



Report of Independent Auditors
and Consolidated Financial Statements
with Supplementary Information for

California Lutheran University and Affiliate

May 31, 2017 and 2016

CONTENTS

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**CALIFORNIA LUTHERAN UNIVERSITY AND AFFILIATE
 CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
 MAY 31, 2017 AND 2016**

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CALIFORNIA LUTHERAN UNIVERSITY AND AFFILIATE

CALIFORNIA LUTHERAN UNIVERSITY AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 -

**CALIFORNIA LUTHERAN UNIVERSITY AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Note 2 – Summary of Significant Accounting Policies (continued)

Basis of presentation (continued) – The accompanying financial statements have been prepared on a basis of presentation that is consistent with the accounting principles generally accepted in the United States of America. The financial statements are prepared on a basis of presentation that is consistent with the accounting principles generally accepted in the United States of America. The financial statements are prepared on a basis of presentation that is consistent with the accounting principles generally accepted in the United States of America.

CALIFORNIA LUTHERAN UNIVERSITY AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2 – Summary of Significant Accounting Policies (continued)

Fair value of financial instruments

The fair value of financial instruments is determined based on the fair value hierarchy. Financial instruments are classified into three levels based on the quality of the inputs used to determine their fair value. Level 1 instruments are those that are traded in active markets for identical assets or liabilities. Level 2 instruments are those that are not traded in active markets but for which observable inputs are available. Level 3 instruments are those for which there are no observable inputs and the fair value is determined using significant unobservable inputs. The fair value of financial instruments is determined based on the fair value hierarchy. Financial instruments are classified into three levels based on the quality of the inputs used to determine their fair value. Level 1 instruments are those that are traded in active markets for identical assets or liabilities. Level 2 instruments are those that are not traded in active markets but for which observable inputs are available. Level 3 instruments are those for which there are no observable inputs and the fair value is determined using significant unobservable inputs.

**CALIFORNIA LUTHERAN UNIVERSITY AND AFFILIATE
NOTES TO CONSOLIDATED**

CALIFORNIA LUTHERAN UNIVERSITY AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2 – Summary of Significant Accounting Policies (continued)

Government and grants revenue ...

Unemployment compensation ...

Retirement plans ...

Fundraising and advertising expenses ...

Functional

**CALIFORNIA LUTHERAN UNIVERSITY AND AFFILIATE
NOTES TO**

CALIFORNIA LUTHERAN UNIVERSITY AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 6 – Fair Value Measurements (continued)

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**CALIFORNIA LUTHERAN UNIVERSITY AND AFFILIATE
NOTES TO CONSOLIDATED**

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 6 – Fair

CALIFORNIA LUTHERAN UNIVERSITY AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 9 – Derivative Instruments

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**CALIFORNIA LUTHERAN UNIVERSITY AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Note 10 – Long Term Debt

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CALIFORNIA LUTHERAN UNIVERSITY AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 10 – Long Term Debt (continued)

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Note 11 – Short Term Credit Arrangements

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**CALIFORNIA LUTHERAN UNIVERSITY AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Note 12 – Restrictions and Limitations on Net Asset Balances (continued)

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Note 13 – Net Assets Released from Restrictions

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CALIFORNIA LUTHERAN UNIVERSITY AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 14 -

**CALIFORNIA LUTHERAN UNIVERSITY AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL**

CALIFORNIA

SUPPLEMENTARY INFORMATION

CALIFORNIA LUTHERAN UNIVERSITY AND AFFILIATE
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
AS OF MAY 31, 2017

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LIABILITIES AND NET ASSETS

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**CALIFORNIA LUTHERAN UNIVERSITY AND AFFILIATE
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MAY 31, 2017**

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OPERATING

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