

**CALIFORNIA STATE UNIVERSITY,
DOMINGUEZ HILLS FOUNDATION**

**SINGLE AUDIT REPORTS
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

**CALIFORNIA STATE UNIVERSITY
DOMINGUEZ HILLS FOUNDATION
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
California State University,
Dominguez Hills Foundation (the Foundation)
Carson, California

Report on the Financial Statements

We have audited the accompanying financial statements of California State University, Dominguez Hills Foundation (the Foundation) as of and for the year ended June 30, 2014, and the related notes to the financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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.

INDEPENDENT AUDITORS' REPORT - Continued

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of California State University, Dominguez Hills Foundation as of June 30, 2014, and the respective changes in financial position, and its cash flows for the year 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 information on pages 4 through 8 and schedule of postemployment healthcare benefits funding progress 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 as a whole. The GASB Schedule of Net Position, GASB Schedule of Revenues, Expenses and Changes in Net Position, and Other Information are presented for purposes of additional analysis and are not a required part of the basic financial statements. GASB Schedule of Net Position, GASB Schedule of Revenues, Expenses and Changes in Net Position, and Other Information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the GASB Schedule of Net Position, GASB Schedule of Revenues, Expenses and Changes in Net Position, and Other Information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

INDEPENDENT AUDITORS' REPORT - Continued

Other Information

We have audited the financial statements of the Foundation, as of and for the year ended June 30, 2014, and have issued our report thereon dated September 16, 2014, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards and schedule of subrecipients are presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such 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 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 schedule of expenditures of federal awards and the schedule of subrecipients are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2014, on our consideration of California State University, Dominguez Hills Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering California State University, Dominguez Hills Foundation's internal control over financial reporting and compliance.

Vorwin, Hagen + Co.

Calabasas, California
September 16, 2014

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FOR THE YEAR ENDED JUNE 30, 2014**

This section of California State University, Dominguez Hills Foundation (Foundation) annual financial report presents our discussion and analysis of the financial performance of the Foundation for the fiscal year ended June 30, 2014. This discussion has been prepared by management and should be read in conjunction with the financial statements and notes.

Introduction to the Financial Statements

This annual report consists of a series of financial statements prepared in accordance with the Governmental Accounting Standards Board (GASB) Statements No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*, No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*, and No. 38, *Certain Financial Statement Note Disclosures*. For reporting purposes, the University is considered a special-purpose government engaged only in business-type activities, which best represent the activities of the Foundation.

The financial statements include the statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows. These statements are supported by the notes to the financial statements and this section. All sections must be considered together to obtain a complete understanding of the financial picture of the Foundation.

Statement of Net Position – The statement of net position includes all assets and liabilities. Assets and liabilities are reported at their book value, on an accrual basis, as of the statement date. It also identifies major categories of restrictions on the net position of the Foundation.

Statement of Revenues, Expenses, and Changes in Net Position – The statement of revenues, expenses, and changes in net position presents the revenues earned and expenses incurred during the year on an accrual basis.

Statement of Cash Flows – The statement of cash flows presents the inflows and outflows of cash for the year and is summarized by operating, noncapital financing, capital and related financing, and investing activities. The statement is prepared using the direct method of cash flows and, therefore, presents gross rather than net amounts for the year's activities.

Reporting Entity – The Foundation is a nonprofit auxiliary organization of California State University, Dominguez Hills (the University). The Foundation sponsors various campus activities that complement the instructional programs of the University campus.

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FOR THE YEAR ENDED JUNE 30, 2014**

Analytical Overview

Summary

The Foundation's operations for the fiscal year ended June 30, 2014 increased as shown by an increase in net position of approximately \$1,055,178. This was primarily due to an increase in auxiliary enterprise activities, as well as non-capital gifts and additions to permanent endowments received during the year.

The Foundation is a member of the Auxiliaries Voluntary Employees' Beneficiary Association (VEBA) trust and during the past fiscal year was able to make an initial deposit toward funding the Foundation's postemployment benefits liability in the prior fiscal year.

The following discussion highlights management's understanding of the key financial aspects of the Foundation's financial activities. Included are significant differences between current and prior year activities and factors impacting future reporting periods.

Comparative Analysis of Current and Prior Year Activities and Balances

The Foundation's summary of net position as of June 30, 2014 and 2013 are as follows:

	<u>2014</u>	<u>2013</u>	<u>Change</u>
Current assets	\$ 3,941,062	\$ 4,394,261	\$ (453,199)
Restricted and other assets	20,993,108	18,703,047	2,290,061
Capital assets, net	<u>576,373</u>	<u>605,853</u>	<u>(29,480)</u>
Total assets	<u>25,510,543</u>	<u>23,703,161</u>	<u>1,807,382</u>
Current liabilities	1,838,693	1,840,507	(1,814)
Noncurrent liabilities	3,133,799	3,038,369	95,430
Other liabilities	<u>808,426</u>	<u>502,346</u>	<u>306,080</u>
Total liabilities	<u>5,780,918</u>	<u>5,381,222</u>	<u>399,696</u>
Net position:			
Invested in capital assets, net of related debt	365,912	386,381	(20,469)
Restricted	7,419,359	7,547,268	(127,909)
Unrestricted	<u>11,944,354</u>	<u>10,740,798</u>	<u>1,203,556</u>
Total net position	<u>\$ 19,729,625</u>	<u>\$ 18,674,447</u>	<u>\$ 1,055,178</u>

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FOR THE YEAR ENDED JUNE 30, 2014**

Comparative Analysis of Current and Prior Year Activities and Balances - Continued

The Foundation's current assets and net capital assets balances at June 30, 2014 decreased to the prior year end balances while restricted and other assets increased by \$2,290,061. The increase in restricted and other assets was due to increases in the endowment and long term investment portfolios. Deposits were made to the endowment portfolio as a result of the collection on an amount pledged in a prior year. Additionally, both the endowment and long term investment portfolios performed well during the fiscal year.

Current liabilities decreased while noncurrent liabilities and other liabilities increased as of June 30, 2014. The decrease in current liabilities was due to a decrease in accrued salaries and benefits payable and accrued compensated absences, while the other liabilities increased as a result of recognizing the depository accounts held for the Dominguez Hills Corporation, the Associated Students, Inc., and the Loker Student Union. Noncurrent liabilities continue to increase as the result of implementing GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* and accruing postemployment benefits. The accrual for postemployment benefits for fiscal year 2014 was approximately \$457,440.

Restricted Resources

Net position of the Foundation includes funds that have legal restrictions placed on their use. Funds may be expendable for a specific purpose or they may be nonexpendable. Of the Foundation's net position of \$19,729,625 at June 30, 2014, \$7,419,359 is restricted. Of this amount \$5,772,945 is restricted for nonexpendable endowments, and \$1,646,414 is restricted for expendable scholarships and fellowships. Net position of \$11,944,354 is unrestricted but is designated for specific purposes and \$365,912 is the net investment in capital assets.

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FOR THE YEAR ENDED JUNE 30, 2014**

The Foundation's condensed summary of revenues, expenses, and changes in net position for the years ended June 30, 2014 and 2013 is as follows:

Condensed Summary of Revenues, Expenses, and Changes in Net Position

	Year ended June 30,		
	2014	2013	\$ Change
Operating revenues:			
Grants and contracts	\$14,130,041	\$14,267,272	(137,231)
Sales and services of educational activities	205,337	143,293	62,044
Sales and services of auxiliary enterprises	4,183,788	4,088,553	95,235
Other operating revenues	307,147	58,405	248,742
Nonoperating revenues:			
Investment income	<u>2,334,001</u>	<u>1,897,772</u>	<u>436,229</u>
Total revenues	21,160,314	20,455,295	705,019
Operating Expenses:			
Instructional	4,504,626	4,503,652	974
Research	4,626,170	4,306,680	319,490
Academic support	2,577,101	2,394,413	182,688
Student services	39,520	54,591	(15,071)
Institutional support	1,329,271	1,370,991	(41,720)
Student grants and scholarships	3,084,528	3,120,071	(35,543)
Auxiliary enterprise expense	3,959,908	3,738,422	221,486
Depreciation	58,475	46,313	12,162
Nonoperating expenses:			
Interest	<u>10,194</u>	<u>10,614</u>	<u>(420)</u>
Total expenses	20,189,793	19,545,747	644,046
Changes in net position before other additions	970,521	909,548	60,973
Gifts, noncapital	1,018,648	2,037,398	(1,018,750)
Reductions to permanent endowments	(533,445)	-	(533,445)
Additions to permanent endowments	<u>24,303</u>	<u>45,579</u>	<u>(21,276)</u>
Change in net position	1,480,027	2,992,525	(1,512,498)
Prior Period Adjustment	(424,849)	-	(424,849)
Net position at beginning of year	<u>18,674,447</u>	<u>15,681,922</u>	<u>2,992,525</u>
Net position at end of year	<u>\$19,729,625</u>	<u>\$18,674,447</u>	<u>\$ 1,055,178</u>

Operating revenue from grants and contracts decreased \$137,231, while sales and services of educational activities, sales and services of auxiliary enterprises, and other operating revenues increased \$62,044, \$95,235, and \$248,742 respectively. Grants and contracts activity continues to be a focus of effort of the University and the Foundation. The increase in operating revenue from auxiliary enterprises was due to an overall increase in campus dining revenue particularly in catering, as well as improved sales in the University Bookstore. The increase in nonoperating revenues was due to various non-cash accounting adjustments.

Investment income of \$2,334,001 represented an increase of \$436,229 from the prior year. Long term investment income, net of fees was \$978,023 while endowment income, net of fees was \$1,320,648. Investment income, net of fees consists of a change in the fair market value of the investments including interest, dividends, realized and unrealized gains and losses.

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FOR THE YEAR ENDED JUNE 30, 2014**

Capital Assets and Debt Administration

The Foundation had \$1,791,140 invested in capital assets, net of accumulated depreciation of \$1,214,767.

The Foundation has \$210,461 in outstanding debt (\$201,023 long term). This debt was incurred in 1999 to purchase the home that is leased to the University for the use by the University President. Normal payments were made against the loan including \$9,011 in principal.

Factors Impacting Future Periods

GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions

The Foundation implemented GASB Statement No. 45 in fiscal year 2008 resulting in increases in expenses and long term liabilities. The Foundation is a member of the multi-employer Auxiliaries Voluntary Employees' Beneficiary Association (VEBA) trust and during the 2012-13 fiscal year was able to make an initial deposit toward funding the liability. The Foundation continues to work toward funding the liability and has changed postemployment health benefit eligibility requirements for new employees and will continue to evaluate postemployment benefits offered.

Grants and Contracts

Grants and contracts activity for the next fiscal year is projected to increase slightly. The University's new Dean of Graduate Studies and Research is leading the University's efforts to garner additional grants and contracts research at the institution.

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
STATEMENT OF NET POSITION
JUNE 30, 2014

ASSETS

Current assets	
Cash and cash equivalents	\$ 746,489
Short-term investments	1,610,877
Accounts receivable, net	1,517,806
Pledges receivable	-
Prepaid expense and other assets	<u>65,890</u>
Total current assets	<u>3,941,062</u>
Non-current assets	
Restricted cash and cash equivalents	343,792
Gift annuity receivable	224,536
Endowment investments	13,156,589
Other long-term investments	7,268,191
Capital Assets, net	<u>576,373</u>
Total non-current assets	<u>21,569,481</u>
Total assets	<u>\$ 25,510,543</u>

LIABILITIES

Current liabilities	
Accounts payable	\$ 1,669,251
Accrued salaries and benefits payable	704
Accrued compensated absences	119,754
Long-term liabilities, current portion	9,438
Other liabilities	<u>39,546</u>
Total current liabilities	<u>1,838,693</u>
Noncurrent liabilities	
Liability to beneficiaries	2,932,776
Long-term liabilities, net of current portion	201,023
Depository accounts	497,952
Agency funds held	<u>310,474</u>
Total noncurrent liabilities	<u>3,942,225</u>
Total liabilities	<u>5,780,918</u>

NET POSITION

Invested in capital assets, net of related debt	365,912
Restricted for:	
Nonexpendable - endowments	5,772,945
Expendable:	
Scholarships and fellowships	1,646,414
Capital expansion	-
Unrestricted	<u>11,944,354</u>
Total net position	<u>19,729,625</u>
Total liabilities and net position	<u>\$ 25,510,543</u>

See accompanying auditors' reports and notes to financial statements.

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014**

REVENUES

Operating revenues:

Grants and contracts, noncapital:	
Federal	\$ 12,679,207
State and local	1,244,007
Nongovernmental	206,827
Sales and services of educational activities	205,337
Sales and services of auxiliary enterprises	4,183,788
Other operating revenues	<u>307,147</u>
Total operating revenues	<u><u>18,826,313</u></u>

EXPENSES

Operating expenses:

Instruction	4,504,626
Research	4,626,170
Academic support	2,577,101
Student services	39,520
Institutional support	1,329,271
Student grants and scholarships	3,084,528
Auxiliary enterprise expenses	3,959,908
Depreciation	<u>58,475</u>
Total operating expenses	<u>20,179,599</u>

Operating loss	<u>(1,353,286)</u>
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Nonoperating revenues(expenses):

Gifts, noncapital	1,018,648
Investment income, net	2,334,001
Interest on capital-related debt	<u>(10,194)</u>
Total nonoperating revenues	<u>3,342,455</u>

Reductions to permanent endowments	<u>(533,445)</u>
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Additions to permanent endowments	<u>24,303</u>
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CHANGE IN NET POSITION	1,480,027
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NET POSITION - beginning of year as restated (Note 14)	<u>18,249,598</u>
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NET POSITION - end of year	<u><u>\$ 19,729,625</u></u>
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See accompanying auditors' reports and notes to financial statements.

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014

Cash flows from operating activities:	
Federal grants and contracts	\$ 13,318,635
State and local grants and contracts	1,244,007
Nongovernmental grants and contracts	206,827
Payments to suppliers	(12,323,878)
Payments to employees	(5,845,670)
Payments to students	(3,084,528)
Sales and services of educational activities	205,337
Sales and services of auxiliary enterprises	4,266,000
Other receipts	<u>307,147</u>
Net Cash Provided (Used) by Operating Activities	<u>(1,706,123)</u>
Cash flows from noncapital financing activities:	
Gifts and Grants received for other than capital purposes	1,042,952
Monies received on behalf of others	3,965,635
Monies disbursed on behalf of others	<u>(3,943,439)</u>
Net Provided (Used) by noncapital financing activities	<u>1,065,148</u>
Cash flows from capital and related financing activities:	
Acquisitions of capital assets	(29,016)
Principal paid on capital debt and lease	(9,011)
Interest paid on capital debt and lease	<u>(10,194)</u>
Net cash (Used) by capital and related financing activities	<u>(48,221)</u>
Cash flows from investing activities:	
Proceeds from sales and maturities of investments	12,652,355
Purchases of investments	<u>(12,096,481)</u>
Net Cash Provided (Used) by Investing Activities	<u>555,874</u>
Net increase (decrease) in cash and cash equivalents	(133,322)
Cash and cash equivalents at beginning of year	<u>1,223,603</u>
Cash and cash equivalents at end of year	<u>\$ 1,090,281</u>
Reconciliation of net operating income (loss) to net cash provided by (used by) operating activities	
Operating income	\$ (1,353,286)
Adjustments to reconcile net operating income (loss) to net cash provided by (used by) operating activities:	
Depreciation	58,475
Gift Annuity receivable	7,881
Postemployment benefits other than pensions payable	457,440
Change in assets and liabilities:	
Accounts receivable	(416,113)
Pledges receivable	(419,188)
Prepaid and other assets	(39,027)
Accounts payable and amounts payable to the University	74,375
Accrued salaries and benefits	(64,096)
Accrued compensated absences	(22,475)
Unearned revenue	-
Other liabilities	<u>9,891</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (1,706,123)</u>

See accompanying auditors' reports and notes to financial statements.

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

1. ORGANIZATION

Nature of Organization

The California State University Dominguez Hills Foundation (the Foundation) is a nonprofit California public benefit corporation which is an auxiliary organization of California State University, Dominguez Hills (the University). A wholly owned subsidiary, Dominguez Hills Corporation (the Corporation) is a California for-profit corporation which administers certain research and educational grants and contracts. Together, these entities (collectively referred to as the Foundation) assist the University in various activities including developing and administering research and educational grants and contracts; conducting the bookstore, food service, and vending machine operations on the campus, accumulating and managing endowment and student scholarship funds and administering various educationally related functions, special programs, and other activities. The Corporation is included in the reporting entity of the Foundation, and accordingly, its operations are blended with the operations of the Foundation in the accompanying basic financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying basic financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board (GASB). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Basis of Accounting

The Foundation records revenue in part from assisting the University in various activities including developing and administering research and educational grants and contracts, conducting the bookstore, food service, and vending machine operations on the campus; accumulating and managing endowment and student scholarship funds, and administering various educationally related functions, special programs, and other activities and; accordingly, has chosen to present its basic financial statements using the reporting model for special-purpose governments engaged only in business-type activities. This model allows all financial information for the Foundation to be reported in a single column in each of the basic financial statements. The effect of any internal activity between funds or groups of funds has been eliminated from these basic financial statements.

Classification of Current and Noncurrent Assets and Liabilities

The Foundation considers assets to be current that can reasonably be expected, as part of its normal business operations, to be converted to cash and be available for liquidation of current liabilities within 12 months of the statement of net position date. Liabilities that reasonably can be expected, as part of normal Foundation business operations, to be liquidated within 12 months of the statement of net position date are considered to be current. All other assets and liabilities are considered to be noncurrent.

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Federal Grants and Contracts

The Foundation serves as administrator for various grants and contracts awarded by governmental and private institutions. Amounts administered by the Foundation are recorded as revenue and expense in the accompanying basic financial statements.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with an original maturity date of three months or less to be cash equivalents.

Investments

Investments are reflected at fair value using quoted market prices. Gains and losses are included in the statement of revenues, expenses, and changes in net position as investment income.

Other Assets

Other assets include inventories that are stated at the lower of cost or market determined on a first-in, first-out basis, and prepaid expenditures.

Capital Assets

Capital assets are stated at cost or estimated historical cost if purchased or, at estimated fair value at date of donation if donated. Capital assets with a value of less than \$5,000 are not capitalized. The Foundation is required to capitalize infrastructure assets that have been acquired, or that have received major improvements, in fiscal years ending after June 30, 1980. Title to all assets, whether purchased, constructed, or donated, is held by the Foundation. Depreciation is determined using the straight-line method over the estimated lives of the assets ranging from three to ten years. Leasehold improvements are amortized using the straight-line method over the shorter of their estimated useful lives or the term of the lease. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are not capitalized.

Compensated Absences

Foundation employees accrue annual leave at rates based on length of service and job classification.

Unearned Revenue

Unearned revenue consists primarily of unearned revenue related to federal grants and contracts and any commissions paid in advance for Commercial Operations.

Other Liabilities

Other liabilities included sales tax, nonresident alien tax withholding, and miscellaneous payroll withholdings.

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Net Position

The Foundation's net position is classified into the following categories:

Invested in capital assets, net of related debt: Capital assets, net of accumulated depreciation, amortization, and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

Restricted - nonexpendable: Net position subject to externally imposed conditions that the Foundation retains them in perpetuity. When both restricted and unrestricted resources are available for use, it is the Foundation's policy to use restricted resources first, then unrestricted resources as they are needed.

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

Unrestricted: All other categories of net position. In addition, unrestricted net position may be designated for use by management of the Foundation.

Classification of Revenues and Expenses

The Foundation considers operating revenues and expenses in the statement of revenues, expenses and changes in net position to be those revenues and expenses that result from exchange transactions or from other activities that are connected directly to the Foundation's primary functions. Exchange transactions include charges for services rendered and the acquisition of goods and services. Certain other transactions are reported as nonoperating revenues and expenses in accordance with GASB Statement No. 33. These nonoperating activities include the Foundation's net investment income, gifts, and interest expense.

Income Taxes

The Foundation is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and California income taxes under section 23701(d) of the California Revenue and Taxation Code. The IRS classified the organization as one that is not a private foundation within the meaning of section 509(a) of the Code because it is an organization described in section(s) 509(a)(1) and 170(b)(1)(A)(vi). The Foundation has evaluated its tax positions and the certainty as to whether those tax positions will be sustained in the event of an audit by taxing authorities at the federal and state levels. The primary tax positions evaluated are related to the Foundation's continued qualification as a tax-exempt organization and whether there is unrelated business income activities conducted that would be taxable. Management has determined that all income tax positions will more likely than not be sustained upon potential audit or examination; therefore, no disclosures of uncertain income tax positions are required. The Foundation's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending 2012, 2011, 2010, are subject to examination by the IRS, generally for 3 years after they were filed.

Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues, and expenses in the accompanying basic financial statements. Actual results could differ from those estimates.

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014
(CONTINUED)**

3. CASH, CASH EQUIVALENTS, AND INVESTMENTS

The deposits and investments held at June 30, 2014 are as follows:

Deposits:	
Demand deposits (Category 1)	\$ 571,322
Cash equivalents – Cash Reserve Trust Fund (Category 3)	<u>518,959</u>
	<u>1,090,281</u>
Investments:	
Local Agency Investment Fund	1,610,877
Money Market Funds	18,110
Equities	11,821,025
Corporate and government bonds	<u>8,585,645</u>
	<u>22,035,657</u>
Total deposits and investments	<u>\$23,125,938</u>
Reconciliation to statement of net position	
Current:	
Cash and cash equivalents	\$ 746,489
Investments	1,610,877
Noncurrent:	
Cash equivalents	343,792
Investments – Endowment	13,156,589
Investments – Other long term	<u>7,268,191</u>
	<u>\$23,125,938</u>

The deposits of the Foundation are maintained at financial institutions and are in category 1, fully insured or collateralized. The Cash equivalents - Cash Reserve Trust Fund are in category 3, uninsured and uncollateralized as prescribed by GASB Statement No. 3, as amended by GASB Statement No. 40.

The Foundation also maintains investments with the State of California Local Agency Investment Fund (LAIF) amounting to \$1,610,877 as of June 30, 2014. LAIF pools these funds with other governmental agencies and invests in various investment vehicles. These pooled funds approximate fair value. Regulatory oversight is provided by the State Pooled Money Investment Board and the Local Investment Advisory Board. LAIF is not subject to categorization as prescribed by GASB Statement No. 3 and No. 40 to indicate the level of custodial credit risk assumed by the Foundation at year end.

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

3. CASH, CASH EQUIVALENTS, AND INVESTMENTS - Continued

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Foundation's deposits may not be returned to it. The Foundation does not have a deposit policy for custodial credit risk. Deposits in the financial institution, reported as components of cash had bank balances of \$564,546 for 2014. As of June 30, 2014 \$250,000 of these balances are insured under the Federal Deposit Insurance Corporation (FDIC). The remaining \$314,546 is at risk.

Investment Credit Risk

The Foundation's formal investment policy limits its investment choices to the following:

- Local Agency Investment Fund (LAIF)
- Cash equivalents having maturities of less than one year
- Equities limited to companies and institutions that contribute to the enhancement of human rights, both nationally and internationally through the support and practice of equal employment opportunities and affirmative action.
- Fixed income investments are limited to US Treasury or federal agency obligations, State of California obligations or those US Corporate bonds with ratings of no lower than A3 by Moody's or A- by Standard & Poor's at the time of purchase.

Concentration of Investment Credit Risk

The Foundation's formal investment policy limits cash equivalents, defined as less than one-year maturities to not more than 75% of investments. Equities are limited to a range of 25% to 65% of investments. Fixed income limited to a range of 25% to 50% of investments.

The following is a breakdown of the investment income, which has been allocated among the various revenue accounts on the statement of revenues, expenses and changes in net position:

<u>Investment Income for 2014</u>	<u>Unrestricted</u>	<u>Endowment</u>	<u>Total</u>
Interest and dividends	\$ 144,353	\$ 272,621	\$ 416,974
Realized gain on sales, net	491,677	724,496	1,216,173
Unrealized gain, net	<u>382,242</u>	<u>711,383</u>	<u>1,093,625</u>
Total investment income	1,018,272	1,708,500	2,726,772
Management fees	<u>(40,249)</u>	<u>(387,852)</u>	<u>(428,101)</u>
Net investment income	<u>\$ 978,023</u>	<u>\$ 1,320,648</u>	<u>\$ 2,298,671</u>

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014
(CONTINUED)**

4. ACCOUNTS RECEIVABLE

Accounts Receivable at June 30, 2014 consisted of the following:

Grants receivables	\$ 1,141,335
Advances	91,985
Other	<u>284,486</u>
Total	<u>\$ 1,517,806</u>

5. PROPERTY AND EQUIPMENT

Property, plant and equipment consist of the following at June 30, 2014:

Equipment	\$ 531,416
Buildings	769,643
Leasehold improvements	418,061
Furniture and fixtures	<u>72,020</u>
	1,791,140
Less: Accumulated Depreciation	<u>(1,214,767)</u>
Total	<u>\$ 576,373</u>

Depreciation expense as of June 30, 2014 was \$58,475.

6. DEPOSITORY ACCOUNTS

Deposits held in custody for others which are comprised of cash and investments as of June 30, 2014 is follows:

Dominguez Hills Corporation	\$ 51,653
Loker University Student Union, Inc.	<u>446,299</u>
Total deposits held in custody for others	<u>\$ 497,952</u>

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014
(CONTINUED)**

7. MORTGAGE PAYABLE

During the year ended June 30, 2000, the Foundation purchased a house for \$397,955 which is used by the University President.

In connection with the purchase of the house, the Foundation entered into a loan agreement with City National Bank in the original amount of \$287,000. The agreement, which was modified in January 2011, provides for monthly interest and principal payments of \$1,600 and will mature as of the fiscal year ending June 30, 2030. The note bears interest at 4.75% and is secured by the deed of trust.

A summary of current year activity on the loan for the year ended June 30, 2014 follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Mortgage payable	<u>\$ 219,472</u>	<u>\$ -</u>	<u>\$ 9,011</u>	<u>\$ 210,461</u>

Payments required on the mortgage are as follows for the year ending June 30:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal and Interest</u>
2015	\$ 9,438	\$ 9,797	\$ 19,235
2016	9,835	9,340	19,175
2017	10,344	8,861	19,205
2018	10,846	8,359	19,205
2019	11,373	7,832	19,205
Thereafter	<u>158,625</u>	<u>43,151</u>	<u>201,776</u>
Total	<u>\$ 210,461</u>	<u>\$ 87,340</u>	<u>\$ 297,801</u>

In connection with the purchase of the house, the Foundation entered into a Residential Lease Agreement with the University. The initial term of this lease was for ten years, commencing June 1, 2000, and ending May 31, 2010. The lease was subsequently extended through June 30, 2020. Under the terms of the agreement, the University will pay the Foundation a monthly rental amount comprised of principal and interest on the City National Bank mortgage, estimate for insurance and property taxes, homeowners' association dues, maintenance costs and reimbursement of the Foundation's \$74,990 down payment on the house.

The Foundation has recorded the cost of the house as well as the mortgage payable in the accompanying basic financial statements. Lease payments due to the Foundation from the University to pay debt service are recorded as revenue when received.

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014
(CONTINUED)

8. OPERATING LEASE

The Foundation entered into a sublease with the Donald P. & Katherine B. Loker University Student Union (Union) on November 1, 2006 extended to June 30, 2017 for rental of the food service area located in the Union building. Payments of rental fees are made by the Foundation on a quarterly basis. Total rental fees paid for the year ended June 30, 2014 amounted to \$27,070.

9. ENDOWMENT

The Foundation has a policy of distributing the average annual appreciation (realized and unrealized) in the value of the endowment fund as measured over a three-year rolling average period, net of all fees and other distributions. For the year ended June 30, 2014, the net amount of appreciation available for authorization for expenditure was \$1,320,648 and was reported in unrestricted net assets.

10. PENSION PLANS

The Foundation maintains a pension plan for all eligible employees with Teachers Insurance and Annuity Association College Retirement Equities Fund (TIAA CREF).

(a) *Plan Description* - TIAA CREF is an agent which provides variable individual and group annuities for retirement and tax -deferred savings plans at nonprofit or publicly supported colleges, universities, and other educational and research organizations. The TIAA CREF pension plan is a defined contribution plan. The contributions are invested and then disbursed at the time of the employees' retirement in the form of lifetime income or other payment options.

(b) *Funding Policy* - As of June 30, 2014, participants were not required to contribute any of their annual covered salary. From February 1, 2001 through June 30, 2014 the Foundation contributed 10% of the employees' annual covered payroll. The contribution rates to TIAA CREF are established by the Foundation's Board of Directors. The Board of Directors approved a change in the funding policy, effective for all employees hired after July 1, 2014. Employees hired prior to this date will be subject to the grandfathered funding policy, while new employees will receive a 4% employer contribution with a 2% required employee match or an 8% employer contribution with a 5% required employee match.

(c) *Annual Pension Cost* - For the year ended June 30, 2014 the Foundation's annual TIAA CREF pension cost totaled \$198,057.

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014
(CONTINUED)

11. POSTEMPLOYMENT HEALTHCARE BENEFITS

The Foundation provides lifetime postretirement medical coverage to employees who satisfy certain eligibility requirements. Retirees receive the same monthly allowance toward the cost of coverage as active employees.

In accordance with GASB Statement No. 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, the Foundation has recorded the cost and obligation of these benefits in the basic financial statements.

Annual OPEB Cost and Net OPEB Obligation

The Foundation's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Foundation's annual OPEB cost for the year, the amount actually contributed, and changes in the OPEB obligation:

	2014
Annual required contribution	\$ 542,668
Interest on net OPEB obligation	113,415
Adjustment to annual required contribution	<u>(125,591)</u>
Annual OPEB cost (expense)	530,492
Retiree premium cost	(73,052)
Contributions made	<u>-</u>
Change in net OPEB obligation	457,440
Net OPEB obligation – beginning of year	<u>2,475,336</u>
Net OPEB obligation – end of year	<u>\$2,932,776</u>

The Foundation's annual OPEB cost for the year, the percentage of annual OPEB cost contributed, and the net OPEB obligation was as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/12	\$ 454,896	11.4%	\$ 2,091,596
6/30/13	\$ 491,645	21.9%	\$ 2,475,336
6/30/14	\$ 530,492	13.77%	\$ 2,932,776

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

11. POSTEMPLOYMENT HEALTHCARE BENEFITS – Continued

Funding Status and Funding Progress

Beginning in fiscal year ending June 2011, the Foundation participated in the Auxiliaries Multiple Employer VEBA (Voluntary Employees' Beneficiary Association) and contributed \$45,000 in fiscal year ending June 2013. The Auxiliaries Multiple Employer VEBA is a separate 501 (c)(9) organization established in August 2010 to assist in funding post-retirement healthcare benefits for recognized auxiliaries of the California State University System. The plan does not issue separate financial statements.

As of July 1, 2011, the most recent actuarial valuation date, the actuarial accrued liability for benefits as well as the unfunded actuarial accrued liability (UAAL) was \$3,391,687. This estimated liability is updated with an actuarial study every three years.

Actuarial valuations of an ongoing benefit plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of postemployment healthcare benefits funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets, if any, is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, if any, consistent with the long-term perspective of the calculations.

In the July 1, 2011 actuarial valuation, the unit credit actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses) which is the current expected long-term investment returns on plan assets. The UAAL is being amortized on a level dollar approach and closed basis over 30 years as allowed under GASB Statement No. 45. The remaining amortization period will end on June 30, 2037.

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014
(CONTINUED)

12. COMMITMENTS

The operation of the University Bookstore is contracted to an outside vendor whose contract expired in May 2014 and was subsequently renewed. Effective June 1, 2004 to May 31, 2014, the Foundation received fees equal to 10.1% of the first \$6,000,000 in bookstore sales. The fees, which totaled \$343,756 for the year ended June 30, 2014 is included in sales and services of auxiliary enterprises. Effective June 1, 2014 to May 31, 2024, the Foundation will receive fees equal to 16.1% of the first \$6,000,000 in bookstore sales and 17.1% of all revenues over \$6,000,000.

In January 1995, the Foundation entered into an agreement with an external vendor to provide vending services for the University. The agreement was originally for one year commencing January 5, 1995 and automatically renews annually. In connection with the contract, the Foundation receives 25% of all vending revenues as commission. The revenues received on this contract, included in sales and services of auxiliary enterprises for the year ended June 30, 2014 amounted to \$13,134.

In February 1998, the Foundation entered into an agreement with Subway to provide food services to the University. The agreement was originally for one year commencing July 1, 1998. The tenant has the option of extending this lease for 18 consecutive periods of one year. The tenant has exercised their options through the year ending June 30, 2015. In connection with the contract, the Foundation shall receive 7% of gross sales per month. The contract commission revenues received on this contract, included in sales and services of auxiliary enterprises, for the year ended June 30, 2014 amounted to \$48,852.

On January 1, 2010, the Foundation entered into a sponsorship agreement with Pepsi to give exclusive beverage availability and merchandising rights on the University campus for a five year period ending December 31, 2014. In connection with the contract, the sponsor agreed to pay the Foundation \$80,000 in year one, then \$75,000 in years two through five. The sponsor also agreed to provide an annual marketing allowance up to \$5,000 in wholesale cost as well as annual product donations and sales based commission. Commission received on this contract, included in sales and services of auxiliary enterprises, for the year ended June 30, 2014 amounted to \$87,226.

In March 2013, the Foundation entered into an agreement with Panda Express to provide food services to the University. The agreement is for a period of five years. In connection with the contract, the Foundation shall receive 6% to 9% of revenues, depending on volume. The contract commission revenues received on this contract, included in sales and services of auxiliary enterprises, for the year ended June 30, 2014 amounted to \$33,970.

In April 2007, the Foundation entered into an agreement with Taco Bell/A&W to provide food services to the University. The agreement was originally for five years commencing April 23, 2007 and automatically renews for an additional five years. In connection with the contract, the Foundation shall receive 10.5% of gross sales per month. The contract commission revenues received on this contract, included in sales and services of auxiliary enterprises, for the year ended June 30, 2014 amounted \$32,980.

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

12. COMMITMENTS – Continued

In December 2012, the Foundation entered into an agreement with Jamba Juice to provide food services to the University. In connection with the contract, the Foundation received 10.0% gross sales per month. The contract commission revenues received on this contract, included in sales and services of auxiliary enterprises, for the year ended June 30, 2014 amounted to \$31,128. The agreement is for five years with the option of extending this lease for an additional five years.

In August 2007, the Foundation entered into an agreement with Johnnie's Pizza to provide food services to the University. The agreement was originally for five years commencing August 28, 2007 and automatically renews for an additional five years. On March 19, 2013 the contract was reassigned to a new operator for an additional five year term which expires on March 19, 2018 without an option to renew. In connection with the contract, the Foundation shall receive 12.5% of gross sales per month. The contract commission revenues received on this contract, included in sales and services of auxiliary enterprises, for the year ended June 30, 2014 amounted to \$24,130.

13. TRANSACTIONS WITH RELATED ENTITIES

The Foundation and the University provide various services on each other's behalf. Such services are appropriately billed. Amounts payable to the University at June 30, 2014 totaled \$1,198,662. Amounts receivable from other University auxiliaries totaled \$91,064 at June 30, 2014. Amounts payable to other University auxiliaries totaled \$0 at June 30, 2014.

The Foundation charges a fee to the Loker University Student Union, Inc. and the Associated Students, Inc. for administrative services. Fees collected for these services were \$50,000 for the year ended June 30, 2014.

14. PRIOR PERIOD ADJUSTMENT

Agency funds of \$424,849 representing campus and student organization funds held for and disbursed on behalf of such organizations was reclassified from net assets to liability at June 30, 2013 in accordance with generally accepted accounting principles.

**INFORMATION REQUIRED BY *GOVERNMENT AUDITING STANDARDS*
AND OMB CIRCULAR A-133**

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*

To the Board of Directors of
California State University,
Dominguez Hills Foundation (the Foundation)
(A California Non-Profit Corporation)
Carson, 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 California State University, Dominguez Hills Foundation (A California Non-Profit Corporation), which comprise the statement of net position as of June 30, 2014, and the related 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 16, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered California State University, Dominguez Hills 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 California State University, Dominguez Hills Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 California State University, Dominguez Hills 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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vorwin, Hagen + Co.

Calabasas, California
September 16, 2014

**INDEPENDENT AUDITORS' REPORT
ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors of
California State University,
Dominguez Hills Foundation (the Foundation)
(A California Non-Profit Corporation)
Carson, California

Report on Compliance for Each Major Federal Program

We have audited California State University, Dominguez Hills Foundation's (the Foundation) (A California Non-Profit Corporation) compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of California State University, Dominguez Hills Foundation's major federal programs for the year ended June 30, 2014. California State University, Dominguez Hills Foundation's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of California State University, Dominguez Hills Foundation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and *OMB Circular A-133* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about California State University, Dominguez Hills Foundation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of California State University, Dominguez Hills Foundation's compliance.

Opinion on Each Major Federal Program

In our opinion, California State University, Dominguez Hills Foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of California State University, Dominguez Hills Foundation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered California State University, Dominguez Hills Foundation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with *OMB Circular A-133*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of California State University, Dominguez Hills Foundation's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of *OMB Circular A-133*. Accordingly, this report is not suitable for any other purpose.

Vaccaro, Hagen + Co.

Calabasas, California
September 16, 2014

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014
(FEIN: 95-2543028)

Federal grantor/pass-through agent/program title	Catalog of Federal Domestic Assistance Number	Pass-Through Number	Award Amount	Total Federal Expenditures
Research and Development Cluster:				
National Science Foundation				
Direct Programs:				
Master Science Teacher Fellowship Program	47.076	DUE1035131	574,271	\$ 372,500
SPIGOT (Supporting Pedagogical Innovation for a Generation of ransformation)	47.076	DUE1225820	68,782	16,021
Data Preservation	47.070	CNS-1419952	107,698	2,725
P2C2: Testing Whether Internal Dynamics	47.050	AGS-1103360	242,822	(1,770)
IRS: Tropical Ecology Mentorship Program	47.079	OISE-1130156	149,626	24,678
IRES: Fire, Carbon and Climate Change in Australia	47.079	OISE-1261015	249,922	43,187
Passed Through UTEP				
BPC-CASHI	47.070	26-1008-02-61	212,858	50,588
Passed Through Sacramento State University				
CSU:LSAMP Louis Stokes 2013-2014	47.076	523771/HRD1302873	15,000	9,893
Passed Through Whatcom University				
Cyberwatch West	47.076	2R25GM062252-10	52,467	37,958
Passed Through Mt. San Antonio College				
Cyberwatch West	47.076	DUE-1104278	91,283	-
Total National Science Foundation				<u>555,780</u>
U.S. Department of Health and Human Services				
Direct Programs:				
National Institute of General Medical Sciences				
MBRS RISE 2014-2015	93.859	2R25GM062252-11	385,400	38,626
MBRS RISE 2013-2014	93.859	2R25GM062252-10	371,911	278,588
MARC U*STAR 2014-2015	93.859	5T34GM008683-14	200,055	10,060
MARC U*STAR 2013-2014	93.859	5T34GM008683-13	176,179	146,062
Ethnic Disparities in the Psychosocial				
YBMSM's Sexual Communications	93.242	N/A	113,939	130,329
Passed Through University of Illinois				
MBRS Post Baccalaureate	93.859	IUPUI-4684070-CSUDH	123,757	51,246
Passed Through Childrens Hospital				
Teacher Assistant Intervention	93.307	5 R01 MD006058-04	106,108	31,282
Total U.S. Department of Health and Human Services				<u>661,859</u>

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014
(FEIN: 95-2543028)

Federal grantor/pass-through agent/program title	Catalog of Federal Domestic Assistance Number	Pass-Through Number	Award Amount	Total Federal Expenditures
U.S. Department of Commerce				
Passed Through the University of San Diego California Sea Grant-Omnibus	11.417	NA10DAR-4170060	40,000	<u>21,489</u>
Total U.S. Department of Commerce				<u>21,489</u>
U.S. Department of Homeland Security				
Direct Programs: HS Startup - Homeland Security Science and Technology	97.062	2009-ST-062-000020	754,668	28,812
Passed through LA Southwest College Homeland Security Program	97.062	2011-ST-062-000044	17,000	<u>5,905</u>
Total U.S. Department of Homeland Security				<u>34,717</u>
U.S. Department of Energy				
Direct Programs: Photo Production of the Cascade Hyperons at CLAS	91.049	DE-FG02-07ER41525	55,000	<u>54,016</u>
Total U.S. Department of Energy				<u>54,016</u>
U.S. Nuclear Regulatory Commission				
Direct Programs: Nuclear Safety Applications of Autonomus Robots	77.007	NRC-HQ-12-G-27-0088	100,000	<u>25,319</u>
Total U.S. Nuclear Regulatory Commission				<u>25,319</u>
U.S. Agency for International Development (USAID)				
Passed Through Georgetown University Scholarship for Education & Economic Dev (SEEDS) Teachers in El Salvador	98.001	CSUDH-RX2050-705-12-Q	148,875	134,279
SEEDS 2014	98.001	CSUDH-RX2050-705-13-Q	348,000	<u>172,270</u>
Total U.S. Agency for International Development (USAID)				<u>306,549</u>
Total Research and Development Cluster				<u>\$ 1,659,729</u>

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014
(FEIN: 95-2543028)

Federal grantor/pass-through agent/program title	Catalog of Federal Domestic Assistance Number	Pass-Through Number	Award Amount	Total Federal Expenditures
U.S. Department of Education				
Direct Programs:				
TRIO Cluster:				
Student Support Services	84.042	P042A101351-13	233,308	198,816
McNair Post-Baccalaureate Achievement	84.217	P217A120019	216,834	160,654
Upward Bound Carson/Gardena	84.047	P047A121750-13	236,832	144,394
Upward Bound LAUSD	84.047	P047A121749	248,743	136,851
Upward Bound Math and Science	84.047	P047M120453-13	236,925	137,925
Total TRIO Cluster				<u>778,640</u>
Other Programs:				
Encounter to Excellence	84.031	P031S090128-13	574,707	476,322
Promoting Excellent Graduate Students (PEGS)	84.031	P031M105068-13	682,249	273,303
Title V: Building a High Impact Transfer Academy	84.031	P031S110042-13	775,000	352,947
Impact	84.120	P120A120041-13	249,691	80,528
Urban School Leadership	84.336	U363A130097	1,166,492	684,425
Urban Teachers Residency	84.336	U336S090051-13	1,223,946	727,919
Transition to Teaching 11	84.350		1,039,336	654,679
Transition To teaching 09	84.350	U350A090011-13	401,589	434,586
Leaders for Urban Schools (USL)	84.363	U363A080048	1,493,887	497,756
Charter Autonomous School Leadership Academy-CASLA	84.363	U363A100056-13	2,245,685	965,664
Gaining Early Awareness & Readiness for Undergraduate Prog (GearUp)	84.334	P334A110231-13	536,000	436,844
--Uniting to Prepare Low Incidence Teachers (UPLIFT)	84.325	H325K130401	241,149	53,785
Passed Through Palos Verdes Unified School District				
Math on Mondays	84.367	PO# 92272	8,586	8,196
Passed Through the University of California Office of the President				
CSUDH Mathematics Project	84.367	11CSMP-CMP	24,000	8,746
Passed Through University of California, Oakland				
California Mathematics Site-CSUDH	84.367	NCLB10-CMP	34,000	32,683
				<u>5,688,383</u>
Total U.S. Department of Education				<u>\$ 6,467,023</u>
U.S. Department of Health and Human Services				
Passed Through CCPI				
Univ Consort for Children & Families	93.658	08-53-4 Amend #3	341,000	299,961
Passed Through UC Berkeley				
CALSWEC	93.658	00008291	607,956	447,109
Foster Care_Title IV-E	93.658			<u>747,070</u>
Total U.S. Department of Health and Human Services				<u>\$ 747,070</u>

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014
(FEIN: 95-2543028)**

Federal grantor/pass-through agent/program title	Catalog of Federal Domestic Assistance Number	Pass-Through Number	Award Amount	Total Federal Expenditures
National Science Foundation				
Direct Programs:				
NOYCE Math & Science Scholars Phase 1	47.076	DUE833206	900,000	104,333
Noyce Scholars Phase 2	47.076	DUE1339961	800,000	61,884
Education and Human Resources	47.076			<u>166,217</u>
Total National Science Foundation				\$ <u>166,217</u>
U.S. Department of Labor				
Passed Through Managed Clear Solutions Inc.				
Health Care Career Ladder Training Program				
H-1B Job Training Grants	17.268	Letter 1/26/12	90,000	<u>1,275</u>
Total U.S. Department of Labor				\$ <u>1,275</u>
National Endowment for the Humanities				
Direct Programs:				
Japanese Digitation Planning Grant				
Promotion of the Humanities_Division of Preservation and Access	45.149	PW-51585-14	39,956	<u>19,225</u>
Total National Endowment for the Humanities				\$ <u>19,225</u>
U.S. Small Business Administration				
Congressional Earmark Program				
	59.NoCFDA	59.000	sbahg-11-i-0060	<u>150,000</u>
Total U.S. Small Business Administration				\$ <u>150,000</u>
Corporation for National and Community Service				
Passed Through the Council of Greater City Schools				
Jump Start for Young Children	94.006	020095	84,166	64,971
Jump Start for Young Children	94.006	95	72,328	15,132
AmeriCorps Justice Corps	94.006	Letter 09/12/13	8,767	7,712
AmeriCorps	94.006			<u>87,815</u>
Total Corporation for National and Community Service				\$ <u>87,815</u>
Total Federal Awards Expended				\$ <u>9,298,354</u>

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014
(FEIN: 95-2543028)

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of California State University, Dominguez Hills Foundation under programs of the federal government for the year ended June 30, 2014. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of California State University, Dominguez Hills Foundation, it is not intended to and does not present the financial position, changes in net assets or cash flows of California State University, Dominguez Hills Foundation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
SCHEDULE OF SUBRECIPIENTS
FOR THE YEAR ENDED JUNE 30, 2014**

Funding Source	CFDA Number	Program Title	Sub-Recipients	Amount
National Science Foundation	47.076	Master Science Teacher Fellowship Program	Vital Research	\$ 25,335
Department of Education	84.031	(Title V)	West Los Angeles College	326,600
Department of Education	84.031	(Title V)	West Los Angeles College	308,800
DHHS-NIH	93.242	YBMSM'S Sexual Communication	AIDS Project Los Angeles	19,242
DHHS-NIH	93.242	YBMSM'S Sexual Communication	AIDS Project Alabama	16,032
Department of Education	84.334	GEAR-UP Yr. 3	Los Angeles Education Partnership	77,741
Department of Education	84.334	GEAR-UP Yr. 2	Los Angeles Education Partnership	77,741
Department of Education	84.350	Transition to Teaching II	CSU Chancellor's Office	73,110
Department of Education	84.350	Transition to Teaching II	Cal State Long Beach	96,486
Department of Education	84.350	Transition to Teaching II	Tulare County Office	117,483
National Science Foundation	47.070	Data Preservation	Azusa Pacific University	14,231
University of Southern CA-Fed Pass-Thru	11.417	California Sea Grant	Humboldt State University	16,949
				<u>\$ 1,169,750</u>

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? Yes X None Reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? Yes X None Reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? Yes X No

Identification of major programs:

<u>CFDA Number(s) & Name of Federal Program or Cluster</u>	<u>Name of Program</u>
84.336 Teacher Quality Partnership Grants	Urban School Leadership
84.336 Teacher Quality Partnership Grants	Urban Teachers Residency
84.350 Transition to Teaching	Transition to Teaching 11
84.350 Transition to Teaching	Transition To teaching 09
84.363 School Leadership	Leaders for Urban Schools (USL)
84.363 School Leadership	Charter Autonomous School Leadership Academy-CASLA

Dollar threshold used to distinguish between type A and type B programs: \$278,951

Auditee qualified as low-risk auditee? X Yes No

Section II - Financial Statement Findings

No matters were reported.

Section III - Federal Award Findings and Questioned Costs

No matters were reported.

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

CURRENT YEAR FINDINGS AND QUESTIONED COSTS:

2014 Findings

There were no 2014 findings noted.

2014 Questioned Costs:

There were no 2014 questioned costs noted.

PRIOR YEARS FINDINGS AND QUESTIONED COSTS:

2013 Findings

There were no 2013 findings noted.

2013 Questioned Costs:

There were no 2013 questioned costs noted.

2012 Findings

There were no 2012 findings noted.

2012 Questioned Costs:

There were no 2012 questioned costs noted.

REQUIRED SUPPLEMENTARY INFORMATION

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
SCHEDULE OF POSTEMPLOYMENT HEALTHCARE BENEFITS FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2014**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (AVA)</u>	<u>Actuarial Accrued Liability (Unit Cost Method) (AAL)</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funding Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
7/1/2008	\$ -	\$ 4,074,912	\$ 4,074,912	0.00%	\$1,881,000	216.64%
7/1/2011 *	-	3,391,687	3,391,687	0.00%	2,032,250	166.89%

* The valuation date is July 1, 2011. The valuation results were "rolled back" actuarially to July 1, 2010 in order to coincide with the Foundation's fiscal year.

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
NOTES TO SCHEDULE OF
POSTEMPLOYMENT HEALTHCARE BENEFITS FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2014

1. PURPOSE OF SCHEDULE

Schedule of Postemployment Healthcare Benefits Funding Progress

This schedule is prepared to show information for the most recent actuarial valuation and in future years, the information from the three most recent actuarial valuations in accordance with Statement No. 45 of the Governmental Accounting Standards Board, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The schedule is intended to show trends about the funding progress of the Foundation's actuarially determined liability for postemployment benefits other than pensions.

OTHER SUPPLEMENTARY INFORMATION

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
STATEMENT OF NET POSITION
JUNE 30, 2014

Assets:	
Current assets:	
Cash and cash equivalents	\$ 746,489
Short-term investments	1,610,877
Accounts receivable, net	1,517,806
Leases receivable, current portion	—
Notes receivable, current portion	—
Pledges receivable, net	—
Prepaid expenses and other assets	65,890
Total current assets	3,941,062
Noncurrent assets:	
Restricted cash and cash equivalents	343,792
Accounts receivable, net	224,536
Leases receivable, net of current portion	—
Notes receivable, net of current portion	—
Student loans receivable, net	—
Pledges receivable, net	—
Endowment investments	13,156,589
Other long-term investments	7,268,191
Capital assets, net	576,373
Other assets	—
Total noncurrent assets	21,569,481
Total assets	25,510,543
Deferred outflows of resources:	
Unamortized loss on refunding(s)	—
Total deferred outflows of resources	—
Liabilities:	
Current liabilities:	
Accounts payable	1,669,251
Accrued salaries and benefits payable	704
Accrued compensated absences— current portion	119,754
Unearned revenue	—
Capitalized lease obligations – current portion	—
Long-term debt obligations – current portion	9,438
Claims Liability for losses and LAE - current portion	—
Depository accounts	—
Other liabilities	39,546
Total current liabilities	1,838,693
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	—
Unearned revenue	—
Grants refundable	—
Capitalized lease obligations, net of current portion	—
Long-term debt obligations, net of current portion	201,023
Claims Liability for losses and LAE, net of current portion	—
Depository accounts	497,952
Other postemployment benefits obligation	2,932,776
Other liabilities	310,474
Total noncurrent liabilities	3,942,225
Total liabilities	5,780,918
Deferred inflows of resources:	
Deferred inflows from SCAs, grants, and others	—
Total deferred inflows of resources	—
Net Position:	
Net investment in capital assets	365,912
Restricted for:	
Nonexpendable – endowments	5,772,945
Expendable:	
Scholarships and fellowships	1,646,414
Research	—
Loans	—
Capital projects	—
Debt service	—
Other	—
Unrestricted	11,944,354
Total net position	\$ 19,729,625

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014**

Revenues:

Operating revenues:		
Student tuition and fees (net of scholarship allowances of \$ _____)	\$	—
Grants and contracts, noncapital:		
Federal		12,679,207
State		1,244,007
Local		
Nongovernmental		206,827
Sales and services of educational activities		205,337
Sales and services of auxiliary enterprises (net of scholarship allowances of \$ _____)		4,183,788
Other operating revenues		—
		<u>307,147</u>
Total operating revenues		<u>18,826,313</u>

Expenses:

Operating expenses:		
Instruction		4,504,626
Research		4,626,170
Public service		—
Academic support		2,577,101
Student services		39,520
Institutional support		1,329,271
Operation and maintenance of plant		3,084,528
Student grants and scholarships		3,959,908
Auxiliary enterprise expenses		—
Depreciation and amortization		58,475
		<u>58,475</u>
Total operating expenses		<u>20,179,599</u>
Operating income (loss)		<u>(1,353,286)</u>

Nonoperating revenues (expenses):

State appropriations, noncapital		—
Federal financial aid grants, noncapital		—
State financial aid grants, noncapital		—
Local financial aid grants, noncapital		—
Nongovernmental and other financial aid grants, noncapital		—
Other federal nonoperating grants, noncapital		—
Gifts, noncapital		1,018,648
Investment income (loss), net		2,334,001
Endowment income (loss), net		—
Interest Expenses		(10,194)
Other nonoperating revenues (expenses)		
		<u>3,342,455</u>
Net nonoperating revenues (expenses)		<u>3,342,455</u>
Income (loss) before other additions		1,989,169

State appropriations, capital

Grants and gifts, capital		—
Additions (reductions) to permanent endowments		(509,142)
		<u>(509,142)</u>
Increase (decrease) in net position		1,480,027

Net position:

Net position at beginning of year, as previously reported		18,674,447
Restatements		(424,849)
Net position at beginning of year, as restated		<u>18,249,598</u>
Net position at end of year	\$	<u>19,729,625</u>

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2014**

1	Restricted cash and cash equivalents at June 30, 2014:		
	Portion of restricted cash and cash equivalents related to endowments	\$	343,792
	All other restricted cash and cash equivalents		<u>-</u>
	Total restricted cash and cash equivalents	\$	<u>343,792</u>

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2014
(CONTINUED)

2.1 Composition of investments at June 30, 2014:

	Current Unrestricted	Current Restricted	Total Current	Noncurrent Unrestricted	Noncurrent Restricted	Total Noncurrent	Total
State of California Surplus Money Investment Fund (SMIF)	\$ -	-	-	-	-	-	-
State of California Local Agency Investment Fund (LAIF)	1,610,877	-	1,610,877	-	-	-	1,610,877
Wachovia Short Term Fund	-	-	-	-	-	-	-
Wachovia Medium Term Fund	-	-	-	-	-	-	-
Wachovia Equity Fund	-	-	-	-	-	-	-
CSU Consolidated Investment Pool (includes SWIFT and 0948 SMIF)	-	-	-	-	-	-	-
Common Fund - Short Term Fund	-	-	-	-	-	-	-
Common Fund - Others	-	-	-	-	-	-	-
Debt securities	-	-	-	-	-	-	-
Equity securities	-	-	-	4,457,796	7,363,229	11,821,025	11,821,025
Fixed income securities (Treasury notes, GNMA's)	-	-	-	2,792,285	5,793,360	8,585,645	8,585,645
Land and other real estate	-	-	-	-	-	-	-
Certificates of deposit	-	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-	-
Mutual funds	-	-	-	-	-	-	-
Money Market funds	-	-	-	18,110	-	18,110	18,110
Collateralized mortgage obligations:	-	-	-	-	-	-	-
Inverse floaters	-	-	-	-	-	-	-
Interest-only strips	-	-	-	-	-	-	-
Agency pass-through	-	-	-	-	-	-	-
Partnership interests (includes private pass-through)	-	-	-	-	-	-	-
Alternative investments	-	-	-	-	-	-	-
Hedge funds	-	-	-	-	-	-	-
Other major investments:	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Total investments	<u>1,610,877</u>	<u>-</u>	<u>1,610,877</u>	<u>7,268,191</u>	<u>13,156,589</u>	<u>20,424,780</u>	<u>22,035,657</u>
Less endowment investments (enter as negative number)	-	-	-	-	(13,156,589)	(13,156,589)	(13,156,589)
Total investments	<u>1,610,877</u>	<u>-</u>	<u>1,610,877</u>	<u>7,268,191</u>	<u>-</u>	<u>7,268,191</u>	<u>8,879,068</u>

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2014
(CONTINUED)**

2.2 Investments held by the University under contractual agreements at June 30, 2014:

Portion of investments in note 2.1 held by the University under contractual agreements at June 30, 20CY :

2.3 Restricted current investments at June 30, 2014 related to:	<u>Amount</u>	
Add description	\$ —	
Add description	—	
Add description	—	
Add description	—	
Add description	—	
Add description	—	
Total restricted current investments at June 30, 2014	<u>\$ —</u>	OK
2.4 Restricted noncurrent investments at June 30, 2014 related to:	<u>Amount</u>	
Endowment investment	\$ 13,156,589	OK
Add description	—	
Total restricted noncurrent investments at June 30, 2014	<u>\$ 13,156,589</u>	OK

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2014
(CONTINUED)

Less accumulated depreciation/amortization:								
Buildings and building improvements	(264,978)	-	-	(264,978)	-	-	-	(264,978)
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	(419,750)	-	-	(419,750)	(25,655)	-	-	(445,405)
Personal property:								
Equipment	(471,564)	-	-	(471,564)	(32,820)	-	-	(504,384)
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets:								
Software and websites	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyright and trademarks	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets:								
Add description	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	<u>(1,156,292)</u>	<u>-</u>	<u>-</u>	<u>(1,156,292)</u>	<u>(58,475)</u>	<u>-</u>	<u>-</u>	<u>(1,214,767)</u>
Total capital assets, net	\$ <u>605,844</u>	<u>-</u>	<u>-</u>	\$ <u>605,844</u>	<u>(29,459)</u>	<u>(12)</u>	<u>-</u>	<u>576,373</u>

3.2 Detail of depreciation and amortization expense for the year ended June 30, 2014:

Depreciation and amortization expense related to capital assets	\$ 58,475
Amortization expense related to other assets	<u>—</u>
Total depreciation and amortization	\$ <u>58,475</u>

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2014
(CONTINUED)

4 Long-term liabilities activity schedule:

	Balance June 30, 2013	Prior period adjustments	Reclassifications	Balance June 30, 2013 (restated)	Additions	Reductions	Balance June 30, 2014	Current portion	Long-term portion
Accrued compensated absences	\$ 142,229	—	—	142,229	169,137	(191,612)	119,754	119,754	—
Capitalized lease obligations:									
Gross balance	—	—	—	—	-	-	—	—	—
Unamortized premium / (discount) on capitalized lease obligations	—	—	—	—	-	-	—	—	—
Total capitalized lease obligations	—	—	—	—	-	-	—	—	—
Long-term debt obligations:									
Revenue Bonds	—	—	—	—	-	-	—	—	—
Other bonds (non-Revenue Bonds)	—	—	—	—	-	-	—	—	—
Commercial Paper	—	—	—	—	-	-	—	—	—
Note Payable related to SRB	—	—	—	—	-	-	—	—	—
Other:									
Real Property Mortgage	219,472	—	—	219,472	-	(9,011)	210,461	9,438	201,023
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Total long-term debt obligations	219,472	—	—	219,472	-	(9,011)	210,461	9,438	201,023
Unamortized bond premium / (discount)	—	—	—	—	-	-	—	—	—
Total long-term debt obligations, net	219,472	—	—	219,472	—	(9,011)	210,461	9,438	201,023
Total long-term liabilities	\$ 361,701	—	—	361,701	169,137	(200,623)	330,215	129,192	201,023

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
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FOR THE YEAR ENDED JUNE 30, 2014
(CONTINUED)**

5 Future minimum lease payments - capital lease obligations:

	Principal	Interest	Principal and Interest
Year ending June 30:			
2015	-	-	—
2016	-	-	—
2017	-	-	—
2018	-	-	—
2019	-	-	—
2020 - 2024	-	-	—
2025 - 2029	-	-	—
2030 - 2034	-	-	—
2035 - 2039	-	-	—
2040 - 2044	-	-	—
2045 - 2049	-	-	—
2050 - 2054	-	-	—
2055 - 2059	-	-	—
2060 - 2064	-	-	—
	-	-	—
Total minimum lease payments			—
Less amounts representing interest			—
Present value of future minimum lease payments			—
Less: current portion			—
Capitalized lease obligation, net of current portion			\$ —

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
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(CONTINUED)**

6 Long-term debt obligation schedule

	Revenue Bonds			All other long-term debt obligations			Total		
	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest
Year ending June 30:									
2015	\$ -	-	-	9,438	9,797	19,235	9,438	9,797	19,235
2016	-	-	-	9,835	9,340	19,175	9,835	9,340	19,175
2017	-	-	-	10,344	8,861	19,205	10,344	8,861	19,205
2018	-	-	-	10,846	8,359	19,205	10,846	8,359	19,205
2019	-	-	-	11,373	7,832	19,205	11,373	7,832	19,205
2020 - 2024	-	-	-	65,703	30,323	96,026	65,703	30,323	96,026
2025 - 2029	-	-	-	83,278	12,748	96,026	83,278	12,748	96,026
2030 - 2034	-	-	-	9,644	80	9,724	9,644	80	9,724
2035 - 2039	-	-	-	-	-	-	-	-	-
2040 - 2044	-	-	-	-	-	-	-	-	-
2045 - 2049	-	-	-	-	-	-	-	-	-
2050 - 2054	-	-	-	-	-	-	-	-	-
2055 - 2059	-	-	-	-	-	-	-	-	-
2060 - 2064	-	-	-	-	-	-	-	-	-
Total	\$ -	-	-	210,461	87,340	297,801	210,461	87,340	297,801

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
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(CONTINUED)**

7 Calculation of net position

	<u>Auxiliary Organizations</u>		<u>Total</u>
	<u>GASB</u>	<u>FASB</u>	<u>Auxiliaries</u>
7.1 Calculation of net position - Net investment in capital assets			
Capital assets, net of accumulated depreciation	\$ 576,373		576,373
Capitalized lease obligations - current portion	—	—	—
Capitalized lease obligations, net of current portion	—	—	—
Long-term debt obligations - current portion	(9,438)	—	(9,438)
Long-term debt obligations, net of current portion	(201,023)	—	(201,023)
Portion of outstanding debt that is unspent at year-end	—	—	—
Other adjustments: (please list)			
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Net position - net investment in capital asset	<u>\$ 365,912</u>	<u>—</u>	<u>365,912</u>
7.2 Calculation of net position - Restricted for nonexpendable - endowments			
Portion of restricted cash and cash equivalents related to endowments	\$ 343,792		343,792
Endowment investments	13,156,589		13,156,589
Other adjustments: (please list)			
Quasi-Endowment Adjustment	(7,727,436)		(7,727,436)
Add description	—		—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Net position - Restricted for nonexpendable - endowments per SNP	<u>\$ 5,772,945</u>	<u>—</u>	<u>5,772,945</u>

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
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FOR THE YEAR ENDED JUNE 30, 2014
(CONTINUED)**

8 Transactions with Related Entities

	Amount
Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$ 651,078
Payments to University for other than salaries of University personnel	583,737
Payments received from University for services, space, and programs	877,268
Gifts-in-kind to the University from discretely presented component units	—
Gifts (cash or assets) to the University from discretely presented component units	—
Accounts (payable to) University (enter as negative number)	(1,198,662)
Other amounts (payable to) University (enter as negative number)	—
Accounts receivable from University	—
Other amounts receivable from University	—

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
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(CONTINUED)**

9 Other Postemployment Benefits Obligation (OPEB)

Annual required contribution (ARC)	\$ 542,668
Contributions during the year	<u>(85,228)</u>
Increase (decrease) in net OPEB obligation (NOO)	457,440
NOO - beginning of year	<u>2,475,336</u>
NOO - end of year	<u>\$ 2,932,776</u>

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(CONTINUED)**

10 Pollution remediation liabilities under GASB Statement No. 49:

<u>Description</u>	<u>Amount</u>
Add description	\$ —
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
	<hr/>
Total pollution remediation liabilities	\$ —
Less: current portion	—
	<hr/>
Pollution remedition liabilities, net of current portion	—
	<hr/>

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
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FOR THE YEAR ENDED JUNE 30, 2014
(CONTINUED)**

11 The nature and amount of the prior period adjustment(s) recorded to beginning net position

	Net Position Class	Amount Dr. (Cr.)
Net position as of June 30, 20PY, as previously reported	\$	18,674,447
Prior period adjustments:		
1 Reclass of agency funds from net assets		(424,849)
2 (list description of each adjustment)		—
3 (list description of each adjustment)		—
4 (list description of each adjustment)		—
5 (list description of each adjustment)		—
6 (list description of each adjustment)		—
7 (list description of each adjustment)		—
8 (list description of each adjustment)		—
9 (list description of each adjustment)		—
10 (list description of each adjustment)		—
Net position as of June 30, 2013, as restated	\$	18,249,598

Provide a detailed breakdown of the journal entries (at the financial statement line item level) booked to record each prior period adjustment:

	Debit	Credit
Net position class: <u>Unrestricted</u>		
1		
Prior period adjustment	\$ 424,849	
Unrestricted net assets		424,849
Net position class: _____		
2 (breakdown of adjusting journal entry)	—	—
Net position class: _____		
3 (breakdown of adjusting journal entry)	—	—
Net position class: _____		
4 (breakdown of adjusting journal entry)	—	—
Net position class: _____		
5 (breakdown of adjusting journal entry)	—	—
Net position class: _____		
6 (breakdown of adjusting journal entry)	—	—
Net position class: _____		
7 (breakdown of adjusting journal entry)	—	—
Net position class: _____		
8 (breakdown of adjusting journal entry)	—	—
Net position class: _____		
9 (breakdown of adjusting journal entry)	—	—
Net position class: _____		
10 (breakdown of adjusting journal entry)	—	—