495,795	\$ 174,447	\$ 8,665,910	\$ 9,336,152
Institutional support	55,088	19,383	42,851	117,322
Total	\$ 550,883	\$ 193,830	\$ 8,708,761	\$ 9,453,474