

**CALIFORNIA STATE UNIVERSITY,
DOMINGUEZ HILLS FOUNDATION**

**SINGLE AUDIT REPORTS
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

**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, 2015, and the related notes to the financial statements, which collectively comprise the organization's basic 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITORS' REPORT - Continued

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of California State University, Dominguez Hills Foundation as of June 30, 2015, 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.

Report on Summarized Comparative Information

We have previously audited California State University, Dominguez Hills Foundation's 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 16, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

The summary financial statements do not contain all the disclosures required by accounting principles generally accepted in the United States of America. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of California State University, Dominguez Hills Foundation.

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 California State University, Dominguez Hills Foundation, as of and for the year ended June 30, 2015, and have issued our report thereon dated September 17, 2015, 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 17, 2015, 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.

Vorster, Hahn + Co.

Calabasas, California
September 17, 2015

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2015**

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, 2015. 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) (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2015**

Analytical Overview

Summary

The Foundation's operations for the fiscal year ended June 30, 2015 increased as shown by an increase in net position of approximately \$2,458,709. 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, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>	<u>Change</u>
Current assets	\$ 5,163,515	\$ 3,941,062	\$ 1,222,453
Restricted and other assets	22,253,091	20,993,108	1,259,983
Capital assets, net	<u>635,088</u>	<u>576,373</u>	<u>58,715</u>
Total assets	<u>28,051,694</u>	<u>25,510,543</u>	<u>2,541,151</u>
Current liabilities	1,077,847	1,838,693	(760,846)
Noncurrent liabilities	3,439,994	3,133,799	306,195
Other noncurrent liabilities	<u>1,345,519</u>	<u>808,426</u>	<u>537,093</u>
Total liabilities	<u>5,863,360</u>	<u>5,780,918</u>	<u>82,442</u>
Net position:			
Invested in capital assets, net of related debt	433,972	365,912	68,060
Restricted	9,010,683	7,419,359	1,591,324
Unrestricted	<u>12,743,679</u>	<u>11,944,354</u>	<u>799,325</u>
Total net position	<u>\$ 22,188,334</u>	<u>\$ 19,729,625</u>	<u>\$ 2,458,709</u>

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2015**

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

The Foundation's current assets and restricted and other assets increased by \$1,222,453 and \$1,259,983, respectively compared to the prior year. 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 new donations. Additionally, both the endowment and long term investment portfolios performed well during the fiscal year.

Current liabilities decreased by \$760,846 while noncurrent liabilities increased as of June 30, 2015. The decrease in current liabilities was due to a decrease accounts payable, while the other liabilities increased as a result of 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 2015 was approximately \$313,237.

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 \$22,188,334 at June 30, 2015, \$9,010,683 is restricted. Of this amount \$7,236,431 is restricted for nonexpendable endowments, and \$1,774,252 is restricted for expendable scholarships and fellowships. Net position of \$12,743,679 is unrestricted but is designated for specific purposes and \$433,972 is the net investment in capital assets.

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2015**

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

The Foundation's condensed summary of revenues, expenses, and changes in net position for the years ended June 30, 2015 and 2014 is as follows:

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

	Year ended June 30,		
	2015	2014	\$ Change
Operating revenues:			
Grants and contracts	\$ 14,663,924	\$ 14,130,041	\$ 533,883
Sales and services of educational activities	7,777	205,337	(197,560)
Sales and services of auxiliary enterprises	4,345,078	4,183,788	161,290
Other operating revenues	1,709,616	307,147	1,402,469
Nonoperating revenues:			
Investment income (net of fees)	<u>804,745</u>	<u>2,334,001</u>	<u>(1,529,256)</u>
Total revenues	21,531,140	21,160,314	370,826
Operating Expenses:			
Instructional	3,896,173	4,504,626	(608,453)
Research	4,167,979	4,626,170	(458,191)
Academic support	1,828,983	2,577,101	(748,118)
Student services	2,206,062	39,520	2,166,542
Institutional support	3,737,972	1,329,271	2,408,701
Student grants and scholarships	771,938	3,084,528	(2,312,590)
Auxiliary enterprise expense	3,676,410	3,959,908	(283,498)
Depreciation	70,158	58,475	11,683
Nonoperating expenses:			
Interest on capital-related debt	<u>10,001</u>	<u>10,194</u>	<u>(193)</u>
Total expenses	20,365,676	20,189,793	175,883
Changes in net position before other additions	1,165,464	970,521	194,943
Gifts, noncapital	1,263,897	1,018,648	245,249
Reductions to permanent endowments	-	(533,445)	533,445
Additions to permanent endowments	<u>29,348</u>	<u>24,303</u>	<u>5,045</u>
Change in net position	2,458,709	1,480,027	978,682
Prior Period Adjustment	-	(424,849)	424,849
Net position at beginning of year	<u>19,729,625</u>	<u>18,674,447</u>	<u>1,055,178</u>
Net position at end of year	<u>\$ 22,188,334</u>	<u>\$ 19,729,625</u>	<u>\$ 2,458,709</u>

Operating revenue from grants and contracts increased \$533,883, sales and services of educational activities decreased \$197,560, and sales and services of auxiliary enterprises and other operating revenues increased \$161,290 and \$1,402,469 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. Beginning in FY2014-2015, the Foundation has begun to retain the rent generated by the operation of the StubHub! Center. This was previously booked as a payable to the University and transferred to the institution. This change is allowing the Foundation to build a fund balance to be used to support campus strategic initiatives and capital projects.

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2015**

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

The Foundation completed a new cost allocation study in FY 2014-15. This resulted in a new and more efficient method of allocating revenues and expenditures into the appropriately reported categories. The previous allocation study was conducted over 10 years ago and needed to be updated to ensure accurate reporting of data. As such, the comparability of the reported categories between FY 2013-14 and FY 2014-15 is limited by this important caveat.

In FY 2013-14, the Foundation experienced significant investment gains that were out of the ordinary and predicted return ranges based on the market's performance. In addition, the Foundation underwent a comprehensive asset allocation study and developed a new Investment Policy Statement in FY 2014-15. Based on this new IPS, securities that were held for an extended period of time were sold and new securities were purchased. This resulted in realized gains and unrealized losses that were not ordinary in nature. As such, the comparability of the reported investment income between FY 2013-14 and FY 2014-15 is limited by this important caveat.

Investment income (net of fees) of \$804,745 represented a decrease of \$1,529,256 from the prior year. The Foundation underwent a comprehensive review of its Investment Policy Statement and Asset Allocation during FY2014-2015. As a result of this and the engagement of a new Investment Advisor, the Foundation's portfolios were reallocated and invested in a new series of assets. The resulting sale of securities, combined with a less vigorous market environment, resulted in less overall investment income (net of fees) as compared to the prior year. 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.

Capital Assets and Debt Administration

The Foundation had \$635,088 invested in capital assets, net of accumulated depreciation.

The Foundation has \$201,116 in outstanding debt (\$193,981 long term). This debt was incurred in 1999 to purchase the home that is leased to the University for use by the University President. Normal payments were made against the loan including \$9,345 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 since the 2012-13 fiscal year, has been able to make regular deposits toward funding the liability. The Foundation continues to work toward funding the liability. It 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. In addition, the University has engaged a Presidential Taskforce to examine ways in which the institution can better engage faculty in the development of new research activities at the institution.

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
STATEMENT OF NET POSITION
JUNE 30, 2015
(WITH COMPARATIVE TOTALS FOR 2014)

	<u>2015</u>	<u>2014</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,707,397	\$ 746,489
Short-term investments	1,047,952	1,610,877
Accounts receivable, net	2,344,593	1,517,806
Prepaid expense and other assets	<u>63,573</u>	<u>65,890</u>
Total current assets	<u>5,163,515</u>	<u>3,941,062</u>
Non-current assets		
Restricted cash and cash equivalents	-	343,792
Gift annuity receivable	318,077	224,536
Endowment investments	14,122,373	13,156,589
Other long-term investments	7,812,641	7,268,191
Capital Assets, net	<u>635,088</u>	<u>576,373</u>
Total non-current assets	<u>22,888,179</u>	<u>21,569,481</u>
Total assets	<u>\$ 28,051,694</u>	<u>\$ 25,510,543</u>
LIABILITIES		
Current liabilities		
Accounts payable	\$ 629,084	1,669,251
Accrued salaries and benefits payable	578	704
Accrued compensated absences	195,088	119,754
Unearned revenue	225,000	-
Long-term liabilities, current portion	7,135	9,438
Other liabilities	<u>20,962</u>	<u>39,546</u>
Total current liabilities	<u>1,077,847</u>	<u>1,838,693</u>
Noncurrent liabilities		
Postemployment benefits other than pensions	3,246,013	2,932,776
Long-term liabilities, net of current portion	193,981	201,023
Depository accounts	1,345,519	310,474
Agency funds held	<u>-</u>	<u>497,952</u>
Total noncurrent liabilities	<u>4,785,513</u>	<u>3,942,225</u>
Total liabilities	<u>5,863,360</u>	<u>5,780,918</u>
NET POSITION		
Invested in capital assets, net of related debt	433,972	365,912
Restricted for:		
Nonexpendable - endowments	7,236,431	5,772,945
Expendable:		
Scholarships and fellowships	1,774,252	1,646,414
Capital expansion	-	-
Unrestricted	<u>12,743,679</u>	<u>11,944,354</u>
Total net position	<u>22,188,334</u>	<u>19,729,625</u>
Total liabilities and net position	<u>\$ 28,051,694</u>	<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, 2015
(WITH COMPARATIVE TOTALS FOR 2014)

	<u>2015</u>	<u>2014</u>
REVENUES		
Operating revenues:		
Grants and contracts, noncapital:		
Federal	\$ 13,246,101	\$ 12,679,207
State and local	1,261,615	1,244,007
Nongovernmental	156,208	206,827
Sales and services of educational activities	7,777	205,337
Sales and services of auxiliary enterprises	4,345,078	4,183,788
Other operating revenues	<u>1,709,616</u>	<u>307,147</u>
Total operating revenues	<u>20,726,395</u>	<u>18,826,313</u>
EXPENSES		
Operating expenses:		
Instruction	3,896,173	4,504,626
Research	4,167,979	4,626,170
Academic support	1,828,983	2,577,101
Student services	2,206,062	39,520
Institutional support	3,737,972	1,329,271
Student grants and scholarships	771,938	3,084,528
Auxiliary enterprise expenses	3,676,410	3,959,908
Depreciation	<u>70,158</u>	<u>58,475</u>
Total operating expenses	<u>20,355,675</u>	<u>20,179,599</u>
Operating income (loss)	<u>370,720</u>	<u>(1,353,286)</u>
Nonoperating revenues(expenses):		
Gifts, noncapital	1,263,897	1,018,648
Investment income (net of fees)	804,745	2,334,001
Interest on capital-related debt	<u>(10,001)</u>	<u>(10,194)</u>
Total nonoperating revenues	<u>2,058,641</u>	<u>3,342,455</u>
Reductions to permanent endowments	<u>-</u>	<u>(533,445)</u>
Additions to permanent endowments	<u>29,348</u>	<u>24,303</u>
CHANGE IN NET POSITION	2,458,709	1,480,027
NET POSITION - beginning of year	<u>19,729,625</u>	<u>18,249,598</u>
NET POSITION - end of year	<u>\$ 22,188,334</u>	<u>\$ 19,729,625</u>

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, 2015
(WITH COMPARATIVE TOTALS FOR 2014)

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Federal grants and contracts	\$ 13,246,101	\$ 13,318,635
State and local grants and contracts	1,261,615	1,244,007
Nongovernmental grants and contracts	156,208	206,827
Payments to suppliers	(11,267,858)	(12,323,878)
Payments to employees	(6,692,088)	(5,845,670)
Payments to students	(2,566,531)	(3,084,528)
Sales and services of educational activities	7,777	205,337
Sales and services of auxiliary enterprises	4,341,804	4,266,000
Other receipts	<u>1,690,551</u>	<u>307,147</u>
Net Cash Provided (Used) by Operating Activities	<u>177,579</u>	<u>(1,706,123)</u>
Cash flows from noncapital financing activities:		
Gifts and Grants received for other than capital purposes	1,293,245	1,042,952
Monies received (disbursed) on behalf of others (net)	<u>-</u>	<u>22,196</u>
Net Provided (Used) by noncapital financing activities	<u>1,293,245</u>	<u>1,065,148</u>
Cash flows from capital and related financing activities:		
Disposition of capital assets	1,000	-
Acquisition of capital assets	(58,715)	(29,016)
Principal paid on capital debt and lease	(9,345)	(9,011)
Interest paid on capital debt and lease	<u>(10,001)</u>	<u>(10,194)</u>
Net cash (Used) by capital and related financing activities	<u>(77,061)</u>	<u>(48,221)</u>
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	4,593,181	12,652,355
Purchases of investments	<u>(5,369,828)</u>	<u>(12,096,481)</u>
Net Cash Provided (Used) by Investing Activities	<u>(776,647)</u>	<u>555,874</u>
Net increase (decrease) in cash and cash equivalents	617,116	(133,322)
Cash and cash equivalents at beginning of year	<u>1,090,281</u>	<u>1,223,603</u>
Cash and cash equivalents at end of year	<u>\$ 1,707,397</u>	<u>\$ 1,090,281</u>
Reconciliation of net operating income (loss) to net cash provided by (used by) operating activities		
Operating income	\$ 370,720	\$ (1,353,286)
Adjustments to reconcile net operating income (loss) to net cash provided by (used by) operating activities:		
Depreciation	70,158	58,475
Change in assets and liabilities:		
Short-term investments	562,925	-
Accounts receivable, net	(826,787)	(835,301)
Prepaid expense and other assets	2,317	(39,027)
Gift Annuity receivable	(93,541)	7,881
Accounts payable	(1,040,167)	74,375
Accrued salaries and benefits payable	(126)	(64,096)
Accrued compensated absences	75,334	(22,475)
Unearned revenue	225,000	-
Other liabilities	(18,584)	9,891
Postemployment benefits other than pensions	313,237	457,440
Depository accounts	1,035,045	-
Agency funds held	<u>(497,952)</u>	<u>-</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 177,579</u>	<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, 2015**

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, 2015

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 (net of fees).

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.

Work In Progress

During the year the Foundation began a payroll implementation project. Cost expenditures at June 30, 2015 are included in Work in Progress in the Statement of Net Position under Capital Assets.

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.

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Other Liabilities

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

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 (net of fees), 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 each of the three tax years ended June 30, 2014, 2013, and 2012, are subject to examination by the IRS, generally for 3 years after they were filed.

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

Comparative Totals

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Associated Students' financial statements for the year ended June 30, 2014 from which the summarized information was derived.

3. CASH, CASH EQUIVALENTS, AND INVESTMENTS

The deposits and investments held at June 30, 2015 are as follows:

Deposits:	
Demand deposits (Category 1)	\$ 1,704,247
Cash equivalents – Cash Reserve Trust Fund (Category 3)	<u>3,150</u>
	<u>1,707,397</u>
Investments:	
Local Agency Investment Fund	1,047,952
Restricted Cash	15,420
Alternative Investments	3,630,526
Money Market Funds	81,102
Equities	13,900,984
Corporate and government bonds	<u>4,306,982</u>
	<u>22,982,966</u>
Total deposits and investments	<u>\$ 24,690,363</u>
Reconciliation to statement of net position	
Current:	
Cash and cash equivalents	\$ 1,707,397
Investments	1,047,952
Noncurrent:	
Investments – Endowment	14,122,373
Investments – Other long term	<u>7,812,641</u>
	<u>\$ 24,690,363</u>

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

3. CASH, CASH EQUIVALENTS, AND INVESTMENTS - Continued

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 \$1,047,952 as of June 30, 2015. 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.

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 \$1,704,247 for 2015. As of June 30, 2015 \$250,000 of these balances are insured under the Federal Deposit Insurance Corporation (FDIC). The remaining \$1,454,247 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
- Global public equities, including domestic equities, international developed equity, and emerging markets
- Global fixed income, including domestic fixed income and global fixed income
- Alternative investments, including hedge funds and private equity

All Foundation investments, with the exception of LAIF and cash equivalents, are managed by Morgan Stanley/Graystone Consulting in accordance with the Foundation's approved investment policy statement.

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

3. CASH, CASH EQUIVALENTS, AND INVESTMENTS - Continued

Concentration of Investment Credit Risk

The Foundation's formal investment policy limits the assets to the following target and maximum allocations:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Maximum Allocation</u>
Global Public Equity:		
Domestic Equity	29%	35%
International Developed Equity	15%	20%
Emerging Markets	11%	15%
Total Equity	55%	70%
Global Fixed Income:		
Domestic Fixed Income	10%	15%
Global Fixed Income	10%	15%
Total Fixed Income	20%	30%
Alternative Investments:		
Hedge Funds	17.5%	20%
Private Equity:	7.5%	10%
Total Alternative Investments	25%	30%
Total Portfolio (Target Allocation)	100%	

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

<u>Investment Income (Net of Fees) for 2015</u>	<u>Unrestricted</u>	<u>Endowment</u>	<u>Total</u>
Interest and dividends	\$ 128,692	\$ 234,448	\$ 363,140
Realized gain on sales, net	2,003,949	3,380,852	5,384,801
Unrealized loss, net	<u>(1,699,874)</u>	<u>(2,890,159)</u>	<u>(4,590,033)</u>
Total investment income	432,767	725,141	1,157,908
Management fees	<u>(63,484)</u>	<u>(289,679)</u>	<u>(353,163)</u>
Investment income (net of fees)	<u>\$ 369,283</u>	<u>\$ 435,462</u>	<u>\$ 804,745</u>

4. ACCOUNTS RECEIVABLE

Accounts Receivable at June 30, 2015 consisted of the following:

Grants receivables	\$ 1,735,185
Advances	36,349
Other	573,979
Allowance for bad debts	<u>(920)</u>
Total	<u>\$ 2,344,593</u>

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015
(CONTINUED)

5. CAPITAL ASSETS

Capital assets consist of the following at June 30, 2015:

	Beginning of Year 7/1/14	Additions	Deletions	End of Year 6/30/15
Buildings	\$ 769,643	\$ -	\$ -	\$ 769,643
Accumulated Depreciation	<u>(292,322)</u>	<u>(25,655)</u>	<u>-</u>	<u>(317,977)</u>
	477,321	(25,655)	-	451,666
Equipment	531,416	9,267	(362,763)	177,920
Accumulated Depreciation	<u>(432,357)</u>	<u>(38,287)</u>	<u>362,763</u>	<u>(107,881)</u>
	99,059	(29,020)	-	70,039
Furniture and fixtures	72,020	6,338	(72,019)	6,339
Accumulated Depreciation	<u>(72,020)</u>	<u>(1,960)</u>	<u>72,019</u>	<u>(1,961)</u>
	-	4,378	-	4,378
Leasehold improvements	418,061	14,221	(418,060)	14,222
Accumulated Depreciation	<u>(418,068)</u>	<u>(4,256)</u>	<u>418,060</u>	<u>(4,264)</u>
	(7)	9,965	-	9,958
Capital Projects – Work In Progress	<u>-</u>	<u>99,047</u>	<u>-</u>	<u>99,047</u>
Total	<u>\$ 576,373</u>	<u>\$ 58,715</u>	<u>\$ -</u>	<u>\$ 635,088</u>

Depreciation expense as of June 30, 2015 was \$70,158.

6. DEPOSITORY ACCOUNTS

Deposits held in custody for others which are comprised of cash and investments as of June 30, 2015 is follows:

Dominguez Hills Corporation	\$ 52,014
Loker University Student Union, Inc.	<u>1,293,505</u>
Total deposits held in custody for others	<u>\$ 1,345,519</u>

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015
(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, 2015 follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Mortgage payable	<u>\$ 210,461</u>	<u>\$ -</u>	<u>\$ 9,345</u>	<u>\$ 201,116</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>
2016	\$ 7,135	\$ 9,797	\$ 16,932
2017	9,835	9,340	19,175
2018	10,344	8,861	19,205
2019	10,846	8,359	19,205
2020	11,373	7,832	19,205
Thereafter	<u>151,583</u>	<u>43,151</u>	<u>194,734</u>
Total	<u>\$ 201,116</u>	<u>\$ 87,340</u>	<u>\$ 288,456</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, 2015
(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, 2015 amounted to \$27,791.

9. ENDOWMENT

The Foundation has a policy of distributing up to 5% of 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, 2015, the net amount of appreciation available for authorization for expenditure was \$435,462 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, 2015, participants were not required to contribute any of their annual covered salary. From February 1, 2001 through June 30, 2015 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, 2015 the Foundation's annual TIAA CREF pension cost totaled \$228,112.

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015
(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:

	2015
Annual required contribution	\$ 441,348
Interest on net OPEB obligation	139,307
Adjustment to annual required contribution	(155,820)
Annual OPEB cost (expense)	424,835
Retiree premium cost	(61,598)
Contributions made	(50,000)
Change in net OPEB obligation	313,237
Net OPEB obligation – beginning of year	2,932,776
Net OPEB obligation – end of year	\$ 3,246,013

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
6/30/13	\$ 491,645	21.9%	\$ 2,475,336
6/30/14	\$ 530,492	13.77%	\$ 2,932,776
6/30/15	\$ 424,835	26.3%	\$ 3,246,013

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

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 Foundation contributed an additional \$50,000 in fiscal year 2014-15. 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, 2014, the most recent actuarial valuation date, the actuarial accrued liability for benefits as well as the unfunded actuarial accrued liability (UAAL) was \$3,237,832. 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, 2014 actuarial valuation, the unit credit actuarial cost method was used. The actuarial assumptions included a 4.75 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, 2015
(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, 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. The fees, which totaled \$574,279 for the year ended June 30, 2015, are included in sales and services of auxiliary enterprises.

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, 2015 amounted to \$28,137.

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, 2015 amounted to \$46,805.

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 beginning January 2015. In connection with the contract, the sponsor agreed to pay the Foundation up front commissions each year, 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, 2015 amounted to \$75,000.

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, 2015 amounted to \$36,641.

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, 2015 amounted \$36,614.

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

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, 2015 amounted to \$25,137. 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, 2015 amounted to \$27,479.

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, 2015 totaled \$244,425. Amounts receivable from the University totaled \$1,017 at June 30, 2015. Amounts receivable from other University auxiliaries totaled \$50,075 at June 30, 2015. There were no amounts payable to other University auxiliaries at June 30, 2015.

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 \$51,000 for the year ended June 30, 2015.

14. SUBSEQUENT EVENTS

The Foundation has evaluated events subsequent to June 30, 2015, to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through September 17, 2015, the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.

**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, 2015, 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 17, 2015.

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.

Vosier, Hryn + Co.

Calabasas, California
September 17, 2015

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
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, 2015. 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, 2015.

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.

Vorwin, Hryn + Co.

Calabasas, California
September 17, 2015

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015
(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:				
P2C2: Testing Whether Internal Dynamics	47.050	AGS-1103360	\$ -	\$ 1,338
Data Preservation	47.070	CNS-1419952	-	44,822
Collaborative Research: Innovating and Experiencing Punishment	47.075	14555091	25,004	10,255
Master Science Teacher Fellowship Program	47.076	DUE1035131	-	407,781
SPIGOT (Supporting Pedagogical Innovation for a Generation of transformation)	47.076	DUE1225820	-	24,612
IRS: Tropical Ecology Mentorship Program	47.079	OISE-1130156	-	40,921
IRES: Fire, Carbon and Climate Change in Australia	47.079	OISE-1261015	-	81,553
Passed Through UTEP				
BPC-CASHI Supplemental	47.041	CNS-1042341	8,000	92
Passed Through UTEP				
BPC-CASHI	47.070	26-1008-02-61	54,034	49,880
Passed Through Sacramento State University				
CSU: LSAMP Louis Stokes 2014-2015	47.070	HRD-1302873	15,000	7,739
Passed Through Sacramento State University				
CSU:LSAMP Louis Stokes 2013-2014	47.076	523771/HRD1302873	-	5,107
Passed Through Whatcom University				
Noyce Math & Science Scholars Phase I	47.076	DUE833206	-	8,477
Noyce Math & Science Scholars Phase II	47.076	DUE1339961	-	98,491
Total National Science Foundation				\$ 781,068
U.S. Department of Health and Human Services				
Direct Programs:				
National Institute of General Medical Sciences				
MBRS RISE 2014-2015	93.859	5R25GM062252-11	-	260,383
MBRS RISE at CSUDH 2013-2014	93.859	5R25GM062252-10	-	19
MARC U*STAR 2014-2015	93.859	2T34GM008683-14	-	172,093
MARC U*STAR Research Training Program 2013-2014	93.859	5T34GM008683-13	-	2,289
MARC U*STAR 2015-2016	93.859	5T34GM008683-15	201,610	5,499
YBMSM's Sexual Communications	93.242	RMH095689-01A1	-	78,720
MBRS RISE at CSUDH 2015-2016	93.859	5R25/GM062252-12	385,400	16,577
Passed Through University of Illinois				
MBRS Post Baccalaureate	93.859	IUPUI-4684070-CSUDH	68,498	64,676
Passed Through Indiana University				
University Consortium for Children & Families	93.658	08-53-4 Amend #3	-	6,954
Passed Through CCPI				
University Consortium for Children & Families	93.NoCFDA	1187GSA007 #1	596,750	281,021
Passed Through UC Berkeley				
CALSWEC	93.658	00008291	-	5,189
CALSWEC	93.658	00008523	615,931	523,524
Passed Through Children's Hospital Corporation				
Treatment Advocacy I Intervention		5 R01 MD006058-03	-	(268)
Treatment Advocacy I Intervention	93.307	5 R01 MD006058-04	-	31,022
Total U.S. Department of Health and Human Services				\$ 1,447,698

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015
(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	-	7,353
Passed Through University of Southern California				
California Sea Grant	11.417	NA10DAR-4170060	-	<u>870</u>
Total U.S. Department of Commerce				\$ 8,223
U.S. Department of Homeland Security				
Direct Programs:				
HS Startup - Homeland Security Science and Technology	97.062	2009-ST-062-000020	-	<u>5,317</u>
Total U.S. Department of Homeland Security				\$ 5,317
U.S. Department of Energy				
Direct Programs:				
Photo Production of the Cascade Hyperons at CLAS	81.049	DE-FG02-07ER41525	-	<u>55,221</u>
Total U.S. Department of Energy				\$ 55,221
U.S. Nuclear Regulatory Commission				
Direct Programs:				
Nuclear Safety Applications of Autonomus Robots	77.007	NRC-HQ-12-G-27-0088	-	<u>69,419</u>
Total U.S. Nuclear Regulatory Commission				\$ 69,419
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	-	18,239
SEEDS 2014	98.001	CSUDH-RX2050-705-13-Q	-	<u>141,985</u>
Total U.S. Agency for International Development (USAID)				\$ 160,224
Total Research and Development Cluster				\$ 2,527,170

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015
(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	P042A101351-14	246,183	231,530
McNair Post-Baccalaureate Achievement	84.217	P217A120019	228,800	220,959
Promoting Excellent Graduate Students (PEGS)	84.031	P031M105068-12	-	1,380
Upward Bound Carson/Gardena	84.047	P047A121750-14	249,902	285,898
Upward Bound LAUSD	84.047	P047A121749-14	262,470	282,052
Upward Bound Math and Science	84.047	P047M120453-13	250,000	259,332
Total TRIO Cluster				1,281,151
Other Programs:				
Encounter to Excellence	84.031	P031S090128-13	-	102,718
Promoting Excellent Graduate Students (PEGS)	84.031	P031M105068-14	408,266	335,953
Title V: Building a High Impact Transfer Academy	84.031	P031S110042-14	775,000	408,391
Impact 2011-2014	84.120	P120A120041-14	249,691	244,917
Urban School Leadership	84.363	U363A130097	1,265,040	1,367,955
STAR: STEM Teacher in Advanced Residency	84.336	U336S14042	2,079,413	395,695
Teacher Quality Partnerships Grants	84.336	U336S090051-13	1,935,815	360,055
Transition to Teaching 11	84.350	U350B11004-14	1,151,289	1,421,303
Transition To teaching 09	84.350	U350A090011-13	-	667,326
Transistion To Teaching 06	84.350	U350A060044-10	-	26
Transistion To Teaching 11	84.350B	U350B11004-14	-	28,353
Transistion To Teaching 11	84.350B	U350B11004-12	-	5,738
Charter Autonomous School Leadership Academy-CASLA	84.363	U363A100056	-	43,591
Childcare Access Means Parents in School (CCAMPIS)	84.335	P335A140176	208,683	56,816
Special Education Resource Interventionist	84.325	H325K140416	249,973	109,012
Leaders for Urban Schools (USL)	84.363	U363A080048	-	281,817
Teacher Quality Partnerships Grants	84.336	U336S090051-12	-	89
Charter Autonomous School Leadership Academy-CASLA	84.363	U363A100056-14	1,790,947	2,599,180
Gaining Early Awareness & Readiness for Undergraduate Prog (GearUp)	84.334	P334A110231-13	536,000	551,491
Uniting to Prepare Low Incidence Teachers (UPLIFT)	84.325	H325K130401-14	249,999	203,264
Graduate Writing Institute For Excellence	84.031	P031M140041	575,000	56,943
California Mathematics Site-CSUDH	84.367	NCLB10-CMP	-	1,317
No Child Left Behind - Math Project	84.367	NCLB11-CMP-DH	34,500	31,283
Dominguez Hills International Studies Program	84.367	NCLB11-CISP-DH	12,917	2,817
Dominguez Hills International Studies Program	84.367	NCLB11-CISP-DH	46,800	11,914
				9,287,964
Total U.S. Department of Education				\$ 10,569,115

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015
(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 Endowment for the Humanities				
Direct Programs:				
Japanese Digitation Planning Grant				
Promotion of the Humanities_Division of Preservation and Access	45.149	PW-51585-14	-	20,722
Total National Endowment for the Humanities				\$ 20,722
Corporation for National and Community Service				
Passed Through the Council of Greater City Schools				
Jump Start for Young Children	94.006	020095	-	11,493
Jump Start for Young Children	94.006	950200	86,893	71,232
AmeriCorps Justice Corps	94.006	Letter 09/12/13	8,767	9,085
AmeriCorps	94.006			91,810
Total Corporation for National and Community Service				\$ 91,810
U.S. DEPARTMENT OF AGRICULTURE				
Upward Bound				
Summer Food Service Program for Children	10.559	N/A	-	272
Total U.S. Department of Agriculture				\$ 272
Total Federal Awards Expended				\$ 13,209,089

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015
(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, 2015. 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, 2015**

Funding Source	CFDA Number	Program Title	Sub-Recipients	Amount
National Science Foundation	47.076	Master Science Teacher Fellowship Program	Vital Research	\$ 6,095
Department of Education	84.350B	TTT11 Year 1	CSU Trustees	28,353
Department of Education	84.031	(Title V)	West Los Angeles College	205,586
DHHS-NIH	93.242	YBMSM'S Sexual Communication	AIDS Project Los Angeles	19,439
Department of Education	84.334	GEAR-UP Yr. 3	Los Angeles Education Partnership	68,118
Department of Education	84.350	Transition to Teaching II	CSU Chancellor's Office	5,738
Department of Education	84.350	Transition to Teaching II	CSU Trustees	64,875
Department of Education	84.350	Transition to Teaching II	Tulare County Office	122,378
National Science Foundation	47.070	Data Preservation	Azusa Pacific University	9,848
University of Southern CA-Fed Pass-Thru	11.417	California Sea Grant	Humboldt State University	1,801
				<u>\$ 532,231</u>

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015**

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>
84.047A TRIO_Upward Bound	Upward Bound Carson/Gardena
84.047A TRIO_Upward Bound	Upward Bound LAUSD
84.031S Higher Education_Institutional Aid	Building a High Impact Transfer Academy (Title V)
84.217A TRIO_McNair Post-Baccalaureate Achievement	McNair Scholars
84.047 TRIO_Upward Bound	Upward Bound Math and Science
84.042 TRIO_Student Support Services	CSUDH Student Support Services
84.350B Transition to Teaching	Transition to Teaching 11
93.658 Foster Care_Title IV-E	CALSWEC

Dollar threshold used to distinguish between type A and type B programs: \$363,665

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, 2015**

CURRENT YEAR FINDINGS AND QUESTIONED COSTS:

2015 Findings

There were no 2015 findings noted.

2015 Questioned Costs:

There were no 2015 questioned costs noted.

PRIOR YEARS FINDINGS AND QUESTIONED COSTS:

2014 Findings

There were no 2014 findings noted.

2014 Questioned Costs:

There were no 2014 questioned costs noted.

2013 Findings

There were no 2013 findings noted.

2013 Questioned Costs:

There were no 2013 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, 2015**

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (Unit Cost Method) (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funding Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
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%
7/1/2014	52,496	3,290,328	3,237,832	1.60%	2,635,148	122.87%

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
NOTES TO SCHEDULE OF
POSTEMPLOYMENT HEALTHCARE BENEFITS FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2015

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, 2015

Assets:	
Current assets:	
Cash and cash equivalents	\$ 1,707,397
Short-term investments	1,047,952
Accounts receivable, net	2,344,593
Leases receivable, current portion	—
Notes receivable, current portion	—
Pledges receivable, net	—
Prepaid expenses and other assets	63,573
Total current assets	5,163,515
Noncurrent assets:	
Restricted cash and cash equivalents	—
Accounts receivable, net	318,077
Leases receivable, net of current portion	—
Notes receivable, net of current portion	—
Student loans receivable, net	—
Pledges receivable, net	—
Endowment investments	14,122,373
Other long-term investments	7,812,641
Capital assets, net	635,088
Other assets	—
Total noncurrent assets	22,888,179
Total assets	28,051,694
Deferred outflows of resources:	
Unamortized loss on debt refunding	—
Net pension obligation	—
Total deferred outflows of resources	—
Liabilities:	
Current liabilities:	
Accounts payable	629,084
Accrued salaries and benefits payable	578
Accrued compensated absences— current portion	195,088
Unearned revenue	225,000
Capitalized lease obligations – current portion	—
Long-term debt obligations – current portion	7,135
Claims Liability for losses and LAE - current portion	—
Depository accounts	—
Other liabilities	20,962
Total current liabilities	1,077,847
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	193,981
Claims Liability for losses and LAE, net of current portion	—
Depository accounts	1,345,519
Other postemployment benefits obligation	3,246,013
Pension obligation	—
Other liabilities	—
Total noncurrent liabilities	4,785,513
Total liabilities	5,863,360
Deferred inflows of resources:	
Unamortized gain on debt refunding	—
Non-exchange transactions	—
Service concession arrangements	—
Net pension obligation	—
Total deferred inflows of resources	—
Net Position:	
Net investment in capital assets	433,972
Restricted for:	
Nonexpendable – endowments	7,236,431
Expendable:	
Scholarships and fellowships	1,774,252
Research	—
Loans	—
Capital projects	—
Debt service	—
Other	—
Unrestricted	12,743,679
Total net position	\$ 22,188,334

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015

Revenues:

Operating revenues:

Student tuition and fees (net of scholarship allowances of \$_____)	\$	—
Grants and contracts, noncapital:		
Federal		13,246,101
State		1,261,615
Local		—
Nongovernmental		156,208
Sales and services of educational activities		7,777
Sales and services of auxiliary enterprises (net of scholarship allowances of \$_____)		4,345,078
Other operating revenues		1,709,616
		1,709,616
Total operating revenues		20,726,395

Expenses:

Operating expenses:

Instruction		3,896,173
Research		4,167,979
Public service		—
Academic support		1,828,983
Student services		2,206,062
Institutional support		3,737,972
Operation and maintenance of plant		—
Student grants and scholarships		771,938
Auxiliary enterprise expenses		3,676,410
Depreciation and amortization		70,158
		70,158
Total operating expenses		20,355,675
Operating income (loss)		370,720

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		1,263,897
Investment income (loss), net		369,283
Endowment income (loss), net		435,462
Interest Expenses		(10,001)
Other nonoperating revenues (expenses)		—
		—
Net nonoperating revenues (expenses)		2,058,641
Income (loss) before other additions		2,429,361

State appropriations, capital

Grants and gifts, capital		—
Additions (reductions) to permanent endowments		29,348
		29,348
Increase (decrease) in net position		2,458,709

Net position:

Net position at beginning of year, as previously reported		19,729,625
Restatements		—
Net position at beginning of year, as restated		19,729,625
Net position at end of year	\$	22,188,334

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015**

1	Restricted cash and cash equivalents at June 30, 2015:		
	Portion of restricted cash and cash equivalents related to endowments	\$	-
	All other restricted cash and cash equivalents		-
			<hr/>
	Total restricted cash and cash equivalents	\$	-
			<hr/>

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015
(CONTINUED)**

2.1 Composition of investments at June 30, 2015:

	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 Agen15 Investment Fund (LAIF)	1,047,952	-	1,047,952	-	-	-	1,047,952
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	-	-	-	5,443,249	8,457,735	13,900,984	13,900,984
Fixed income securities (Treasury notes, GNMA's)	-	-	-	1,531,109	2,775,873	4,306,982	4,306,982
Land and other real estate	-	-	-	-	-	-	-
Certificates of deposit	-	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-	-
Mutual funds	-	-	-	5,480	9,940	15,420	15,420
Money Market funds	-	-	-	40,578	40,524	81,102	81,102
Collateralized mortgage obligations:	-	-	-	-	-	-	-
Inverse floaters	-	-	-	-	-	-	-
Interest-only strips	-	-	-	-	-	-	-
Agen15 pass-through	-	-	-	-	-	-	-
Partnership interests (includes private pass-through)	-	-	-	-	-	-	-
Alternative investments	-	-	-	-	-	-	-
Hedge funds	-	-	-	-	-	-	-
Other major investments:	-	-	-	-	-	-	-
Alternative investments	-	-	-	792,225	2,838,301	3,630,526	3,630,526
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Total investments	<u>1,047,952</u>	<u>-</u>	<u>1,047,952</u>	<u>7,812,641</u>	<u>14,122,373</u>	<u>21,935,014</u>	<u>22,982,966</u>
Less endowment investments (enter as negative number)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(14,122,373)</u>	<u>(14,122,373)</u>	<u>(14,122,373)</u>
Total investments	<u>1,047,952</u>	<u>-</u>	<u>1,047,952</u>	<u>7,812,641</u>	<u>-</u>	<u>7,812,641</u>	<u>8,860,593</u>

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015
(CONTINUED)**

2.2 Investments held by the University under contractual agreements at June 30, 2015:

Portion of investments in note 2.1 held by the University under contractual agreements at June 30, 2015 :

	Amount
2.3 Restricted current investments at June 30, 2015 related to:	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Total restricted current investments at June 30, 2015	—

2.4 Restricted noncurrent investments at June 30, 2015 related to:

	Amount
Endowment investment	14,122,373
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Total restricted noncurrent investments at June 30, 2015	14,122,373

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015
(CONTINUED)

Less accumulated depreciation/amortization:								
Buildings and building improvements	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	(710,391)	-	-	(710,391)	(35,289)	423,440	-	(322,240)
Personal property:								
Equipment	(504,376)	-	-	(504,376)	(34,869)	429,402	-	(109,843)
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>(1,214,767)</u>	<u>-</u>	<u>-</u>	<u>(1,214,767)</u>	<u>(70,158)</u>	<u>852,842</u>	<u>-</u>	<u>(432,083)</u>
Total capital assets, net	<u>\$ 576,373</u>	<u>-</u>	<u>-</u>	<u>576,373</u>	<u>(40,343)</u>	<u>99,058</u>	<u>-</u>	<u>635,088</u>

3.2 Detail of depreciation and amortization expense for the year ended June 30, 2015:

Depreciation and amortization expense related to capital assets	\$ 70,158
Amortization expense related to other assets	<u>—</u>
Total depreciation and amortization	<u>\$ 70,158</u>

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015
(CONTINUED)

4 Long-term liabilities activity schedule:

	Balance June 30, 2014	Prior period adjustments	Reclassifications	Balance June 30, 2014 (restated)	Additions	Reductions	Balance June 30, 2015	Current portion	Long-term portion
Accrued compensated absences	\$ 119,754	—	—	119,754	236,255	(160,921)	195,088	195,088	—
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:									
Long Term Mortgage	210,461	—	—	210,461	-	(9,345)	201,116	7,135	193,981
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Total long-term debt obligations	210,461	—	—	210,461	-	(9,345)	201,116	7,135	193,981
Unamortized bond premium / (discount)	—	—	—	—	-	-	—	—	—
Total long-term debt obligations, net	210,461	—	—	210,461	—	(9,345)	201,116	7,135	193,981
Total long-term liabilities	\$ 330,215	—	—	330,215	236,255	(170,266)	396,204	202,223	193,981

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015
(CONTINUED)**

5 Future minimum lease payments - capital lease obligations:

	<u>Principal</u>	<u>Interest</u>	<u>Principal and Interest</u>
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	-	-	—
	<hr/>	<hr/>	<hr/>
Total minimum lease payments			—
Less amounts representing interest			<hr/> —
Present value of future minimum lease payments			—
Less: current portion			<hr/> —
Capitalized lease obligation, net of current portion			\$ <hr/> — <hr/>

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015
(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	\$ -	-	-	7,135	9,797	16,932	7,135	9,797	16,932
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	-	-	-	2,602	80	2,682	2,602	80	2,682
2035 - 2039	-	-	-	-	-	-	-	-	-
2040 - 2044	-	-	-	-	-	-	-	-	-
2045 - 2049	-	-	-	-	-	-	-	-	-
2050 - 2054	-	-	-	-	-	-	-	-	-
2055 - 2059	-	-	-	-	-	-	-	-	-
2060 - 2064	-	-	-	-	-	-	-	-	-
Total	\$ -	-	-	201,116	87,340	288,456	201,116	87,340	288,456

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015
(CONTINUED)**

7 Calculation of net position

	Auxiliary Organizations		Total
	GASB	FASB	Auxiliaries
7.1 Calculation of net position - Net investment in capital assets			
Capital assets, net of accumulated depreciation	\$ 635,088		635,088
Capitalized lease obligations - current portion	—	—	—
Capitalized lease obligations, net of current portion	—	—	—
Long-term debt obligations - current portion	(7,135)	—	(7,135)
Long-term debt obligations, net of current portion	(193,981)	—	(193,981)
Portion of outstanding debt that is unspent at year-end	—	—	—
Other adjustments: (please list)			
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
	433,972	—	433,972
Net position - net investment in capital asset	\$ 433,972	—	433,972
7.2 Calculation of net position - Restricted for nonexpendable - endowments			
Portion of restricted cash and cash equivalents related to endowments	\$ —		—
Endowment investments	14,122,373		14,122,373
Other adjustments: (please list)			
Expendable scholarships and fellowships	(4,858,563)		(4,858,563)
Unrestricted	(2,027,379)		(2,027,379)
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
	7,236,431	—	7,236,431
Net position - Restricted for nonexpendable - endowments per SNP	\$ 7,236,431	—	7,236,431

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015
(CONTINUED)**

8 Transactions with Related Entities

	Amount
Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$ 797,693
Payments to University for other than salaries of University personnel	1,111,844
Payments received from University for services, space, and programs	585,160
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)	(244,425)
Other amounts (payable to) University (enter as negative number)	—
Accounts receivable from University	1,017
Other amounts receivable from University	—

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015
(CONTINUED)

9 Other Postemployment Benefits Obligation (OPEB)

Annual required contribution (ARC)	\$ 424,835
Contributions during the year	<u>(111,598)</u>
Increase (decrease) in net OPEB obligation (NOO)	313,237
NOO - beginning of year	<u>2,932,776</u>
NOO - end of year	<u>\$ 3,246,013</u>

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015
(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 remediation liabilities, net of current portion	<hr/> — <hr/>

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015
(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, 2014, as previously reported	\$	19,729,625
Prior period adjustments:		
1 (list description of each adjustment)		—
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, 2014, as restated	\$	19,729,625

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: _____ 1 (breakdown of adjusting journal entry)	\$ —	—
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)	—	—