



**California Association for Research in Astronomy  
dba W. M. Keck Observatory**

(A Nonprofit California Public Benefit Corporation)

Financial Statements

(With Independent Auditors' Report Thereon)

September 30, 2018 and 2017

## Independent Auditors' Report

The Board of Directors  
California Association for Research in Astronomy:

### Report on the Financial Statements

We have audited the accompanying financial statements of the California Association for Research in Astronomy, which comprise the statements of financial position as of September 30, 2018 and 2017, and the related statements of activities, and cash flows for the years then ended, and the related notes to 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 auditors' 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 financial position of the California Association for Research in Astronomy as of September 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2019 on our consideration of the California Association for Research in Astronomy'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 California Association for Research in Astronomy'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 California Association for Research in Astronomy's internal control over financial reporting and compliance.

***KKDL*** LLC

Honolulu, Hawaii  
February 22, 2019

**CALIFORNIA ASSOCIATION FOR RESEARCH IN ASTRONOMY**  
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Statements of Financial Position

September 30, 2018 and 2017

<b>Assets</b>	<b>2018</b>	<b>2017</b>
Current assets:		
Cash and cash equivalents (notes 2 and 3)	\$ 9,929,083	\$ 8,958,030
Grants and contracts receivable	1,166,785	735,752
Prepaid expenses and other assets (note 11)	585,136	496,623
Total current assets	11,681,004	10,190,405
Noncurrent assets:		
Long-term investments (note 3)	19,047,968	12,342,389
Property and equipment, net (notes 5 and 7)	44,277,694	47,940,808
Total assets	\$ 75,006,666	\$ 70,473,602
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued expenses (note 11):	\$ 3,603,896	\$ 3,212,218
Advances (note 2)	2,656,153	18,130,230
Total current liabilities	6,260,049	21,342,448
Net assets:		
Unrestricted	63,299,279	47,753,287
Unrestricted - board-designated (note 9)	622,047	804,560
Temporarily restricted (note 10)	4,825,291	573,307
Total net assets	68,746,617	49,131,154
Commitments (notes 8 and 11)	-	-
Total liabilities and net assets	\$ 75,006,666	\$ 70,473,602

See accompanying notes to financial statements.

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Statements of Activities

Years Ended September 30, 2018 and 2017

	<b>2018</b>	<b>2017</b>
Changes in unrestricted net assets:		
Unrestricted operating support and revenues:		
Operating revenues (notes 1 and 4)	\$ 25,240,426	\$ 21,031,665
Contributions (notes 2 and 9):		
University of California	16,555,142	-
Other	117,561	195,384
Net unrealized gains on investments (note 3)	888,473	1,151,451
Interest income (note 3)	384,967	222,766
Other income	154,738	135,748
Net assets released in satisfaction of equipment acquisition restrictions (note 10)	952,700	991,799
Total unrestricted revenues	44,294,007	23,728,813
Expenses (notes 5, 7, and 11):		
Program services:		
Observatory operations	21,156,053	18,101,578
Related party asset projects	3,819,034	3,512,084
Research	194,775	38,054
Administration and general	3,204,112	3,382,765
Fund-raising	556,555	520,001
Total expenses	28,930,529	25,554,482
Change in unrestricted net assets	15,363,478	(1,825,669)
Change in temporary restricted net assets (note 10):		
Contributions	5,204,685	978,045
Net assets released from restrictions	(952,700)	(991,799)
Change in temporarily restricted net assets	4,251,985	(13,754)
Change in net assets	19,615,463	(1,839,423)
Net assets at beginning of year	49,131,154	50,970,577
Net assets at end of year	\$ 68,746,617	\$ 49,131,154

See accompanying notes to financial statements.

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Statements of Cash Flows

Years Ended September 30, 2018 and 2017

	<b>2018</b>	<b>2017</b>
Cash flows from operating activities:		
Change in net assets	\$ 19,615,463	\$ (1,839,423)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	7,500,625	7,124,534
Net unrealized gains on investments	(888,473)	(1,151,451)
Related party asset project expense	709,067	-
Gain on disposal of property and equipment	-	(657)
Contributions restricted for investment in property and equipment	(4,711,406)	(648,099)
Increase in operating assets:		
Grants and contracts receivable	(431,033)	(205,009)
Prepaid expenses and other assets	(88,513)	(154,583)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	391,678	(27,341)
Advances	(15,474,077)	2,459,890
Net cash provided by operating activities	6,623,331	5,557,861
Cash flows from investing activities:		
Purchases of long-term investments	(5,817,106)	(4,000,000)
Purchases of property and equipment	(4,546,578)	(5,217,470)
Proceeds on sale of property and equipment	-	25,500
Net cash used in investing activities	(10,363,684)	(9,191,970)
Cash flows provided by financing activities:		
Contributions restricted for investment in property and equipment	4,711,406	648,099
Net increase (decrease) in cash and cash equivalents	971,053	(2,986,010)
Cash and cash equivalents at beginning of year	8,958,030	11,944,040
Cash and cash equivalents at end of year	\$ 9,929,083	\$ 8,958,030

See accompanying notes to financial statements.

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**(1) Organization and Operations**

California Association for Research in Astronomy (CARA) is a nonprofit corporation formed by the California Institute of Technology (Caltech) and the University of California (UC) in January 1985 to build and operate the W. M. Keck Observatory (the Observatory) near the summit of Mauna Kea in Hawaii. Tax exempt under Section 501(c)(3) of the Internal Revenue Code, CARA is a nonprofit California public benefit corporation and, as such, is qualified as a nonprofit corporation in the state of Hawaii.

The principal purpose of CARA is to foster astronomical research and to provide technical direction for the development and operation of astronomical facilities on the island of Hawaii, principally on land owned by the state of Hawaii, leased to the University of Hawaii, and subleased to Caltech. The Observatory is owned by Caltech and is leased to CARA for \$1 per year. In consideration for subleasing the land to Caltech for \$1 per year through 2033, the University of Hawaii receives an opportunity to use the Observatory and related facilities and improvements. The astronomical facilities include two 10-meter telescopes (Keck I and Keck II), related instrumentation, adaptive optics technology, support facilities, and required infrastructure improvements.

Caltech and UC were equal participants in the design, construction, and pre-operating phase of the Observatory and made financial contributions to those endeavors that differed in both amount and type, with Caltech contributing the majority of the funds, largely through grants from the W. M. Keck Foundation (the Foundation). Caltech owns the telescopes, domes, and physical plant. When Keck I and Keck II telescopes began operations, UC and Caltech continued their equal participation; however, the funding by each institution changed, with UC contributing substantial cash for operating expenses from fiscal year 1992 for Keck I and fiscal year 1996 for Keck II. UC contributed set amounts for each telescope, adjusted annually by a specified factor, through March 31, 2018.

On April 1, 2018, Caltech and UC entered into the Second Amended and Restated Agreement (the Agreement) to continue their financial contributions to the operation of the Observatory. Under the Agreement, UC and Caltech are to provide equal financial support beginning on April 1, 2018; the Agreement will continue until terminated under the terms of the Agreement.

Under the original agreement, for fiscal years 2018 and 2017, CARA recognized operating revenues for Keck I and Keck II operations from UC of \$7,556,546 and \$11,142,331, respectively. Under the Agreement, CARA recognized operating revenues for observatory operations of \$3,780,000 from UC and \$3,780,000 from Caltech in fiscal year 2018.

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**(2) Summary of Significant Accounting Policies**

***Basis of Presentation***

The accompanying financial statements have been prepared using the accrual basis of accounting and accounting principles generally accepted in the United States of America (GAAP).

***Net Assets***

The financial statements report net assets and changes in net assets based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

*Unrestricted Net Assets* – net assets that are not subject to donor-imposed stipulations and that may be expended for any purpose in performing the objectives of CARA.

*Temporarily Restricted Net Assets* – net assets subject to donor-imposed stipulations that may or will be met either by actions and/or the passage of time. As the restrictions are satisfied, temporarily restricted net assets are reclassified and reported in the accompanying financial statements as net assets released from restrictions.

*Permanently Restricted Net Assets* – net assets subject to donor-imposed stipulations that resources must be maintained in perpetuity. As of September 30, 2018 and 2017, CARA had no permanently restricted net assets.

***Cash and Cash Equivalents***

CARA considers all highly liquid instruments with original maturities of three months or less to be cash equivalents. As of September 30, 2018 and 2017, cash equivalents of \$9,891,587 and \$8,863,094, respectively, were invested in the University of California Short-term Investment Pool (UC STIP), and reported at fair value in the accompanying financial statements. See Note 3 for further discussion and disclosures related to fair value measurements.

***Long-Term Investments***

CARA's investments in the University of California Total Return Investment Pool (UC TRIP) and General Endowment Pool (UC GEP) are stated at fair value. Fair value is defined as 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 (an exit price). See Note 3 for further discussion and disclosures related to fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.



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Realized and unrealized gains (losses) on investments are based on the difference between the fair value of assets at the beginning of the year, or at the time of purchase for assets purchased during the year, and the related fair value on the day investments are sold with respect to realized gains (losses), or on the last day of the year for unrealized gains (losses).

***Property and Equipment***

Expenditures incurred by CARA for observatory instrumentation and facilities, operating equipment, and vehicles are capitalized at cost, except for donated property that is valued at fair market value at the date of the gift, and depreciated when placed in service. Depreciation is provided over the estimated useful lives of the respective assets using the straight-line method. The estimated useful lives are as follows:

<u>Class of assets</u>	<u>Estimated useful lives</u>
Observatory instrumentation	5-20 years
Observatory facility	3-15 years
Vehicles and equipment	3-20 years

CARA reports contributions designated by donors to acquire long-lived assets as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, CARA reports expirations of donor restrictions for construction in progress when costs are incurred.

***Advances***

Under the original operating agreement, operating and instrumentation funds received from UC were recorded as advances until expended for operating expenditures, observatory instrumentation, or vehicles and equipment. In connection with the implementation of the Agreement, advances from UC for observatory operations, which amounted to \$16,555,142 at September 30, 2017, were recognized as contributions in the accompanying statements of activities during the fiscal year ended September 30, 2018.

Under the Agreement, operating funds received from UC or Caltech in advance of the fiscal year intended for are recorded as advances. Funds received from other foundation grants for the purpose of developing certain instruments for the Keck telescopes or adaptive optics development are recorded as advances until expended for their stated purpose.

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A summary of advances at September 30, 2018 and 2017 follows:

	<b>2018</b>	<b>2017</b>
University of California:		
Observatory operations	\$ 1,944,275	\$ 16,555,142
Other	-	101,302
Heising-Simons Foundation	705,517	1,470,583
Other	6,361	3,203
Total advances	\$ 2,656,153	\$ 18,130,230

***Contributions***

Contributions are recorded in the period received. CARA reports gifts as restricted support if they are received with donor-imposed stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

As described in Note 1, CARA leases the Observatory and related facilities and improvements from Caltech for \$1 per year. As the use of the Observatory is so specific that there is no assignable value, it is impractical to determine a fair rental value to be reported as contribution revenue in the accompanying statements of activities.

***Use of Estimates***

The preparation of the financial statements in accordance with GAAP requires management of CARA to make a number of estimates and assumptions relating to the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include the carrying amount of property and equipment and the valuation of receivables and investments. Actual results could differ from those estimates.

***Long-Lived Assets***

Long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset be tested for possible impairment, CARA first compares undiscounted cash flows expected to be generated by an asset to the carrying value of the asset. If the carrying value of the long-lived asset is not recoverable on an undiscounted cash flow basis, an

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impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various valuation techniques, including discounted cash flow models, quoted market values, and third-party independent appraisals, as necessary.

***Sponsored Programs, Grants, and Contracts***

Governmental and private grants and contracts normally provide for the recovery of direct and indirect costs, subject to audit. CARA recognizes revenues associated with direct costs as incurred. Indirect costs recovered on federally sponsored programs are based on cost reimbursement rates negotiated with CARA's cognizant agency, the National Aeronautics and Space Administration (NASA). Indirect costs recovered on all other grants and contracts are based on rates negotiated with the respective parties.

***Reclassifications***

Certain reclassifications were made to the 2017 financial information to conform to the 2018 presentations. Such reclassifications had no effect on previously reported change in net assets.

***Recently Issued Accounting Pronouncement***

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14), which makes targeted improvements to the not-for-profit financial reporting model. The guidance reduces the number of net asset classes presented on the statement of financial position from three to two; requires presentation of expenses by their functional and natural classification in one location in the financial statements; and requires qualitative and quantitative information about management of liquid resources and availability of financial assets to meet cash needs within one year of the statement of financial position date. ASU 2016-14 is effective for annual periods beginning after December 15, 2017. Management is currently evaluating the effect that the adoption of ASU 2016-14 will have on CARA's financial statements.

***Subsequent Events***

CARA has evaluated subsequent events from the balance sheet date through February 22, 2019 the date at which the financial statements were available to be issued. There are no other matters to disclose.

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**(3) Fair Value Measurements**

The fair value of CARA’s investments have been estimated using the net asset value per share as a practical expedient, and in accordance with Accounting Standards Codification Subtopic 820-10, *Fair Value Measurement and Disclosures*, are not required to be presented in a fair value hierarchy. There have been no changes in the methodologies used at September 30, 2018 and 2017.

The following table summarizes CARA’s investments for which fair value is measured using the net asset value per share practical expedient as of September 30, 2018 and 2017:

	<b>Fair Value as of September:</b>		<b>Redemption Frequency</b>	<b>Redemption Notice Period</b>
	<b>2018</b>	<b>2017</b>		
Cash and cash equivalents:				
University of California				
Short-Term Investment Pool	\$ 9,891,587	\$ 8,863,094	Daily	Trade date
Long-term investments:				
University of California				
Total Return Investment Pool	5,881,633	-	Monthly	30 days
General Endowment Pool	13,166,335	12,342,389	Monthly	30 days
	<u>\$ 28,939,555</u>	<u>\$ 21,205,483</u>		

The following is a description of CARA’s investments:

***UC STIP*** – is a highly liquid investment fund held by UC. Shares of the UC STIP are purchased and redeemed at a constant value of \$1 per share.

***UC TRIP*** – it is unitized fund where by CARA participates in investment returns and income on an equivalent pro-rated basis with all participants in the pool. The UC TRIP consists of the following investments at September 30, 2018: 48.8% fixed income securities, 37.8% growth equity, 11.4% absolute return funds, and 2.0% cash. Under CARA’s investment agreements with UC, investments in the UC TRIP are redeemable at net asset value. The funds held in the UC TRIP are not subject to an initial lockup period, however, fund redemptions are limited to 5% per year unless additional redemptions are approved by UC. As of September 30, 2018, the UC TRIP amounted to approximately \$9.3 billion, with unfunded commitments amounting to \$235.3 million.

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*UC GEP* – it is a unitized fund whereby CARA participates in investment returns and income on an equivalent pro-rated basis with all participants in the pool. The UC GEP consists of the following investments at September 30, 2018: 43.0% public equity funds, 20.5% absolute return funds, 13.5% liquidity income, 10.9% private equity funds, 6.4% U.S. real estate funds, 3.6% real asset funds, and 2.1% cash. Under CARA’s investment agreements with UC, investments in the UC GEP are redeemable at net asset value. The funds held in the UC GEP are not subject to an initial lockup period, however, fund redemptions are limited to 5% per year unless additional redemptions are approved by UC. As of September 30, 2018, the UC GEP amounted to approximately \$12.3 billion, with unfunded commitments amounting to \$3.13 billion.

Due to the nature of the investments held by the funds, changes in market conditions and the economic environment may significantly impact the net asset value of the fund and, consequently, the fair value of CARA’s interests in the UC TRIP and GEP.

**(4) Operating Revenues**

A summary of operating revenues for the years ended September 30, 2018 and 2017 follows:

	<u>2018</u>	<u>2017</u>
Observatory operations (note 1):		
University of California	\$ 11,336,546	\$ 11,142,331
California Institute of Technology	3,780,000	-
National Aeronautics and Space Administration	4,327,359	3,905,508
National Science Foundation	1,539,522	1,220,679
Heising-Simons Foundation	1,470,583	1,234,012
W. M. Keck Foundation	-	129,049
Association for Universities for Research in Astronomy	-	100,000
Gordon and Betty Moore Foundation	-	77,204
Other	2,786,416	3,222,882
	<u>2,786,416</u>	<u>3,222,882</u>
Total operating revenues	<u>\$ 25,240,426</u>	<u>\$ 21,031,665</u>

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**(5) Property and Equipment**

A summary of property and equipment at September 30, 2018 and 2017 follows:

	<b>2018</b>	<b>2017</b>
Observatory instrumentation and adaptive optics:		
Property and equipment	\$ 113,160,060	\$ 113,771,399
Construction in progress	7,931,741	4,830,734
	121,091,801	118,602,133
Observatory infrastructure:		
Property and equipment	4,782,038	4,700,611
Vehicles and equipment	4,968,611	5,081,780
	130,842,450	128,384,524
Less accumulated depreciation	(86,564,756)	(80,443,716)
Total property and equipment, net	\$ 44,277,694	\$ 47,940,808

Depreciation expense amounted to \$7,500,625 and \$7,124,534 for the years ended September 30, 2018 and 2017, respectively.

**(6) Income Taxes**

CARA has received a determination from taxing authorities that it is an organization exempt from taxation under Section 501(c)(3) of the U.S. Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code and is generally not subject to federal or state income taxes. However, CARA is subject to income taxes on any net income derived from a trade or business, regularly carried on, and not in furtherance of the purposes for which it was granted exemption. No income tax provision has been recorded as the net income, if any from any unrelated trade or business, in the opinion of management, is not material to the financial statements taken as a whole.

CARA applies the provisions of ASC Topic 740, *Income Taxes*, which prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, and provides guidance on derecognition, classification, interest, and penalties, disclosure, and transition. Management believes that no such uncertain tax position exists for CARA requiring accrual or disclosure at September 30, 2018 and 2017. CARA is no longer subject to U.S. federal income tax examinations by tax authorities for years before 2015.

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**(7) Related-Party Transactions**

Caltech and UC provide various instrument and adaptive optics development services to CARA. During fiscal years 2018 and 2017, total expenditures for these services charged to CARA were \$641,154 and \$535,629, respectively, by Caltech, and \$2,399,359 and \$1,332,718, respectively, by UC.

In 2018, under the Agreement, CARA transferred ownership of the Near InfraRed Echelle Spectrograph (NIREs), a focal plane instrumentation development project included in construction in progress at September 30, 2017, to Caltech. Accordingly, costs of \$709,067 are included in related party asset projects expense in the accompanying statements of activities for the fiscal year ended September 30, 2018.

CARA provided services for projects on Caltech's observatory assets located in Hawaii including: development of NIREs, ongoing repair of the telescope mirror segments, telescope control system upgrades, dome shutter improvements, installation of a photo-voltaic system on Caltech's summit observatory building, and ongoing installation of a spare secondary mirror. During fiscal years 2018 and 2017, total expenditures for these projects were \$3,388,394 and \$3,116,292, respectively.

CARA provided services for projects as a subawardee to UC including development of a tertiary mirror and development of a spectrograph. During fiscal years 2018 and 2017, total expenditures for these projects were \$430,640 and \$395,792, respectively.

**(8) Commitments**

CARA entered into various contractual agreements for operations, laser guide star and adaptive optics systems, and observatory construction and development of instrumentation and interferometry systems. A summary of commitments at September 30, 2018 follows:

Operations	\$ 2,159,732
Instrumentation	1,574,855
Laser guide star and adaptive optics systems	1,091,759
Total commitments	\$ 4,826,346

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**(9) Board-Designated Net Assets**

CARA established a board-designated Director's Fund separate from its unrestricted, undesignated net assets to be spent at the Observatory Director's discretion, except that there is a ceiling of \$100,000 for each activity unless Board approval is obtained. The Director will report annually to the Board on the use of this fund. In 2018 and 2017, CARA received contributions of \$117,561 and \$195,384, respectively, which were board-designated for the Director's Fund. At September 30, 2018 and 2017, respectively, the board-designated net assets amounted to \$622,047 and \$804,560.

**(10) Temporarily Restricted Net Assets**

In 2018 and 2017, CARA received restricted contributions for various instrumentation and adaptive optics technology development and Development Office initiatives totaling \$5,204,685 and \$978,045, respectively. In 2018 and 2017, \$952,700 and \$991,799, respectively, of temporarily restricted net assets were released from restriction in satisfaction of equipment acquisition and program restrictions. At September 30, 2018 and 2017, \$4,825,291 and \$573,307, respectively, was available for these activities.

**(11) Deferred Compensation**

***403(b) Plan***

CARA sponsors a defined contribution retirement plan (the Plan), which was established under Section 403(b) of the U.S. Internal Revenue Code. The Plan provides for CARA to make contributions at various percentages of base salary depending on the participant's age and grade. Eligible employees, as defined in the Plan, may make contributions not to exceed amounts allowable under the U.S. Internal Revenue Code. Contributions to the Plan amounted to \$952,422 and \$921,578 for fiscal years 2018 and 2017, respectively.

***457(b) Plan***

In 2014, CARA established a voluntary deferred compensation plan for a specific group of management designed in accordance with the provisions of Section 457 of the Internal Revenue Code. The plan allows participants to defer a portion of their compensation until after employment termination. Assets in the plan are held by CARA on a non-trust basis and are subject to the claims of its creditors. The plan is funded entirely from the compensation of the participants and vests with the employee immediately. CARA makes no contributions to the plan. The 457(b) plan assets and related liability obligation to participants of \$399,834 and \$298,802 as of September 30, 2018 and September 30, 2017, respectively, are included within other assets and accounts payable and accrued expenses in the accompanying statements of financial position.