HUMBOLDT STATE UNIVERSITY FOUNDATION 403(B) DC PLAN

FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

YEARS ENDED DECEMBER 31, 2017 AND 2016

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CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Audit Committee and Plan Administrator
Humboldt State University Foundation 403(b) DC Plan
Arcata, California

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of Humboldt State University Foundation 403(b) DC Plan (the Plan), which comprise the statements of net assets available for benefits as of December 31, 2017 and 2016, and the related statements of changes in net assets available for benefits 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 conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matters described in the *Basis for Disclaimer of Opinion* paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 (ERISA), the Plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 3, which was certified by Teachers Insurance and Annuity Association of America (TIAA) and College Retirement Equities Fund (CREF), the insurance companies of the Plan, except for comparing such information with the related information included in the financial statements. We have been informed by the Plan administrator that the insurance companies hold the Plan's investment assets and execute investment transactions. The Plan administrator has obtained a certification from the insurance companies as of and for the years ended December 31, 2017 and 2016, that the information provided to the Plan administrator by the insurance companies is complete and accurate.

Disclaimer of Opinion

Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements. Accordingly, we do not express an opinion on the financial statements.

Other Matter – Supplemental Schedule

The supplemental schedule of assets (held at end of year) as of December 31, 2017, is required by the DOL's Rules and Regulations for Reporting and Disclosure under ERISA and is presented for the purpose of additional analysis and is not a required part of the financial statements. Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, we do not express an opinion on this supplemental schedule.

Report on Form and Content in Compliance With DOL Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the insurance companies, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the DOL's Rules and Regulations for Reporting and Disclosure under ERISA.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Bellevue, Washington
June 6, 2018

HUMBOLDT STATE UNIVERSITY FOUNDATION 403(B) DC PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
DECEMBER 31, 2017 AND 2016

	2017	2016
ASSETS		
INVESTMENTS (at Fair Value)		
Sub-Accounts of Variable Annuities	$ 3,581,784	$ 2,914,548
Insurance Company General Accounts	728,087	652,114
Total Investments (at Fair Value)	4,309,871	3,566,662
RECEIVABLES		
Employer Contributions	16,310	16,121
NET ASSETS AVAILABLE FOR BENEFITS	$ 4,326,181	$ 3,582,783

See accompanying Notes to Financial Statements.

HUMBOLDT STATE UNIVERSITY FOUNDATION 403(B) DC PLAN
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
ADDITIONS:		
INVESTMENT INCOME		
Interest Income	$ 24,961	$ 25,027
Net Appreciation in Fair Value of Investments	441,620	132,076
Total Investment Income	466,581	157,103
CONTRIBUTIONS		
Employer Contributions	379,493	385,930
Employee Rollover	7,248	-
Total Contributions	386,741	385,930
Total Additions	853,322	543,033
DEDUCTIONS:		
BENEFITS PAID TO PARTICIPANTS	109,924	126,751
ADMINISTRATIVE EXPENSES	-	3
Total Deductions	109,924	126,754
NET INCREASE	743,398	416,279
NET ASSETS AVAILABLE FOR BENEFITS:		
Beginning of Year	3,582,783	3,166,504
End of Year	$ 4,326,181	$ 3,582,783

See accompanying Notes to Financial Statements.

NOTE 1 DESCRIPTION OF PLAN

The following description of the Humboldt State University Foundation 403(b) DC Plan (the Plan) provides only general information. Participants should refer to the Plan Sponsor, Humboldt State University Sponsored Programs Foundation (the Organization), for a more complete description of the Plan's provisions.

General

The Plan was established in 2003. The Plan was most recently restated and amended effective January 1, 2012. The Plan covers all employees who meet eligibility requirements except for student workers. The Plan is a defined contribution pension plan subject to the provisions of the Employee Retirement Security Act of 1974 (ERISA), as amended.

Eligibility

The Plan covers eligible employees who are age 21 or older and have one year of service employed as 0.75 time to full-time or have two years of continuous service employed as 0.50 to 0.75 time. An employee who becomes eligible under the Plan begins participation effective the beginning of the month following meeting the eligibility requirements.

Contributions

The Organization makes contributions equal to 10% of each eligible participant's monthly pay.

Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans (rollover). Participants direct the investment of contributions into various investment options covered by the Plan. Contributions are subject to certain Internal Revenue Service (IRS) limitations.

Participant Accounts

Each participant's account is credited with the Organization's contribution on a monthly basis, as well as allocations of the Plan earnings. Participant accounts are charged with an allocation of administrative expenses that are paid by the Plan, if any. Allocations are based on participant earnings, account balances, or specific participant transactions, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting

Participants are immediately vested in the Organization's contributions plus actual earnings thereon.

Payment of Benefits

Upon separation from service, whether from retirement, termination of employment, death or disability, a participant may elect to receive the value of the vested interest in his/her account in a single lump-sum distribution, transfer payout annuity, interest payment only, fixed period annuity, or minimum distribution annuity. The Plan permits hardship and in-service distributions from that portion of a participants' account originating from rollover contributions and earnings therein only.

NOTE 1 DESCRIPTION OF PLAN (CONTINUED)

Plan Loans

Participants may borrow amounts from TIAA, an insurance company of the Plan. Plan loans may be requested by a participant, using their account as collateral for the Plan loan. A Plan loan is not treated as distribution from the Plan and is not considered a Plan asset. Therefore, Plan loans are not reported on the statements of net assets available for benefits. Loan terms range from one (1) to ten (10) years in one-year increments. Principal and interest are paid ratably by the participant to TIAA and each payment will reduce amounts collateralized by the borrowing participant's TIAA Traditional account balance. A distributing event must occur for the account balance to be taken to pay off the defaulted loan balance. At December 31, 2017 and 2016, there were $90,704 and $70,996, respectively, held within participant accounts on the statements of net assets available for benefits, which served as collateral against outstanding Plan loan balances.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Plan are prepared on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Investment Valuation and Income Recognition

The Plan's investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 4 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Net appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Payment of Benefits

Benefits are recorded when paid.

Administrative Expenses

The Organization pays certain administrative expenses on behalf of the Plan.

Subsequent Events

The Plan has evaluated subsequent events through June 6, 2018, the date the financial statements were available to be issued.

NOTE 3 CERTIFICATION OF INVESTMENT INFORMATION

TIAA and CREF, the insurance companies of the Plan, have supplied the Plan administrator with a certification as to the completeness and accuracy of all investment information reflected on the accompanying statements of net assets available for benefits as of December 31, 2017 and 2016, the statements of changes in net assets available for benefits for the years then ended, and the supplemental schedule of assets (held at end of year) as of December 31, 2017.

NOTE 4 FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board Accounting Standards Codification (ASC) No. 820, *Fair Value Measurements and Disclosures,* establishes 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) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted market prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset 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.

NOTE 4 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 valuation methodologies used at December 31, 2017 and 2016.

Sub-Accounts of Variable Annuities: Investments in the sub-accounts of variable annuities are valued using the net asset value (NAV) of units, as determined by the insurance company. NAV is a readily determinable fair value and is the basis for current transactions.

Insurance Company General Accounts: Investments in guaranteed investment contracts are valued at fair value by the insurance company by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the creditworthiness of the issuer (see Note 5). Because the participants transact at contract value, fair value is determined annually for financial statement reporting purposes only. In determining the reasonableness of the methodology, the Investment Committee evaluates a variety of factors including review of existing contracts, economic conditions, industry and market developments, and overall credit ratings. Certain unobservable inputs are assessed through review of contract terms (for example, duration or payout date) while others are substantiated utilizing available market data (for example, swap curve rate).

The following tables set forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31:

	2017			
	Level 1	Level 2	Level 3	Total
Sub-Accounts of Variable Annuities	$ -	$ 3,581,784	$ -	$ 3,581,784
Insurance Company General Accounts	-	-	728,087	728,087
Total Investments at Fair Value	$ -	$ 3,581,784	$ 728,087	$ 4,309,871

	2016			
	Level 1	Level 2	Level 3	Total
Sub-Accounts of Variable Annuities	$ -	$ 2,914,548	$ -	$ 2,914,548
Insurance Company General Accounts	-	-	652,114	652,114
Total Investments at Fair Value	$ -	$ 2,914,548	$ 652,114	$ 3,566,662

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

The following is a reconciliation of fair value measurements using Level 3 inputs at December 31:

	2017	2016
Balance - Beginning of Year	$ 652,114	$ 629,098
Employer Contributions	41,303	35,176
Interest	24,961	25,027
Transfers In	43,578	26,288
Transfers Out	(19,691)	(40,801)
Issuances and Settlements	(14,178)	(22,674)
Balance - End of Year	$ 728,087	$ 652,114

The transfers in and transfers out represent transfers between the insurance company general accounts and other investment options in the Plan.

The following tables represent the Plan's Level 3 financial instruments, the valuation technique used to measure the fair value of those financial instruments, and the significant unobservable inputs and range of values for those inputs as of December 31:

2017

Type	Fair Value	Valuation Technique	Significant Unobservable Inputs	Range
TIAA Traditional Annuity	$ 728,087	Discounted Cash Flow	Risk-Adjusted Discount Rate Applied	RA – 3.25% – 4.50%
				SRA – 3.00% – 3.75%
				GRA – 3.25% – 4.50%
		Theoretical Transfer (Exit Value)		GSRA – 3.00% – 3.75%
				RC – 3.50% – 4.25%
				RCP – 2.75% – 3.50%

2016

Type	Fair Value	Valuation Technique	Significant Unobservable Inputs	Range
TIAA Traditional Annuity	$ 652,114	Discounted Cash Flow	Risk-Adjusted Discount Rate Applied	RA – 3.50% – 5.00%
				SRA – 3.00% – 4.25%
				GRA – 3.50% – 5.00%
		Theoretical Transfer (Exit Value)		GSRA – 3.00% – 4.25%
				RC – 3.75% – 5.00%
				RCP – 3.00% – 4.25%

NOTE 5 CONTRACTS WITH INSURANCE COMPANIES

Each participant maintains an individual annuity contract with TIAA and/or CREF. As part of the contracts, TIAA may maintain a portion of the contributions in a “guaranteed account,” which is called the TIAA Traditional Fixed Account. The account is credited with earnings on the underlying investments and charged for withdrawals and administrative expenses charged by TIAA. The contract provides a guarantee of principal and a guaranteed minimum rate of interest (generally 3%, but in some recent contracts between 1% and 3%). The contract is considered to be nonbenefit responsive. This contract is included in the financial statements at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the creditworthiness of the issuer. The contract is subject to a 10-year withdrawal period. Upon termination of the contract, the amount of each transfer payout annuity payment will be determined as of the annuity starting date for the transfer payout annuity by the amount of the Traditional Fixed Account accumulation and the interest rates in the rate schedules under which any premiums, additional amounts, and internal transfers were applied to the account.

NOTE 6 RISKS AND UNCERTAINTIES

The Plan provides for investment in a variety of investment funds. In general, investments are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect participants’ account balances and the amounts reported in the statements of net assets available for benefits.

NOTE 7 PLAN TERMINATION

Although it has not expressed any intent to do so, the Organization has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA.

NOTE 8 TAX STATUS

The Plan administrator believes the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code (IRC) Section 403(b) and, therefore, believes that the Plan is qualified and the related trust is tax-exempt.

Accounting principles generally accepted in the United States of America require Plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

NOTE 9 PARTY-IN-INTEREST TRANSACTIONS

The Plan investments are managed by TIAA and CREF. TIAA and CREF are the insurance companies as defined by the Plan and, therefore, the investment transactions qualify as party-in-interest transactions.

HUMBOLDT STATE UNIVERSITY FOUNDATION 403(B) DC PLAN
E.I.N. 94-6050071 PLAN NO. 001
SCHEDULE H, LINE 4i—SCHEDULE OF ASSETS (HELD AT END OF YEAR)
DECEMBER 31, 2017

(a)	(b) Identity of Issue, Borrower, Lessor or Similar Party	(c) Description of Investment	(d) Cost	(e) Current Value
	SUB-ACCOUNTS OF VARIABLE ANNUITIES:			
*	CREF	CREF Stock	**	$ 809,784
*	CREF	CREF Money Market	**	867,560
*	CREF	CREF Social Choice	**	381,660
*	CREF	CREF Bond Market	**	188,187
*	CREF	CREF Global Equities	**	386,103
*	CREF	CREF Growth	**	495,342
*	CREF	CREF Equity Index	**	379,883
*	CREF	CREF Inflation-Linked Bond	**	73,265
		Total Sub-Accounts of Variable Annuities		3,581,784
	GENERAL ACCOUNTS:			
*	TIAA	Traditional Fixed Account	**	728,087
				$ 4,309,871

* *Indicates party-in-interest.*

** *Cost omitted for participant-directed accounts.*