

**CALIFORNIA STATE UNIVERSITY
DOMINGUEZ HILLS FOUNDATION**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019



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INDEPENDENT AUDITORS' REPORT

Board of Directors
California State University, Dominguez Hills Foundation
Carson, California

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities California State University, Dominguez Hills Foundation (the Foundation), a component unit of California State University, Dominguez Hills, for the year ended June 30, 2019, which 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Foundation as of June 30, 2019, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

Other auditors audited the Foundation's 2018 financial statements, and they expressed an unmodified audit opinion on those audited financial statements in their report dated September 21, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information, schedule of changes in net OPEB liability and related ratios, and schedule of plan contributions – GASB 75, 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

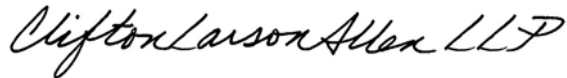
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Foundation's basic financial statements. The schedule of net position, the schedule of revenues, expenses, and changes in net position, and other information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information, including the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the basic financial statements. This 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. Such information has been subjected to the auditing procedures applied in the audit of the basic 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 schedules referred to above, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Board of Directors
California State University, Dominguez Hills Foundation

The 2018 schedule of net position, The schedule of revenues, expenses and changes in net position, and other information as listed in the table of contents was subject to auditing procedures applied in the 2018 audit of the basic financial statements by other auditors, whose report on such stated it was fairly stated in all material respects in relation to the 2018 financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report September 20, 2019 on our consideration of the 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Glendora, California
September 20, 2019

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2019 AND 2018**

This section of the California State University, Dominguez Hills Foundation (the Foundation) annual financial report presents our discussion and analysis of the financial performance of the Student Union for the fiscal year ended June 30, 2019. 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) Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*. 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, deferred outflows, liabilities, and deferred outflows. It is prepared 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.

Analytical Overview

Summary

The Foundation's net position decreased by approximately \$260,247. This is primarily due to the decrease in operating revenues and an increase in expenses related to research, academic support and auxiliaries.

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2019 AND 2018**

Comparative Analysis of Current and Prior Year Activities and Balances

The Foundation's summary of net position as of June 30, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>	<u>Change</u>
ASSETS			
Current Assets	\$ 12,238,971	\$ 15,752,138	\$ (3,513,167)
Long-Term Assets	11,134,246	10,228,583	905,663
Capital Assets	<u>270,275</u>	<u>459,806</u>	<u>(189,531)</u>
Total Assets	23,643,492	26,440,527	(2,797,035)
DEFERRED OUTFLOWS OF RESOURCES	191,241	-	191,241
LIABILITIES			
Current Liabilities	1,303,814	1,220,121	83,693
Noncurrent Liabilities	<u>12,952,556</u>	<u>15,388,850</u>	<u>(2,436,294)</u>
Total Liabilities	14,256,370	16,608,971	(2,352,601)
DEFERRED INFLOWS OF RESOURCES	<u>25,684</u>	<u>18,630</u>	<u>7,054</u>
NET POSITION			
Net Investments in Capital Assets	270,275	289,746	(19,471)
Unrestricted	<u>9,282,404</u>	<u>9,523,180</u>	<u>(240,776)</u>
Total Net Position	<u>\$ 9,552,679</u>	<u>\$ 9,812,926</u>	<u>\$ (260,247)</u>

Assets

Total assets decreased by \$2,797,035 compared to prior year. This change can be attributed to the increase in cash used to support the operation and its various planned projects.

Liabilities

Total liabilities decreased by \$2,352,601 compared to the prior year. This decrease is primarily due to the decrease in depository accounts held on behalf of the others at year-end.

Net Position

Total net position decreased by \$260,247 compared to the prior year. This change is a result of an increase in operating expenditures and a decrease in capital assets.

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2019 AND 2018**

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, 2019 and 2018 is as follows:

	<u>2019</u>	<u>2018</u>	<u>Change</u>
OPERATING REVENUES			
Grants and Contracts, Noncapital:	\$ 13,456,418	\$ 14,824,933	\$ (1,368,515)
Sales and Services of Auxiliary Enterprises	4,500,599	5,072,285	(571,686)
Other Operating Revenues	<u>1,781,024</u>	<u>1,879,941</u>	<u>(98,917)</u>
Total Operating Revenue	19,738,041	21,777,159	(2,039,118)
NONOPERATING REVENUES			
Investment Income (net of fees)	490,672	800,190	(309,518)
Other Nonoperating Revenues	<u>529,735</u>	<u>5,075</u>	<u>524,660</u>
Total Revenue	20,758,448	22,582,424	(1,823,976)
OPERATING EXPENSES			
Instruction	5,235,192	8,322,573	(3,087,381)
Research	5,346,795	3,619,050	1,727,745
Academic Support	1,485,913	755,601	730,312
Student Services	2,019,993	2,124,390	(104,397)
Institutional Support	52,166	171,949	(119,783)
Auxiliary Enterprise Expenses	6,804,385	5,990,004	814,381
Depreciation	<u>73,366</u>	<u>79,819</u>	<u>(6,453)</u>
Total Operating Expenses	21,017,810	21,063,386	(45,576)
NONOPERATING EXPENSES			
Interest on Capital-Related Debt	<u>885</u>	<u>7,643</u>	<u>(6,758)</u>
Total Expenses	21,018,695	21,071,029	(52,334)
INCREASE IN NET POSITION	(260,247)	1,511,395	(1,771,642)
Net Position - Beginning of Year	<u>9,812,926</u>	<u>8,301,531</u>	<u>1,511,395</u>
NET POSITION - END OF YEAR	<u>\$ 9,552,679</u>	<u>\$ 9,812,926</u>	<u>\$ (260,247)</u>

Operating Revenues

Total operating revenues decreased by \$2,039,118 compared to prior year. The overall decrease in total revenues is attributable to the decrease in grants and contracts and sales and services revenue.

Operating Expenses

Operating expenses showed a decrease of \$45,576 when compared to the prior year. The decrease can be attributed to a decrease in instructional activities and increases in research, academic support and student services activities.

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2019 AND 2018**

Capital Assets and Debt Administration

The Foundation has \$270,275 in capital assets, net of accumulated depreciation. During the year, the Foundation sold the home that was leased to the University for the use of University President. A gain on sale of \$512,977 was realized as a result of this transaction.

Factors Affecting Future Periods

The Governmental Accounting Standards Board (GASB) has issued pronouncements prior to June 30, 2019, that have effective dates that impact future financial presentations; however, the impact of the implementation of each of the statements below to the Foundation's financial statements has not been assessed at this time. The objective of the statement is to improve guidance regarding the recognition of fiduciary activities for accounting and financial reporting purposes by establishing criteria for identifying fiduciary activities of all state, local governments and auxiliaries. The statement is effective for the fiscal year 2019-20.

Grants and Contracts

Graduate Studies and Research is leading the University's efforts to garner additional grants and contracts research at the institution. In addition, the University finished its Presidential Taskforce to examine ways in which the institution can better engage faculty in the development of new research activities at the institution and is actively implementing its recommendations. The University and Foundation have reorganized the Post Award Administration of grants and contracts. While the Foundation is still the official recipient of the funds, the Dean of Graduate Studies and Research, through the Director of Sponsored Research and Programs, now has responsibility for compliance with Uniform Guidance, OMB Circulars, and other federal, state, and local policies and procedures related to grants and contracts administration.

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
STATEMENT OF NET POSITION
YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,185,441	\$ 12,984,684
Short-Term Investments	8,262,534	1,075,402
Accounts Receivable, Net	2,707,607	1,592,236
Prepaid Expenses and Other Assets	83,389	99,816
Total Current Assets	12,238,971	15,752,138
NONCURRENT ASSETS		
Long-Term Investments	11,134,246	10,228,583
Capital Assets, Net	270,275	459,806
Total Noncurrent Assets	11,404,521	10,688,389
Total Assets	\$ 23,643,492	\$ 26,440,527
DEFERRED OUTFLOWS OF RESOURCES		
Total Deferred Outflows of Resources	191,241	-
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	\$ 443,781	\$ 430,012
Accrued Salaries and Benefits Payable	100,832	84,200
Accrued Compensated Absences	221,842	224,186
Unearned Revenue	79,994	208,878
Mortgage Payable, Current Portion	-	12,345
Due to California State University, Dominguez Hills	219,725	96,033
Other Liabilities	237,640	164,467
Total Current Liabilities	1,303,814	1,220,121
NONCURRENT LIABILITIES		
Postemployment Benefits Other than Pensions	1,445,354	1,427,130
Mortgage Payable, Net of Current Portion	-	157,715
Depository Accounts	10,467,896	12,804,946
Agency Funds Held	1,039,306	999,059
Total Noncurrent Liabilities	12,952,556	15,388,850
Total Liabilities	14,256,370	16,608,971
DEFERRED INFLOWS OF RESOURCES		
Net Other Postemployment Benefit Obligation	25,684	18,630
Total Deferred Inflows of Resources	25,684	18,630
NET POSITION		
Invested in Capital Assets	270,275	289,746
Unrestricted	9,282,404	9,523,180
Total Net Position	\$ 9,552,679	\$ 9,812,926

See accompanying Notes to Financial Statements.

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
STATEMENT OF REVENUES EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

	2019	2018
REVENUES		
Operating Revenues		
Grants and Contracts, Noncapital:		
Federal	\$ 13,089,502	\$ 13,527,222
State and Local	67,085	479,933
Nongovernmental	299,831	817,778
Sales and Services of Auxiliary Enterprises	4,500,599	5,072,285
Other Operating Revenues	1,781,024	1,879,941
Total Operating Revenues	19,738,041	21,777,159
EXPENSES		
Operating Expenses		
Instruction	5,235,192	8,322,573
Research	5,346,795	3,619,050
Academic Support	1,485,913	755,601
Student Services	2,019,993	2,124,390
Institutional Support	52,166	171,949
Auxiliary Enterprise Expenses	6,804,385	5,990,004
Depreciation	73,366	79,819
Total Operating Expenses	21,017,810	21,063,386
Operating Income (Loss)	(1,279,769)	713,773
Nonoperating Revenues (Expenses)		
Gifts, Noncapital	16,758	5,075
Gain on Sale of Capital Assets	512,977	-
Investment Income (Net of Fees)	490,672	800,190
Interest on Capital-Related Debt	(885)	(7,643)
Total Nonoperating Revenues (Expenses)	1,019,522	797,622
CHANGE IN NET POSITION	(260,247)	1,511,395
Net Position - Beginning of Year	9,812,926	6,715,923
Restatement Adjustment	-	1,585,608
Net Position - Beginning of Year	9,812,926	8,301,531
NET POSITION - END OF YEAR	\$ 9,552,679	\$ 9,812,926

See accompanying Notes to Financial Statements.

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Federal Grants and Contracts	\$ 13,089,502	\$ 13,527,222
State and Local Grants and Contracts	67,085	479,933
Nongovernmental Grants and contracts	299,831	817,778
Payments to Suppliers	(13,670,443)	(11,258,560)
Payments to Employees	(12,091,547)	(9,906,626)
Sales and Services of Auxiliary Enterprises	4,428,969	5,072,285
Other Receipts	4,780,516	1,879,941
Net Cash Provided (Used) by Operating Activities	(3,096,087)	611,973
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Noncapital Gifts	-	5,075
Monies Received (Disbursed) on Behalf of Others (Net)	(2,576,556)	1,214,209
Net Provided (Used) by Noncapital Financing Activities	(2,576,556)	1,219,284
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of Capital Assets	(116,164)	(168,524)
Principal Paid on capital Debt and Lease	-	(9,963)
Interest Paid on Capital Debt and Lease	(885)	(7,643)
Net Cash Provided (Used) by Capital and Related Financing Activities	(117,049)	(186,130)
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposal Gain (Loss) on Capital Assets	512,977	-
Investment Income (Net)	490,672	800,190
Proceeds from Sales and Maturities of Investments	34,912,999	3,553,312
Purchases of Investments	(41,926,199)	(3,832,664)
Net Cash Provided (Used) by Investing Activities	(6,009,551)	520,838
Net Increase (Decrease) in Cash and Cash Equivalents	(11,799,243)	2,165,965
Cash and Cash Equivalents - Beginning of Year	12,984,684	10,818,719
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,185,441	\$ 12,984,684
	2019	2018
RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ (1,279,769)	\$ 713,773
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Depreciation	73,366	79,819
Deferred Inflows of Resources	25,684	18,630
Change in Assets and Liabilities		
Accounts Receivable, Net	(1,253,496)	(184,939)
Prepaid Expenses and Other Assets	16,427	(38,638)
Accounts payable	137,461	182,204
Accrued Salaries and Benefits payable	16,632	84,100
Accrued Compensated Absences	(2,344)	10,968
Unearned Revenue	(128,884)	18,797
Other Liabilities	(107,848)	144,842
Postemployment Benefits Other Than Pensions	(633,119)	(417,583)
Agency Funds Held	39,803	-
Net Cash Provided (Used) by Operating Activities	\$ (3,096,087)	\$ 611,973

See accompanying Notes to Financial Statements.

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 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, the 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; developing land and commercial enterprises; 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.

NOTE 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; developing land and commercial enterprises; administering various educationally related functions, special programs, and other activities. Accordingly, the Foundation 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
JUNE 30, 2019 AND 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

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

Invested in Capital Assets, Net of Related Debt – Capital assets, net of accumulated depreciation, amortization, and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

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

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

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

Deferred Outflows and Deferred Inflows

Deferred outflows and deferred inflows of resources related to postemployment benefit plan are certain changes in total liabilities and fiduciary net position that are to be recognized in future postemployment benefit plan expense.

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of deposits with Wells Fargo Bank, N.A. It is composed significantly of funds held in depository accounts for other auxiliary organizations of the California State University, Dominguez Hills campus. The Foundation provides accounting and management services for the California State University, Philanthropic Foundation, the Loker University Student Union, Dominguez Hills Corporation, and limited services for the Associated Students, Inc., and holds on their behalf depository accounts.

Short-term Investments

Investments with original maturities greater than three months and remaining maturities less than one year are classified as "short-term investment". Investments with remaining maturities greater than one year are classified as "long-term investments."

Accounts Receivables

Receivables consists of contracts, related party receivables, and other miscellaneous receivables. The Foundation uses the allowance method of accounting for receivables determined to be potentially uncollectable. Management provides for probable uncollectible amounts through a provision for an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that remain outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Balances that remain outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Prepaid Expenses

Prepaid expenses and other costs are expensed ratably over their respective terms of agreement.

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.

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).

Capital Assets

Capital assets are stated at cost or estimated historical cost if purchased or, at acquisition 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.

Accrued Compensated Absences

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

Unearned Revenue

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

Other Liabilities

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

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.

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 Internal Revenue Service (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.

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.

Reclassifications

Certain amounts in the 2018 comparative totals have been reclassified to conform with the 2019 reporting format.

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 California State University, Dominguez Hills Foundation financial statements for the year ended June 30, 2018 from which the summarized information was derived.

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements

The Foundation reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value in accordance with GASB 72, *Fair Value Measurement and Application*. Fair value is the price that would be received to sell an asset or be paid to transfer a liability in an orderly transaction in the principal or most advantageous market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. GASB 72 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

Level 1 – Quoted prices for identical assets or liabilities in active markets to which the Foundation has access at the measurement date.

Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets in markets that are not active;
- observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and
- inputs derived principally from, or corroborated by, observable market data by correlation or by other means.

Level 3 – Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

The carrying amounts of cash and cash equivalents, accounts receivable and related party receivables approximate fair value because of the terms and relatively short maturity of these financial instruments.

The carrying amounts of liabilities approximate fair value because of the relatively short maturity of these financial instruments.

When available, the Foundation measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 3 CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

	2019	2018
Demand Deposits (Level 1 Input)	\$ 1,185,441	\$ 12,982,809
Cash Equivalents - Cash Reserve Trust Fund	-	1,875
Total Deposits	1,185,441	12,984,684
Investment Level 1 Inputs		
Equities	7,131,774	7,440,932
Investment Level 2 Inputs		
Corporate and Governmental Bonds	1,720,431	1,939,480
Investments at NAV		
Money market Funds	9,710,148	35,107
Local Agency Investments Fund	-	1,075,402
Alternative Investments	834,427	813,064
Total Investment Inputs	\$ 20,582,221	\$ 24,288,669
Reconciliation to Statement of Net Position		
Current		
Cash and Cash Equivalents	\$ 1,185,441	\$ 12,984,684
Short Term Investments	8,262,534	1,075,402
Noncurrent		
Long Term Investments	11,134,246	10,228,583
Total	\$ 20,582,221	\$ 24,288,669

At June 30, 2019 and 2018, the Foundation did not have any investments measured using Level 3 inputs.

A portion of the Money Market Funds are not categorized under the fair value hierarchy and are shown at Net Asset Value (NAV). These investments are measured at amortized cost when calculating NAV per share (or its equivalent) of the investment.

The Foundation was a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The Local Investment Advisory Board has oversight responsibility for LAIF. The Board consists of five members as designated by state statute. The fair value of the Foundation's investment in this pool is reported in the accompanying financial statements at amounts based upon the Foundation's amortized cost of that portfolio. The value of the pool shares in LAIF which may be withdrawn, is determined using net asset value ("NAV") on an amortized cost basis, which is different than the fair value of the pooled treasury's portion in the pool. Withdrawals from LAIF are done on a dollar for dollar basis.

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 3 CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

LAIF is a voluntary program created by statute as an alternative for California's local governments and special districts that allows them to participate in a major investment portfolio. It is under the administration of the California State Treasurer's Office. There are no significant interest rate risks or credit risks to be disclosed in accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures—an amendment of GASB Statement No. 3*.

The Foundation uses NAV as a practical expedient to determine fair value of its investment in Skybridge Multi-Advisor Hedge Fund Portfolios LLC because it (a) does not have a readily determinable fair value; and (b) is an investment company that reports their investment assets at fair values. The Fund strategy is to invest in global markets by following an alternative investment strategy described as a fund of hedge funds. The fund allows for quarterly redemptions subject to various lock up provisions and redemption gates. The fund requires advance notice to redeem the shareholders interest.

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 \$1,178,263 and \$12,984,684 for 2019 and 2018, respectively. As of June 30, 2019 and 2018, \$250,000, of these balances are insured under the Federal Deposit Insurance Corporation (FDIC).

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

Morgan Stanley/Graystone Consulting manages the long-term investments in accordance with the Foundation's approved investment policy statement.

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 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	29.0 %	35.0 %
International Developed Equity	15.0	20.0
Emerging Markets	11.0	15.0
Total Equity	55.0	70.0
Global Fixed Income		
Domestic Fixed Income	10.0	15.0
Global Fixed Income	10.0	15.0
Total Fixed Income	20.0	30.0
Alternative Investments		
Hedge Funds	17.5	20.0
Private Equity	7.5	10.0
Total Alternative Investments	25.0	30.0
Total Portfolio (Target Allocation)	100.0	

The composition of the investment income (net of fees), on the statement of revenues, expenses, and changes in net position:

<u>Unrestricted</u>	<u>2019</u>	<u>2018</u>
Interest and Dividends	\$ 380,011	\$ 298,686
Investment Expenses	(42,162)	(50,136)
Realized Gain (Loss) on Sales, Net	687,148	373,367
Unrealized Gain (Loss), Net	(534,325)	178,273
Total Investment Income	<u>\$ 490,672</u>	<u>\$ 800,190</u>

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 4 ACCOUNTS RECEIVABLE

Accounts Receivable at June 30, consisted of the following:

	2019	2018
Grants Receivables	\$ 1,931,429	\$ 454,650
Advances	40,651	54,212
Other	972,553	1,124,521
Allowance for Doubtful Accounts	(237,026)	(41,147)
Total	<u>\$ 2,707,607</u>	<u>\$ 1,592,236</u>

NOTE 5 CAPITAL ASSETS

Capital assets consist of the following at June 30

	Beginning of Year June 30, 2018	Additions	Deletions	End of Year June 30, 2019
Buildings	\$ 419,643	\$ -	\$ (419,643)	\$ -
Accumulated Depreciation	(250,620)	-	250,620	-
Total	<u>169,023</u>	<u>-</u>	<u>(169,023)</u>	<u>-</u>
Equipment	185,315	282,134	(7,395)	460,054
Accumulated Depreciation	(185,315)	(148,414)	7,395	(326,334)
Total	<u>-</u>	<u>133,720</u>	<u>-</u>	<u>133,720</u>
Furniture and Fixtures	6,339	-	-	6,339
Accumulated Depreciation	(6,339)	-	-	(6,339)
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Leasehold Improvements	352,667	-	(221,948)	130,719
Accumulated Depreciation	(114,511)	(23,299)	98,347	(39,463)
Total	<u>238,156</u>	<u>(23,299)</u>	<u>(123,601)</u>	<u>91,256</u>
Capital Project Work in Progress	<u>52,627</u>	<u>15,300</u>	<u>(22,628)</u>	<u>45,299</u>
Total	<u>\$ 459,806</u>	<u>\$ 125,721</u>	<u>\$ (315,252)</u>	<u>\$ 270,275</u>

Depreciation expense for the years ended June 30, 2019 and 2018 was \$73,366 and \$79,819, respectively.

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 6 DEPOSITORY ACCOUNTS

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

	2019	2018
Dominguez Hills Corporation	\$ 51,116	\$ 51,128
Loker University Student Union, Inc.	2,076,837	2,080,412
CSUDH Philanthropic Foundation	8,339,943	10,673,406
Total Deposits Held in Custody for Others	\$ 10,467,896	\$ 12,804,946

NOTE 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. Interest expense incurred for the mortgage loan for the years ended June 30, 2018 was \$7,643.

The Foundation sold the house on July 8, 2018 and a portion of the proceeds were used to settle the outstanding principal and interest attached to the mortgage.

	2019				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Mortgage Payable	\$ 170,060	\$ -	\$ (170,060)	\$ -	\$ -
	2018				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Mortgage Payable	\$ 180,023	\$ -	\$ (9,963)	\$ 170,060	\$ 12,345

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 8 ACCRUED COMPENSATED ABSENCES

Accrued compensated absences at year-end are included in accrued expenses and other liabilities in the statement of net position and consists of the following activity during the year ended June 30:

<u>Liabilities</u>	Beginning Balance as of June 30, 2018	Additions	Reductions	Ending Balance as of June 30, 2019	Current Portion
Compensated Absences	\$ 224,186	\$ 221,842	\$ 224,186	\$ 221,842	\$ 221,842
Total Current Liabilities, Net	<u>\$ 224,186</u>	<u>\$ 221,842</u>	<u>\$ 224,186</u>	<u>\$ 221,842</u>	<u>\$ 221,842</u>

NOTE 9 OPERATING LEASE

The Foundation entered into a sublease, which expired on June 30, 2019, with the Donald P. & Katherine B. Loker University Student Union (Union) 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. In addition, the Foundation pays rental fees based on commissions of the University Bookstore. Total rental fees paid for the year ended June 30, 2019 amounted to \$177,866, of this total, \$84,209 was for utilities.

NOTE 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).

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.

Funding Policy – The Foundation’s pension plan includes two groups of employees: those hired prior to July 1, 2014 which are grandfathered under the original funding policy and those hired after July 1, 2014 which are subject to the current funding policy.

For those employees hired prior to July 1, 2014, participants were not required to contribute any of their annual covered salary. For this employee group, during the period from February 1, 2001 through June 30, 2014, the Foundation contributed 10% of the employees’ annual covered payroll.

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019 AND 2018**

NOTE 10 PENSION PLANS (CONTINUED)

For those employees hired after July 1, 2014, participants were required to contribute either 2% or 5% of their annual salary in order to receive an employer contribution of 4% or 8%, respectively.

Annual Pension Cost – For the years ended June 30, 2019 and 2018 the Foundation’s annual TIAA CREF pension cost totaled \$252,060 and \$237,580, respectively.

Annual Contributions from Employees – For the years ended June 30, 2019 and 2018, employees contributed \$372,333 and \$100,459, respectively, to the Pension Plan (not including tax deferred elective deferrals to the Foundation’s non-ERISA plan).

NOTE 11 POSTEMPLOYMENT HEALTHCARE BENEFITS

Plan Description

The Foundation sponsors a single-employer defined benefit postretirement health care plan to pay a portion of the retiree’s insurance premiums. The Foundation participates in the Auxiliaries Multiple Employer VEBA (Voluntary Employees Beneficiary Association). 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 Auxiliaries Multiple Employer VEBA issues separate audited financial statements. Copies of the annual report may be obtained from Keenan Associates, 2355 Crenshaw Blvd. Suite 200, Torrance, CA 90501

The Foundation provides retiree medical benefits with AORMA - CSURMA to eligible employees hired on or after October 1, 2014 and before June 23, 2016 in accordance with the following age requirement and vesting schedule:

<i>Age and Years of Service Requirement</i>	<i>Percentage of Employer Contribution</i>
59 1/2+ and 20 years of service	100
65+ and 15-19 years of service	75
65+ and 10-14 years of service	50

Employees hired prior to October 1, 2014 shall be eligible for post-retirement health benefits (medical) and are eligible to receive 100% of the employer contribution set by the Board of Directors, provided they meet the vesting period requirement of five years of employment and have attained the age of 59 1/2 as of the date of their retirement. This benefit continues for the life of the retiree and then for the life of a surviving spouse, if any. Retirees may select any retiree medical plan offered by AOMRA - CSURMA, including spouse or family coverage, but must incur the cost of premiums exceeding the cap.

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 11 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Total OPEB Liability, Fiduciary Net Position, and Net OPEB Liability

In accordance with the parameters of Government Accounting Standards Board Statement 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (GASB 75), the OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB that are required to be reported by an employer primarily result from changes in the components of the net OPEB liability—that is, changes in the total OPEB liability and in the OPEB plan’s fiduciary net position.

This statement requires that most changes in the net OPEB liability be included in OPEB expense in the period of the change. For example, changes in the total OPEB liability resulting from current-period service cost, interest on the total OPEB liability, and changes of benefit terms are required to be included in OPEB expense immediately. Projected earnings on the OPEB plan’s investments also are required to be included in the determination of OPEB expense immediately.

In circumstances in which the net OPEB liability is determined based on the results of an actuarial valuation, the effects of certain other changes in the net OPEB liability are required to be included in OPEB expense over the current and future periods. The effects on the total OPEB liability of (1) changes of economic and demographic assumptions or of other inputs and (2) differences between expected and actual experience are required to be included in OPEB expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the OPEB plan (active employees and inactive employees), beginning in the current period.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Measurement Period	July 1, 2018 to June 30, 2019

Information about the OPEB Plan

The following is a table of plan participants:

Inactive Employees Receiving Benefits	-
Inactive Employees Entitled but not Receiving Benefits	-
Covered Dependents of Retirees	44
Participating Active Employee	12
Total Number of Participants	56

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 11 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

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 includes the types of benefits provided at the time of each valuation. 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, consistent with the long-term perspective of the calculations.

Actuarial Methods and Assumptions

The Foundation's net OPEB liability was measured as of June 30, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2017 that was rolled forward to determine the June 30, 2019 total OPEB liability, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Discount Rate	7 %
Inflation	2.26 %
Salary Increases	3.25 %
Net Investments Rate of Return	7 %
Healthcare Cost Trend Rate	Varies from 5% to 7.58%
Mortality Rate	2014 CalPERS Experience Study

Changes in the OPEB Liability

The Foundation invoked Paragraph 244 of GASB 75 and used a "roll-back" technique to determine the beginning Net OPEB Liability as of June 30, 2017. The following table shows the results of the roll-back:

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Rollback Balance - June 30, 2017	\$ 1,997,041	\$ 607,122	\$ 1,389,919
Service Cost	50,730	-	50,730
Interest on Total OPEB Liability	138,988	-	138,988
Employer Contributions	-	126,600	126,600
Employee Contributions	-	-	-
Actual Investment Income	-	41,414	41,414
Administrative Expense	-	(4,203)	(4,203)
Benefit Payments	(126,600)	(126,600)	(253,200)
Differences between expected and actual experience	(7,683)	-	(7,683)
Other	-	-	-
Net Change	55,435	-	55,435
Balance at June 30, 2018	<u>\$ 2,052,476</u>	<u>\$ 607,122</u>	<u>\$ 1,445,354</u>

The Net OPEB Liability is shown as a noncurrent liability on the Schedule of Net Position.

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 11 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Sensitivity of the Net OPEB Liability to Changes in the Discount and Trend Rate

The following presents the net OPEB liability of the Foundation if it were calculated using a discount rate and trend table that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30:

	2019		
Discount Rate:			
+1%	\$ 1,237,064	\$ (208,320)	(14)%
Base:	1,445,354	-	-
-1%	1,699,177	253,823	18
Trend Rate:			
+1%	1,523,245	77,891	5
Base:	1,445,354	-	-
-1%	1,387,118	(58,236)	(4)

Long-Term Expected Rate of Return

As of June 30, 2018, the long-term expected rates of return for each major investment class in the Plan's portfolio are as follows:

<u>Investment Class</u>	<u>Target Allocation</u>	<u>Strategy Expected Real Rate of Return¹</u>	<u>Secular Expected Real Rate of Return¹</u>
Equity	43.00 %	3.59 %	6.78 %
Fixed Income	7.00	0.80	5.30

¹JPMorgan arithmetic Long Term Capital Market assumptions and expected inflation of 2.26%.

Discount Rate

The discount rate is based on a blend of (a) the long-term expected rate of return on assets for benefits covered by plan assets and a yield or index for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or better for benefits not covered by plan assets.

Above are the arithmetic long-term expected real rates of return by asset class for the next 10 years as provided in a report by JP Morgan. For years thereafter, returns were based on historical average index real returns over the last 30 years assuming a similar equity/fixed investment mix and a 2.26% inflation rate. Investment expenses were assumed to be 25 basis points per year. These returns were matched with cash flows for benefits covered by plan assets and the Bond Buyer 20-Bond General Obligation index was matched with cash flows not covered by plan assets to measure the reasonableness of the choice in discount rate.

	June 30, 2017	June 30, 2018
Discount Rate	7.00 %	7.00 %

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019 AND 2018**

NOTE 11 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

The recognition period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on OPEB plan investments	5 years
All other amounts	Expected average remaining service lifetime

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

As of fiscal years ended June 30, 2019 the Foundation reported deferred outflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experiences in the Measurement of the TOL	\$ -	\$ 23,093
Changes in Assumptions	-	-
Net Difference Between Projected and Actual Earnings of OPEB Plan Investments	-	2,591
Contribution to OPEB Plan after Measurement Date	191,241	-
Total	<u>\$ 191,241</u>	<u>\$ 25,684</u>

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 11 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows(Inflows) of Resources</u>
2020	\$ (2,294)
2021	(2,294)
2022	(2,293)
2023	(1,874)
2024	(1,541)
Thereafter	(15,388)
Total	<u>\$ (25,684)</u>

**OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB
(Continued)**

For the fiscal years ended June 30, 2019 the Foundation recognized OPEB expense of \$151,878 and \$161,299, respectively.

	<u>2019</u>	<u>2018</u>
Service Cost	\$ 50,730	\$ 48,314
Interest on the Total OPEB Liability	138,988	135,706
Changes on Benefit Terms	-	-
Recognized Differences Between Expected and Actual Experience	(1,541)	(1,081)
Recognized Changes of Assumptions	-	-
Employee Contributions	-	-
Projected Earnings on OPEB Plan Investments	(39,749)	(22,379)
Recognized Differences Between Projected and Actual Earnings on Plan Investments	(753)	(420)
Administrative Expense	4,203	1,159
Other Changes in Fiduciary Net Position	-	-
Aggregate OPEB Expense	<u>\$ 151,878</u>	<u>\$ 161,299</u>

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 11 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Interest on the Total OPEB Liability

As of fiscal years ended June 30, the Foundation reported interest on the total OPEB liability from the following:

	2019			Interest on the Total OPEB Liability a*b*c
	Amount For Period a	Portion of Period b	Interest Rate c	
	Beginning Total OPEB Liability	\$ 1,997,041	100 %	
Service Cost	50,730	100	7.0	3,551
Benefit Payments, Including Refunds of Employee Contributions	(126,000)	50	7.0	(4,356)
Total				<u>\$ 138,988</u>
	2018			
	Amount For Period a	Portion of Period b	Interest Rate c	Interest on the Total OPEB Liability a*b*c
Beginning Total OPEB Liability	\$ 197,648	100 %	7.0 %	\$ 136,336
Service Cost	43,314	100	7.0	3,382
Benefit Payments, Including Refunds of Employee Contributions	(116,595)	50	7.0	(4,012)
Total				<u>\$ 135,706</u>

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 11 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Earnings on Plan Fiduciary Net Position

As of fiscal years ended June 30, the Foundation reported earnings on plan fiduciary net position from the following:

	2019			
	Amount For Period	Portion of Period	Projected Rate of Return	Projected Earnings
	a	b	c	a*b*c
Beginning Plan Fiduciary Net Position	\$ 569,911	100 %	7.0 %	\$ 39,894
Employer Contributions	126,600	50	7.0	4,356
Employee Contributions	-	50	7.0	-
Benefits Payments, Including Refunds of Employee Contributions	(126,600)	50	7.0	(4,356)
Administrative Expense and Other	(4,203)	50	7.0	(145)
Total Projected Earnings				<u>\$ 39,749</u>

	2018			
	Amount For Period	Portion of Period	Projected Rate of Return	Projected Earnings
	a	b	c	a*b*c
Beginning Plan Fiduciary Net Position	\$ 101,482	100 %	7.0 %	\$ 7,104
Employer Contributions	561,705	50	7.0	19,327
Employee Contributions	-	50	7.0	-
Benefits Payments, Including Refunds of Employee Contributions	(116,595)	50	7.0	(4,012)
Administrative Expense and Other	(1,159)	50	7.0	(40)
Total Projected Earnings				<u>\$ 22,379</u>

Comparison of Projected and Actual Earnings on Investments:

	2019	2018
Total Projected Earnings	\$ 39,749	\$ 22,379
Actual Net Investment Income	<u>41,414</u>	<u>24,478</u>
Net Difference Between Projected and Actual Earnings on Investments	<u>\$ (1,665)</u>	<u>\$ (2,099)</u>

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 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 for the 2015-16 fiscal year. In the 2016-17 fiscal year, the Foundation contributed an additional \$293,962. 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 total fair market value of assets in the Auxiliaries Multiple Employer VEBA as of June 30, 2019 and 2018 was \$ 970,787 and \$607,122.

The fair value composition of the Voluntary Employers Beneficiary Association consists of the following at June 30:

	2019				Total	
	Fair Value Measurements Using					
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value (NAV)		
	Mutual Funds:					-
	Domestic Equity	\$ 394,117	-	-		\$ 394,117
Fixed Income	434,118	-	-	434,118		
Alternatives	142,552	-	-	142,552		
Total Investments	<u>\$ 970,787</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 970,787</u>	

	2018				Total	
	Fair Value Measurements Using					
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value (NAV)		
	Mutual Funds:					-
	Domestic Equity	\$ 269,499	\$ -	\$ -		\$ 269,499
Fixed Income	236,894	-	-	236,894		
International Equity	66,470	-	-	66,470		
Real Estate	34,259	-	-	34,259		
Total Investments	<u>\$ 607,122</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 607,122</u>	

In accordance with GASB Statement No. 75 *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 statement.

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 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 \$500,300.01 for the year ended June 30, 2019, 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, 2019 amounted to \$109,232.36.

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, 2020. 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, 2019 amounted to \$49,653.

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, 2019 amounted to \$73,811.

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, 2019 amounted to \$55,429.

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, 2019 amounted \$37,153.

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 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, 2019 and 2018 totaled \$ 551,221 and \$193,631, respectively. Amounts receivable from the University totaled \$331,496 and \$97,598 at June 30, 2019 and 2018, respectively. Amounts receivable from other University auxiliaries totaled \$354,103 and \$79,366 at June 30, 2019 and 2018, respectively. There were no amounts payable to other University auxiliaries at June 30, 2019 and 2018.

The Foundation charges a fee to the Loker University Student Union, Inc., the California State University, Dominguez Hills Philanthropic Foundation, and the Associated Students, Inc. for administrative services. Fees collected for these services were \$225,000 and \$225,000 for the years ended June 30, 2019 and 2018, respectively.

NOTE 14 SUBSEQUENT EVENTS

The Foundation has evaluated events subsequent to June 30, 2019, to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through September 20, 2019, 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.

REQUIRED SUPPLEMENTARY INFORMATION

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
YEAR ENDED JUNE 30, 2019**

Measurement Period	2018	2017
Total OPEB Liability		
Service Cost	\$ 50,730	\$ 48,314
Interest on the Total OPEB Liability	138,988	135,706
Change of Benefit Terms	-	-
Differences between Expected and Actual Experience	(7,683)	(18,032)
Changes in Assumptions	-	-
Benefit payments, Including Refunds of Employee Contributions	(126,600)	(116,595)
Net Change in Total OPEB Liability	55,435	49,393
Total OPEB Liability - Beginning (a)	1,997,041	1,947,648
Total OPEB Liability - Ending (b)	\$ 2,052,476	\$ 1,997,041
Plan Fiduciary Net Position		
Contributions - Employer	\$ 126,600	\$ 561,705
Contributions - Employee	-	-
Net Investment Income	41,414	24,478
Benefit Payments, Including Refunds of Employee Contributions	(126,600)	(116,595)
Administrative Expense	(4,203)	(1,159)
Other	-	-
Net Change in Plan Fiduciary Net Position	37,211	468,429
Plan Fiduciary Net Position - Beginning (c)	569,911	101,482
Plan Fiduciary Net Position - Ending (d)	\$ 607,122	\$ 569,911
Net OPEB Liability - Beginning (a) - (c)	1,427,130	1,846,166
Net OPEB Liability - Ending (b) - (d)**	\$ 1,445,354	\$ 1,427,130
Plan Fiduciary Net Position as Percentage of the Total OPEB Liability	30 %	29 %
Covered-Employee Payroll	\$ 2,148,798	\$ 3,006,483
Net OPEB Liability as a Percentage of Covered-Employee Payroll	67 %	47 %

Historical information is required only for measurement periods for which GSAB 75 is applicable
Future years' information will be displayed up to 10 years as information becomes available

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
SCHEDULE OF CONTRIBUTIONS
YEAR ENDED JUNE 30, 2019**

	2018	2017
Actuarially Determined Contribution (ADC)**	\$ 519,405	\$ 519,405
Contributions to the Trust	-	445,110
Pay-go Payments by Employer Unreimbursed by the Trust	126,600	116,595
Total OPEB Contributions*	-	-
Contribution Deficiency (Excess)	\$ 126,600	\$ 561,705
 Covered Employee Payroll	 \$ 2,148,798	 \$ 3,006,483
 Contributions as a Percentage of Covered-Employee Payroll	 6 %	 19 %

Notes to Schedule:

* ADC and Contributions are for the measurement period July 1, 2017 to June 30, 2018.

** Employers setting a discount rate based on the assumption that assets will be sufficient to cover all future benefit payments under the plan are assumed to annually make contributions equal to the actuarially determined contribution. Annual contributions made that are substantially less than the ADC would require additional support for use of a discount rate equal to the long-term expected return on trust assets.

*** Covered-Employee Payroll represented above is based on covered-employee payroll provided by the employer. GASB 75 defines covered-employee payroll as the total payroll of employees that are provided OPEBs through the OPEB plan. Accordingly, if OPEB covered-employee payroll shown above is different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll related ratios.

SUPPLEMENTARY INFORMATION

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
EIN: 95-2543028
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Payments to Subrecipients
RESEARCH AND DEVELOPMENT CLUSTER:				
National Science Foundation				
<i>Direct Programs</i>				
RUI: Characterizing the Role of Regulatory Genes in Adaptive Evolution to Complex Environments	47.074	1715066	\$ 120,244	\$ -
Enhancing Research and Curriculum at CSUDH Through the Acquisition of Next-Generation Sequencing	47.074	1727074	45,782	-
Master Science Teacher Fellowship Program	47.076	1035161	-	-
IRES: Fire, Carbon and Climate Change in Australia	47.079	1261015	(4,053)	-
Data Preservation	47.070	-	(53,996)	-
Collaborative Research: Innovating and Experiencing Punishment	47.075	1455091	-	-
Noyce Math & Science Scholars Phase II	47.076	1339961	125,983	-
<i>Passed Through the University of Texas at El Paso (UTEP)</i>				
BPC-A: Computing Alliance of Hispanic-Serving Institutions (CAHSI)	47.070	226100958B	67,762	-
CAHSI 2018-2023	47.070	226100958B	50,995	-
<i>Passed Through University Enterprises, Inc.</i>				
LSAMP 2017-2018 NSF	47.076	523775	6,139	-
LSAMP 2018-2023 NSF	47.076	533061	14,344	-
CSU:LSAMP 2017-2018 CO	47.076	523505	22,239	-
CSU:LSAMP 2018-2019 CO	47.076	5328.91	4,939	-
<i>Passed Through UC Berkeley</i>				
Transforming College teaching: Statewide Implementatin of the Faculty Learning Program	47.076	00009634	10,367	-
<i>Passed Through University Corporation of Monterey Bay</i>				
Replication of Cohort-Based CS	47.076	5052101A-11062018-A	42,876	-
Total National Science Foundation			<u>453,621</u>	<u>-</u>
U.S. Department of Health and Human Services				
National Institutes of Health				
<i>Direct Programs:</i>				
CSUDH RISE 2016-2020	93.859	5R25GM062252	283,898	-
U*STAR 2016-2019	93.859	5T34GM008683	157,364	-
Discovery of Natural Products from Botanical Services	93.859	ISC2GM122721	162,204	-
Identity Change as a Mechanism of Behavior Change in Alcohol Recovery	93.242	1K01AA026309-01A1	77,939	-
<i>Passed Through CSU Long Beach Research Foundaiotr</i>				
CHER - Institute	93.859	S199217200CSUDH	7,322	-
<i>Passed Through RAND</i>				
QuBBD: Geometric Time-Frequency Methods for Multi-Modal Physiological Monitoring	93.286	9920170046	812	-
Total U.S. Department of Health and Human Services			<u>689,539</u>	<u>-</u>
U.S. Department of Education				
<i>Direct Programs</i>				
Project Accelerate	84.031S	P031S160236	324,223	-
STEM Scholars (H S I STEM)	84.031C	P31C160199	1,759,965	139,981
<i>Passed Through Sungkyunkwan University (Ministry of Educaiton of the Republic of Korea)</i>				
Diversity, Agency, and Transnationality Among Korean Americans	Foreign	AKS-2016-SRK-1230005	9,339	-
Total U.S. Department of Education			<u>2,093,527</u>	<u>139,981</u>
U.S. Department of Energy				
<i>Direct Programs:</i>				
Photo and Electroproduction of Multiply-Strange Hyperons at CLAS	81.049	DE-SC0016547	31,633	-
Total U.S. Department of Energy			<u>31,633</u>	<u>-</u>
U.S. Nuclear Regulatory Commission				
<i>Direct Programs:</i>				
Probaltistic Risk Assessment of Robots Used in Nuclear Safety Applications	77.007	NRC-HZ-7P-15-G-002	131,414	-
Total U.S. Nuclear Regulatory Commission			<u>131,414</u>	<u>-</u>
Total Research and Development Cluster			<u>3,399,734</u>	<u>139,981</u>
U.S. Department of Agriculture				
<i>Passed Through CSU Chico Research Foundation</i>				
CalFRESH Outreach Program - Year 2	10.561	SUB18-22	63	-
Total U.S. Department of Agriculture			<u>63</u>	<u>-</u>

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
EIN: 95-2543028
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Payments to Subrecipients
U.S. Department of Education				
<i>Direct Programs:</i>				
TRIO Cluster:				
TRIO CSUDH Student Support Services Project	84.042A	P042A15197	\$ 231,979	\$ -
TRIO CSUDH Student Support Services Veterans Project	84.042A	P042A151472	276,438	-
CSUDH McNair Scholars Program	84.217A	P217A120014	231,892	-
CSUDH Jordan High Talent Search	84.044A	P044A160678	229,088	-
Jefferson Upward Bound	84.047A	P047A171328	291,315	-
Upward Bound LAUSD	84.047A	P047A171330	294,898	-
Upward Bound Math and Science 2017-2018	84.047A	P047M170583	281,557	-
Centinela Valley Upward Bound	84.047A	P047A171331	281,817	-
Total TRIO Cluster			2,118,984	-
<i>Other Programs:</i>				
Title V: Building a High Impact Transfer Academy	84.031S	P031S110042	841,864	-
Early Childhood Special Education	84.325K	H32K160102	235,298	-
Innovative School Leadership Initiative (ISLI) Yr. 4	84.363A	U363A130097	780,629	-
STAR: STEM Teacher in Advanced Residency	84.336S	U336S140042	2,339,037	310,715
Transition to Teaching 11	84.350B.	U350B110004	337,743	-
Childcare Access Means Parents in School (CCAMPIS)	84.335A	P335A140176	60,588	-
Childcare Access Means Parents in School (CCAMPIS)	84.335A	P335A1810173	106,205	-
Special Education Resource Interventionist	84.325K	H325K140416	159,519	-
GearUp	84.334A	P334A110231	132,839	18,500
2017 CSUDH GearUp	84.334A	P334A1710129	507,833	-
2018 CSUDH GearUp	84.334A	P334A180168	261,410	-
--Uniting to Prepare Low Incidence Teachers (UPLIFT)	84.325K	H325K1300401	110,989	-
Graduate Writing Institute for Excellence (GWIE)	84.031M	P031M140041	551,983	-
<i>Passed Through the University of California</i>				
CSMP - Every Student Succeeds ACT 2018	84.367A	ESSA18-CMP-Dominguez Hills	8,823	-
Total Other Programs			6,434,760	329,215
Total U. S. Department of Education			8,553,744	329,215
National Archives and Record Management				
<i>Direct Programs</i>				
CSU Japanese American Digitization	89.003	RM-100282-18	103,131	24,856
Total National Archives and Record Management			103,131	24,856
National Endowment for the Humanities				
<i>Direct Programs:</i>				
NEH The Digitization Japanese	45.149	PW-234690-16	44,083	14,064
Humanistic Socially Engaged Collaborative Project	45.129	HFAQ16-07	12,050	-
Total National Endowment for the Humanities			56,133	14,064
Corporation for National and Community Service				
<i>Passed Through Jumstart for Young Children, Inc.</i>				
Jumstart 2018-2019	94.006	CFDA-94.006-JS-SITE #95	90,624	-
<i>Passed Through the JusticeCorps</i>				
AmeriCorps Justice Corps	94.006	Letter 9/2/13 & 8/16/16	3,478	-
Total Corporation for National and Community Service			94,102	-
U.S. Department of Health and Human Services				
<i>Passed Through the University of California-Berkeley</i>				
CalSWEC Title IV-E FCP 2017-2018	93.658	Agreement #9242	4,858	-
CalSWEC Title IV-E Foster Care Program	93.658	00009910	630,068	-
<i>Passed Through UCLA</i>				
Training Staff Development	93.658	1187 S WA193	279,406	-
University Consortium for Children & Families	93.658	1187GSA007	40,898	-
Total U. S. Department of Health and Human Services			955,230	-
Total Federal Awards Expended			\$ 13,162,137	\$ 508,116

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019**

NOTE 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, 2019. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. 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.

NOTE 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, 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.

NOTE 3 DE MINIMIS INDIRECT COST RATE

California State University, Dominguez Hills Foundation did not elect to use the 10 percent de minimis indirect cost rate for the year ended June 30, 2019.

NOTE 4 LOAN AND LOAN GUARANTEE

California State University, Dominguez Hills Foundation did not have any balances of loan and loan guarantee programs outstanding at June 30, 2019 for loans described in 2 CFR section 200.50(b).

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? x yes no
 - Significant deficiency(ies) identified? x yes none
reported
3. Noncompliance material to financial statements noted? yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? x yes no
 - Significant deficiency(ies) identified? yes none
reported
2. Type of auditors’ report issued on compliance for major federal programs: Modified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? x yes no

Identification of Major Federal Programs

CFDA Number(s)	Name of Federal Program or Cluster
93.859, 84.031C, 84.031M, 84.031S 47.074, 93.859	Research and Development Cluster
84.336	Teacher Quality Partnership Grants
84.334	Gaining Early Awareness and Readiness for Undergraduate Program

- Dollar threshold used to distinguish between Type A and Type B programs: \$ \$750,000
- Auditee qualified as low-risk auditee? yes x no

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019**

Section II – Financial Statement Findings

Finding 2019-001: Accounting Processes and Year-End Closing Procedures

Condition:

We identified adjusting journal entries while performing the audit that materially affect the financial statements. The audit adjustments were to correct errors or to make accruals and other adjustments that should have been made by the accounting department. We believe that the year-end closing could proceed more quickly and smoothly by developing a logical order for closing procedures and assigning responsibility for completing the procedures to specific Foundation personnel. The closing procedures should be documented in a checklist that indicates who will perform each procedure and when completion of each procedure is due and is accomplished.

Listed here are examples of several critical closing procedures that if performed by appropriate Foundation personnel should have detected the required adjustments needed.

- Agreeing ending general ledger cash balances to ending bank reconciliation balances.
- Agreeing the ending accounts receivable balance to the total of the Aged Receivables report.
- Agreeing the ending accounts payable balance to the total of the Accounts Payables report.
- Computing bad debt expense, accounts receivable, and allowance for doubtful accounts by using the allowance method.
- Determining that fixed asset sales are recorded.
- Adjusting marketable securities to fair value.

Criteria:

Internal controls should be in place to provide reasonable assurance that financial statements are prepared in accordance with U.S. GAAP.

Cause:

The Foundation lacks written documentation of accounting processes and a closing schedule.

Effect:

Management proposed 38 journal entries subsequent to providing the auditors with the trial balance.

There were six adjustments detected by the audit procedures. The effect of the audit adjustments entries was to increase the net loss for fiscal year June 30, 2019 (and reduce net position) by approximately \$550,000.

- Increase expenses and accounts payable \$118,000
- Increase expenses accrued vacation \$85,000
- Increase investments balance and returns \$48,000
- Increase bad debt expense \$219,000, increase allowance for doubtful accounts \$186,000 and reduce accounts receivable \$33,000
- Decrease revenue and accounts receivable \$272,000

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019**

Lastly, we noted an error in a prior period that was recorded in the current year of approximately \$23,000 to increase capital assets and net position as of June 30, 2018.

Recommendation:

We believe that a review and evaluation of transactions and proper closing procedures would expedite the year-end closing process and provide for more accurate results. Documentation may include policy manuals, process models, flowcharts, job descriptions, documents, and forms, and can be in paper form, electronic files, or other media. Documentation of significant accounting and financial reporting processes, including performance of a walk through, may reveal whether procedures are performed as prescribed, the kinds of exceptions or errors that occur, and the types of actions taken to correct errors. Thus, it is one step in assessing controls over financial reporting. Documentation of operational and accounting processes also provides an opportunity for persons involved in a process to consider whether there are inadequacies in the process or more effective, efficient, or profitable ways to perform it. In addition, the documentation can be used in reinforcing established policies and procedures, evaluating performance, or training a new employee to perform the process.

Management Response:

In fiscal year 2018/19, Foundation's accounting department experienced unprecedented turnover. To allow for its continued operation, temporary employees and consultants were brought on to assist in the transition and allow adequate time to perform a diligent search for a CFO, Accounting Manager, and support staff. A permanent CFO has been hired and will begin in October 2019 and Foundation has begun its search for an Accounting Manager, with support staff to follow. Management is confident that many of the operational inefficiencies in FY 2018/19 will be mitigated in future years with a fresh, professional accounting staff poised and ready to implement long-overdue changes to Foundation's operations.

Additionally, Foundation has already created processes that align with CLA's recommendation; policy manuals have been established and more continue to be created, and many of these policies have already been implemented. To further ensure Foundation is enlisting appropriate accounting frameworks and is operating in accordance with legal obligations, fiscal liabilities, and fiduciary responsibilities, Foundation hired consultant Grobstein Teeple LLP ("GT") in March of 2019 to identify internal control weaknesses and to assist Foundation in producing financial statements in accordance with U.S. GAAP. GT was further engaged to reconcile bank statements with GL activities; review, analyze, and test journal entries and to recommend subsequent adjustments where needed; and to analyze operations; recommend, implement, and document operational and accounting processes.

Management is confident that this finding and the recommendations of CLA are currently being implemented.

Finding 2019-002: Depository Accounts and Agency Liabilities

Condition:

During our review of depository accounts and agency liabilities between amongst the auxiliaries and the university, we noted the accounts had not been reconciled in some time and there are several inactive accounts and accounts not in agreement between entities.

We noted certain depository activities in the amount of \$686,000 were combined with

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019**

operational accounts receivable in the general ledger. Control should be improved to ensure the separate depository and agency accounts in the standard chart of accounts are used.

We noted that interfund transfers were out of balance by approximately \$72,000.

We noted that the cash and investment accounts had an unreconciled balance of \$51,000.

Management was not able to locate historical documentation for depository accounts selected for testing amounting to approximately \$489,000 in Funds 30 and 50. Management was also not able to locate detail for depository accounts for of approximately \$3,430,000 for Fund 48.

Lastly, the Foundation handles pooled cash and investments for the Donald P. & B. Loker University Student Union, Inc. and the Philanthropic foundation through use of the depository accounts. We noted that the Foundation retains all earnings on the pool and does not allocate any portion to the Student Union or Philanthropic Foundation.

Criteria:

Internal controls should be in place to provide reasonable assurance that financial statements are prepared in accordance with U.S. GAAP.

Cause:

The accounts have not been reconciled in some time.

Effect:

Risk of misappropriation and error in balancing receivables and payables between entities.

Recommendation:

To reduce the risk of misappropriation and error, the Foundation should close all accounts that are no longer in use. Management should reconcile and document the purpose of each depository and agency account. To prevent these problems from recurring, consideration should be given a standard document that clearly states the amount and nature of all depository and agency activity for each account. Additionally, the Foundation formalize the treatment of earnings on the pooled cash and investment accounts in existing agreements (or in separate custodial agreements) with the Student Union and Philanthropic Foundation.

Management Response:

Management notified CLA at the beginning of this audit that depository accounts for fund 30 and fund 48 were reopened as they were previously closed with remaining balances. Accounts had both negative and positive balances. Management maintains that these accounts are more than ten years old, and that an analysis should be done to either write off or re-allocate the balances to active accounts in the coming fiscal year. Performing some background research on this issue, these accounts all pre-date the One Solution upgrade allowing for cloud based storage on each account; thus, it's likely that the background support for these accounts is no longer available.

Management would also note that each of the current accounts are reconciled and documented; standard documents are now in place that clearly state the nature of all depository and agency activity for each account. Further, in anticipation of this finding, Foundation has engaged a specialized consultant to assist in a clean-up effort of the old accounts causing this issue.

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
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With regard to the last paragraph, Foundation only recently set-up a short-term investment account (*late March 2019*), the monies pooled in that account mostly belong to the Philanthropic Foundation. Agreements are currently being negotiated between auxiliaries for allocation of the earned interest. Given this the first year of this activity, it was never Foundation's intent to keep earned interest off of the pooled investment account. Once an agreement is signed between Foundation and the CSUDH Philanthropic Foundation, the monies earned will be distributed. With regard to the Loker Student Union, Foundation floats many of the ongoing expenditures for this auxiliary (i.e. payroll), and we believe the pooled funds are an immaterial aspect to the Loker Student Union.

Finding 2019-003: Review of Journal Entries

Condition:

Our review of the certain journal entries revealed that manual entries lack proper approval by a responsible supervisor.

Criteria:

Internal controls should be in place to provide reasonable assurance that financial statements are prepared in accordance with U.S. GAAP.

Cause:

The Foundation doesn't have a written policy regarding journal entries.

Effect:

Without proper control over the journal entries, financial statement fraud or error may not be timely detected.

Recommendation:

We recommend the adoption of a policy whereby all journal entries will be approved by the controller or other designated member of management. All entries should be initialed by the preparer and the individual approving them in order to attribute responsibility to the appropriate individuals. We also noted that the explanations accompanying the entries were inadequate in many instances. All journal entries should be accompanied by full explanation and by reference to adequate supporting data.

Management Response:

All journal entries go through a review process as a standard internal control within One Solution. The individual who has current authority for final approval is the Interim-Accounting Manager, as the position of Controller/CFO is vacant. In instances where the Interim-Accounting Manager proposes an entry, the Interim-Executive Director currently has approval authority. Though this control has been hampered by the aforementioned turnover and a limited staff pool in accounting, workflows are in-place for proper approvals and will be strengthened/corrected with a CFO and permanent Accounting Manager on-hand within the next few weeks.

Management has also taken steps to ensure that proper documentation accompanies journal entries. As an additional control measure, Foundation is currently compiling a checklist manual to direct journal entry creators and approvers on what constitutes proper supporting data. Generally, journal entries contain attached supporting data, and we believe that any discrepancies noted will be addressed with the additional staff support in the next fiscal year.

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019**

Finding 2019-004: Management of Receivables

Condition:

The amount of accounts receivable at June 30, 2019 indicates that additional attention should be given to the application of effective collection procedures. A review of an aged accounts receivable trial balance revealed several old balances, some dating back to fiscal year 2016. These items require a decision about whether they are proper charges.

We also noted that accounts receivable from the general ledger to the accounts receivable detail ledger should be reconciled to check that the recording of transactions is accurate and proper and that any adjustments to or write-offs of accounts receivable have been approved.

Criteria:

Internal controls should be in place to provide reasonable assurance that financial statements are prepared in accordance with U.S. GAAP.

Cause:

We were informed that no monthly or other regular schedule of accounts receivable is prepared, in which the accounts are analyzed and categorized by age. We recommend that such a schedule be prepared periodically, to serve as a basis for the investigation of possible errors and the scrutinizing and investigation of accounts which have become old and doubtful of collection unless prompt collection efforts are taken.

Effect:

The following audit adjustments were required for fiscal year 2019:

- Increase bad debt expense \$219,000, increase allowance for doubtful accounts \$186,000 and reduce accounts receivable \$33,000
- Decrease revenue and accounts receivable \$272,000

Recommendation:

We recommend that an aged trial balance of accounts receivable be prepared each month. Any balance over ninety days old should be listed on a supplementary schedule with a complete explanation of the reason why the balance has not been collected. Both these schedules should be given to the supervising personnel. In this way, balances which are past due can be monitored and perhaps collected before age makes collection impossible.

A reconciliation of accounts receivable from the general ledger to the accounts receivable detail ledger should be prepared to check that the recording of transactions is accurate and proper and that any adjustments to or write-offs of accounts receivable have been approved.

Management Response:

Management believes that this finding is due to a technical issue with Foundation's accounts receivable module, which had been identified only in the weeks leading up to the audit fieldwork. In response to the issue, Management has engaged specialized consultant to improve the Foundation's accounts receivable reporting capabilities. Foundation has also assigned aging responsibilities to a new accounting staff who was not hired until the fiscal year-end. This individual will run aging reports regularly and will be responsible for the collection of receivables. A manual is currently being created to document proper procedures for the collection of receivables.

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019**

Section III – Findings and Questioned Costs – Major Federal Programs

Finding 2019-005: Procurement

Federal agency: U.S. Department of Education; National Science Foundation; U.S. Department of Health and Human Services

Federal program title and CFDA Numbers: Research and Development Cluster (Various); Teacher Quality Partnership Grants (84.336); Gaining Early Awareness and Readiness (84.334)

Award Periods: Covering the fiscal year July 1, 2018 through June 30, 2019

Condition:

We noted during our audit that the Foundation does not have internal controls to ensure compliance with procurement requirements contained in the Uniform Guidance.

Criteria:

Non-Federal entities other than States, including those operating Federal programs as subrecipients of States, must follow the procurement standards set out at 2 CFR sections 200.318 through 200.326. They must use their own documented procurement procedures, which reflect applicable State and local laws and regulations, provided that the procurements conform to applicable Federal statutes and the procurement requirements identified in 2 CFR part 200. A non-Federal entity must:

1. Meet the general procurement standards in 2 CFR section 200.318, which include oversight of contractors' performance, maintaining written standards of conduct for employees involved in contracting, awarding contracts only to responsible contractors, and maintaining records to document history of procurements.
2. Conduct all procurement transactions in a manner providing full and open competition, in accordance with 2 CFR section 200.319.
3. Use the micro-purchase and small purchase methods only for procurements that meet the applicable criteria under 2 CFR sections 200.320(a) and (b). Under the micro-purchase method, the aggregate dollar amount does not exceed \$3,500 (\$2,000 in the case of acquisition for construction subject to the Wage Rate Requirements (Davis-Bacon Act)). Small purchase procedures are used for purchases that exceed the micro-purchase amount but do not exceed the simplified acquisition threshold. Micro-purchases may be awarded without soliciting competitive quotations if the non-Federal entity considers the price to be reasonable (2 CFR section 200.320(a)). If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources (2 CFR section 200.320(b)).
4. For acquisitions exceeding the simplified acquisition threshold, the non-Federal entity must use one of the following procurement methods: the sealed bid method if the acquisition meets the criteria in 2 CFR section 200.320(c); the competitive proposals method under the conditions specified in 2 CFR section 200.320(d); or the noncompetitive proposals method (i.e., solicit a proposal from only one source) but only when one or more of four circumstances are met, in accordance with 2 CFR section 200.320(f).

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019**

5. Perform a cost or price analysis in connection with every procurement action in excess of the simplified acquisition threshold, including contract modifications (2 CFR section 200.323(a)). The cost plus a percentage of cost and percentage of construction cost methods of contracting must not be used (2 CFR section 200.323(d)). 6. Ensure that every purchase order or other contract includes applicable provisions required by 2 CFR section 200.326. These provisions are described in Appendix II to 2 CFR part 200, "Contract Provisions for Non-Federal Entity Contracts Under Federal Awards."

Cause:

Responsibility for compliance with procurement requirements has not been established with an individual at the Foundation.

Effect:

Material noncompliance with federal regulations.

Recommendation:

We recommend that the Foundation implement controls to document the verifications it performs.

Finding 2019-006: Equipment Management

Federal agency: National Science Foundation; U.S. Department of Health and Human Services

Federal program title and CFDA Numbers: Research and Development Cluster (93.859, 47.074)

Award Periods: September 12, 2017 through August 31, 2020 (93.859) and September 1, 2017 to August 31, 2020 (47.074)

Condition:

We noted during our audit that the Foundation does not have internal controls to ensure compliance with equipment management requirements contained in the Uniform Guidance.

Criteria:

Equipment means tangible personal property, including information technology systems, having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes or \$5,000 (2 CFR section 200.33). Title to equipment acquired by a non-Federal entity under grants and cooperative agreements vests in the non-Federal entity subject to certain obligations and conditions (2 CFR section 200.313(a)).

Non-Federal entities other than States must follow 2 CFR sections 200.313(c) through (e) which require that:

1. Equipment, including replacement equipment, be used in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by the Federal award or, when appropriate, under other Federal awards; however, the non-Federal entity must not encumber the equipment without prior approval of the Federal awarding agency (2 CFR sections 200.313(c) and (e)).

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019**

2. Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the Federal award identification number), who holds title, the acquisition date, cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sales price of the property (2 CFR section 200.313(d)(1)).
3. A physical inventory of the property must be taken and the results reconciled with the property records at least once every 2 years (2 CFR section 200.313(d)(2)).
4. A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft must be investigated (2 CFR section 200.313(d)(3)).
5. Adequate maintenance procedures must be developed to keep the property in good condition (2 CFR section 200.313(d)(4)).
6. If the non-Federal entity is authorized or required to sell the property, proper sales procedures must be established to ensure the highest possible return (2 CFR section 200.313(d)(5)).
7. When original or replacement equipment acquired under a Federal award is no longer needed for a Federal program (whether the original project or program or other activities currently or previously supported by the Federal government), the non-Federal entity must request disposition instructions from the Federal awarding agency if required by the terms and conditions of the award. Items of equipment with a current per-unit fair market value of \$5,000 or less may be retained, sold, or otherwise disposed of with no further obligation to the Federal awarding agency. If the Federal awarding agency fails to provide requested disposition instructions within 120 days, items of equipment with a current per-unit fair market value in excess of \$5,000 may be retained or sold. The Federal awarding agency is entitled to the Federal interest in the equipment, which is the amount calculated by multiplying the current market value or sale proceeds by the Federal agency's participation in total project costs.

Cause:

Responsibility for compliance with equipment and real property management requirements has not been established with an individual at the Foundation.

Effect:

Material noncompliance with federal regulations.

Recommendation:

We recommend that the Foundation implement controls to ensure compliance with equipment and real property management requirements.

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED JUNE 30, 2019**

PRIOR YEARS FINDINGS AND QUESTIONED COSTS

2018 Findings

There were no 2018 findings noted

2018 Questioned Costs:

There were no 2018 questioned costs noted

2017 Findings

There were no 2017 findings noted

2017 Questioned Costs:

There were no 2017 questioned costs noted



**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***

Board of Directors of
California State University,
Dominguez Hills Foundation
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 the business-type activities of California State University, Dominguez Hills Foundation (the Foundation), a component unit of California State University, Dominguez Hills, which collectively comprise the Foundation's basic financial statements, as of and for the year ended June 30, 2019, and the related notes to the financial statements, and have issued our report thereon dated September 20, 2019.

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 California State University, Dominguez Hills Foundation's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2019-001 and 2019-002 to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2019-003 and 2019-004 to be significant deficiencies.

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.

Foundation's Response to Findings

The Foundation's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Foundation's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.



CliftonLarsonAllen LLP

Glendora, California
September 20, 2019



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited California State University, Dominguez Hills Foundation's (the Foundation), a component unit of California State University, Dominguez Hills, compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the Foundation's major federal programs for the year ended June 30, 2019. The 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 the 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 the Foundation's compliance.

Basis for Qualified Opinion on Research and Development Cluster

As described in the accompanying schedule of findings and questioned costs, the Foundation did not comply with requirements regarding the Research and Development Cluster as described in finding numbers 2019-005 for Procurement and 2019-006 for Equipment Management. Compliance with such requirements is necessary, in our opinion, for the Foundation to comply with the requirements applicable to that program.

Qualified Opinion on Research and Development Cluster

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the Foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Research and Development Cluster for the year ended June 30, 2019.

Basis for Qualified Opinion on Teacher Quality Partnership Grants

As described in the accompanying schedule of findings and questioned costs, the Foundation did not comply with requirements regarding the Teacher Quality Partnership Grants CFDA 84.336 as described in finding number 2019-005 for Procurement. Compliance with such requirements is necessary, in our opinion, for the Foundation to comply with the requirements applicable to that program.

Qualified Opinion on Teacher Quality Partnership Grants

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the Foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Teacher Quality Partnership Grants for the year ended June 30, 2019.

Basis for Qualified Opinion on Gaining Early Awareness and Readiness

As described in the accompanying schedule of findings and questioned costs, the Foundation did not comply with requirements regarding the Teacher Quality Partnership Grants CFDA 84.334 as described in finding number 2019-005 for Procurement. Compliance with such requirements is necessary, in our opinion, for the Foundation to comply with the requirements applicable to that program.

Qualified Opinion on Gaining Early Awareness and Readiness

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the Foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Gaining Early Awareness and Readiness for the year ended June 30, 2019.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2019-005 and 2019-006. Our opinion on each major federal program is not modified with respect to these matters.

The University's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of the 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 consider the 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

Board of Directors of
California State University
Dominquez Hills Foundation

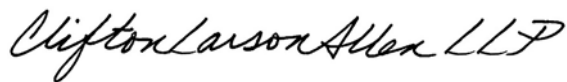
control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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 a 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2019-005 and 2019-006 to be material weaknesses.

The Foundation's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Foundation's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Glendora, California
September 20, 2019

**OTHER INFORMATION AS REQUIRED BY THE
CALIFORNIA STATE UNVERISTY CHANCELLOR'S OFFICE**

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
STATEMENT OF NET POSITION
JUNE 30, 2019

ASSETS

Current assets:

Cash and cash equivalents	\$ 1,185,441
Short-term investments	8,262,534
Accounts receivables, net	2,707,607
Capital lease receivable, current portion	-
Notes receivable, current portion	-
Due from California State University-Dominguez Hills	-
Pledges receivable, net	-
Prepaid expenses and other current assets	83,389
Total current assets	<u>12,238,971</u>

Noncurrent assets:

Restricted cash and cash equivalents	-
Accounts receivable, net	-
Capital lease receivable, net of current portion	-
Notes receivable, net of current portion	-
Student loan receivable, net	-
Pledges receivable, net	-
Endowment investments	-
Other long-term investments	11,134,246
Capital assets, net	270,275
Other assets	-
Total noncurrent assets	<u>11,404,521</u>
Total assets	23,643,492

DEFERRED OUTFLOWS OF RESOURCES

Unamortized loss on debt refunding	-
Net pension obligation	-
Net OPEB liability	-
Others	191,241
Total deferred outflows of resources	<u>191,241</u>

LIABILITIES

Current liabilities:

Accounts payable	443,781
Accrued salaries and benefits	100,832
Accrued compensate absences, current portion	221,842
Unearned revenues	79,994
Capital lease obligations, current portion	-
Long-term debt obligations, current portion	-
Claims liability for losses and loss adjustment expenses, net of current portion	-
Depository accounts	-
Other liabilities	457,365
Total Current Liabilities	<u>1,303,814</u>

Noncurrent liabilities:

Accrued compensated absences, net of current portion	-
Unearned revenues	-
Grants refundable	-
Capital lease obligations, net of current portion	-
Long-term debt obligations, net of current portion	-
Claim liability or losses and loss adjustment expenses, net of current portion	-
Depository Accounts	10,467,896
Net other postemployment benefits liability	1,445,354
Net pension liability	-
Agency Funds Held	1,039,306
Other liabilities	-
Total non current liabilities	<u>12,952,556</u>
Total liabilities	<u>14,256,370</u>

DEFERRED INFLOWS OF RESOURCES

Service concession arrangements	-
Net pension liability	-
Net OPEB liability	25,684
Unamortized gain on debt refunding	-
Nonexchange transactions	-
Others	-
Total deferred inflows of resources	<u>25,684</u>

NET POSITION

Net investment in capital assets	270,275
Restricted for:	-
Nonexpendable - endowments	-
Expendable:	-
Scholarships and fellowships	-
Research	-
Loans	-
Capital projects	-
Debt service	-
Others	-
Unrestricted	9,282,404
Total net position	<u>\$ 9,552,679</u>

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
JUNE 30, 2019

REVENUES

Operating Revenues:	
Student Tuition and Fees, Gross	\$ -
Scholarship Allowances (enter as negative)	-
Grants and Contracts, Noncapital:	
Federal	13,089,502
State	67,085
Local	-
Nongovernmental	299,831
Sales and Services of Educational Activities	-
Sales and Services of Auxiliary Enterprises, Gross	4,500,599
Scholarship Allowances (enter as negative)	-
Other Operating Revenues	<u>1,781,024</u>
Total Operating Revenues	19,738,041

EXPENSES

Operating Expenses:	
Instruction	5,235,192
Research	5,346,795
Public Service	-
Academic Support	1,485,913
Student Services	2,019,993
Institutional Support	52,166
Operation and Maintenance of Plant	-
Student Grants and Scholarships	-
Auxiliary Enterprise Solutions	6,804,385
Depreciation and Amortization	<u>73,366</u>
Total Operating Expenses	<u>21,017,810</u>

OPERATING LOSS

(1,279,769)

NONOPERATING REVENUES (EXPENSES)

State Appropriations, Noncapital	-
Federal Financial Aid Grants, Noncapital	-
State Financial Aid Grants, Noncapital	-
Local Financial Aid Grants, Noncapital	-
Nongovernment and Other Financial Aid Grants, Noncapital	-
Other Federal Nonoperating Grants, Noncapital	-
Gifts, Noncapital	16,758
Investment Income (Loss), Net	490,672
Endowment Income (Loss), Net	-
Gain (Loss) on Sale of Capital Assets	512,977
Interest on Capital Related Debt	(885)
Other Nonoperating Revenues (Expenses) - excl. Interagency Transfers	-
Other Nonoperating Revenues (Expenses) - Interagency Transfers	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>1,019,522</u>
Income (Loss) Before Other Revenues (Expenses)	
State Appropriations, Capital	-
Grants and Gifts, Capital	-
Additions (Reductions) to permanent Endowments	-
Increase (Decrease) in Net Position	(260,247)

NET POSITION

Net Position at Beginning of Year, as previously reported	9,812,926
Restatements	-
Net Position at Beginning of Year, as restated	<u>9,812,926</u>
Net Position at End of year	<u>9,552,679</u>

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
OTHER INFORMATION
JUNE 30, 2019**

1 Cash and cash equivalents at June 30, 2019:

Portion of restricted cash and cash equivalents related to endowments	\$ -
All other restricted cash and cash equivalents	-
Noncurrent restricted cash and cash equivalents	-
Current cash and cash equivalents	<u>1,185,441.00</u>
Total	<u><u>\$ 1,185,441.00</u></u>

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
OTHER INFORMATION (CONTINUED)
JUNE 30, 2019

2.1 Composition of investments at June 30, 2019:

	<u>Current</u>	<u>Noncurrent</u>	<u>Total Current</u>
Money Market funds	\$ 8,262,534	\$ 1,447,614	\$ 9,710,148
Repurchase agreements	-	-	-
Certificates of deposit	-	-	-
U.S. agency securities	-	-	-
U.S. treasury securities	-	-	-
Municipal bonds	-	-	-
Corporate bonds	-	1,720,431	1,720,431.00
Asset backed securities	-	-	-
Mortgage backed securities	-	-	-
Commercial paper	-	-	-
Mutual funds	-	-	-
Equity securities	-	7,131,774	7,131,774.00
Exchange traded funds (ETFs)	-	-	-
Alternative investments:			
Private equity (including limited partnerships)	-	-	-
Hedge funds	-	834,427	834,427.00
Managed futures	-	-	-
Real estate investments (including REITs)	-	-	-
Commodities	-	-	-
Derivatives	-	-	-
Other alternative investment types	-	-	-
Other external investment pools (excluding SWIFT)			
Other investments			
State of California Surplus Money Investment Fund (SMIF)	-	-	-
State of California Local Agency Investment Fund (LAIF)	-	-	-
Total investments	<u>8,262,534</u>	<u>11,134,246</u>	<u>19,396,780</u>
Less endowment investments (enter as negative number)	<u>-</u>	<u>-</u>	<u>-</u>
Total investments, net of endowments	<u>\$ 8,262,534</u>	<u>\$ 11,134,246</u>	<u>\$ 19,396,780</u>

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
OTHER INFORMATION (CONTINUED)
JUNE 30, 2019

2.2 Fair value hierarchy in investment:

	Fair Value Measurements Using				Net Asset Value (NAV)
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Money Market funds	\$ 9,710,148	\$ 9,710,148	\$ -	\$ -	\$ -
Repurchase agreements	-	-	-	-	-
Certificates of deposit	-	-	-	-	-
U.S. agency securities	-	-	-	-	-
U.S. treasury securities	-	-	-	-	-
Municipal bonds	-	-	-	-	-
Corporate bonds	1,720,431	1,720,431	-	-	-
Asset backed securities	-	-	-	-	-
Mortgage backed securities	-	-	-	-	-
Commercial paper	-	-	-	-	-
Mutual funds	-	-	-	-	-
Equity securities	7,131,774	7,131,774	-	-	-
Exchange traded funds (ETFs)	-	-	-	-	-
Alternative investments:	-	-	-	-	-
Private equity (including limited partnerships)	834,427	-	-	-	834,427
Hedge funds	-	-	-	-	-
Managed futures	-	-	-	-	-
Real estate investments (including REITs)	-	-	-	-	-
Commodities	-	-	-	-	-
Derivatives	-	-	-	-	-
Other alternative investment types	-	-	-	-	-
Other external investment pools (excluding SWIFT)	-	-	-	-	-
Other investments:	-	-	-	-	-
State of California Surplus Money Investment Fund (SMIF)	-	-	-	-	-
State of California Local Agency Investment Fund (LAIF)	-	-	-	-	-
Total investments	<u>\$ 19,396,780</u>	<u>\$ 18,562,353</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 834,427</u>

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
OTHER INFORMATION (CONTINUED)
JUNE 30, 2019**

2.3 Investments held by the University under contractual agreements:	Current	Noncurrent	Total
Instruction: Amounts should agree with University's investments held on behalf of Discretely Presented Component Units.			
Investments held by the University under contractual agreements (e.g CSU Consolidated SWIFT Inv pool):	-	-	\$ -

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
OTHER INFORMATION (CONTINUED)
JUNE 30, 2019**

3.1 Composition of capital assets at June 30, 2019:

	Balance June 30, 2018	Prior period Adjustments	Reclassifications	Balance June 30, 2018 (restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2019
Nondepreciable/nonamortizable capital assets:								
Land and land improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Works of art and historical treasures	-	-	-	-	-	-	-	-
Construction work in progress (CWIP)	52,627	-	-	52,627	15,300	(22,628)	-	45,299
Intangible assets:								
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-
Internally generated intangible assets in progress	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets:								
Add description	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-
Total nondepreciable/nonamortizable capital assets	52,627	-	-	52,627	15,300	(22,628)	-	45,299
Depreciable/amortizable capital assets:								
Buildings and building improvements	419,643	-	-	419,643	-	(419,643)	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	352,667	-	-	352,667	-	(221,948)	-	130,719
Personal property:								
Equipment	191,654	-	-	191,654	282,134	(7,395)	-	466,393
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 depreciable/amortizable capital assets	963,964	-	-	963,964	282,134	(648,986)	-	597,112
Total capital assets	1,016,591	-	-	1,016,591	297,434	(671,614)	-	642,411
Less accumulated depreciation/amortization:								
Buildings and building improvements	(250,620)	-	-	(250,620)	-	250,620	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	(114,511)	-	-	(114,511)	(23,299)	98,347	-	(39,463)
Personal property:								
Equipment	(191,654)	-	-	(191,654)	(148,414)	7,395	-	(332,673)
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	(556,785)	-	-	(556,785)	(171,713)	356,362	-	(372,136)
Total capital assets, net	\$ 459,806	\$ -	\$ -	\$ 459,806	\$ 125,721	\$ (315,252)	\$ -	\$ 270,275

3.2 Detail of depreciation and amortization expense for the year ended June 30, 2019:

Depreciation and amortization expense related to capital assets	\$ 73,366
Amortization expense related to other assets	-
Total depreciation and amortization	\$ 73,366

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
OTHER INFORMATION (CONTINUED)
JUNE 30, 2019**

4 Long-term liabilities activity schedule:

	Balance June 30, 2018	Prior period adjustments	Reclassifications	Balance June 30, 2018 (restated)	Additions	Reductions	Balance June 30, 2019	Current portion	Long-term portion
Accrued compensated absences	\$ 224,186	\$ -	\$ -	\$ 224,186	\$ 221,842	\$ 224,186	\$ 221,842	\$ 221,842	\$ -
Claims liability for losses and loss adjustment expenses	-	-	-	-	-	-	-	-	-
Capital lease obligations:									
Gross balance	-	-	-	-	-	-	-	-	-
Unamortized premium / (discount) on capital lease obligations	-	-	-	-	-	-	-	-	-
Total capitalized lease obligations	-	-	-	-	-	-	-	-	-
Long-term debt obligations:									
Auxiliary revenue bonds	-	-	-	-	-	-	-	-	-
Commercial paper	-	-	-	-	-	-	-	-	-
Notes payable related to SRB	-	-	-	-	-	-	-	-	-
Others: (list by type)									
Mortgage Payable	170,060	-	-	170,060	-	170,060	-	-	-
Add description	-	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-	-
Total long-term debt obligations	170,060	-	-	170,060	-	170,060	-	-	-
Unamortized bond premium / (discount)	-	-	-	-	-	-	-	-	-
Total long-term debt obligations, net	170,060	-	-	170,060	-	170,060	-	-	-
Total long-term liabilities	\$ 394,246	\$ -	\$ -	\$ 394,246	\$ 221,842	\$ 394,246	\$ 221,842	\$ 221,842	\$ -

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
OTHER INFORMATION (CONTINUED)
JUNE 30, 2019**

5 Future minimum lease payments - Capital lease obligations:

	Capital lease obligations related to SRB			All other capital lease obligations			Total capital lease obligations		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
Year ending June 30:									
2020	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2021	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-
2025 - 2029	-	-	-	-	-	-	-	-	-
2030 - 2034	-	-	-	-	-	-	-	-	-
2035 - 2039	-	-	-	-	-	-	-	-	-
2040 - 2044	-	-	-	-	-	-	-	-	-
2045 - 2049	-	-	-	-	-	-	-	-	-
2050 - 2054	-	-	-	-	-	-	-	-	-
2055 - 2059	-	-	-	-	-	-	-	-	-
2060 - 2064	-	-	-	-	-	-	-	-	-
2065 - thereafter	-	-	-	-	-	-	-	-	-
Total minimum lease payments	-	-	-	-	-	-	-	-	-
Less amounts representing interest									-
Present value of future minimum lease payments									-
Unamortized net premium (discount)									-
Total capital lease obligations									-
Less: current portion									-
Capital lease obligations, net of current portion									\$ -

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
OTHER INFORMATION (CONTINUED)
JUNE 30, 2019**

6 Long-term debt obligations schedule:

	Auxiliary revenue bonds			All other long-term deb obligations			Total long-term debt obligations		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
Year ending June 30:									
2020	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2021	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-
2025 - 2029	-	-	-	-	-	-	-	-	-
2030 - 2034	-	-	-	-	-	-	-	-	-
2035 - 2039	-	-	-	-	-	-	-	-	-
2040 - 2044	-	-	-	-	-	-	-	-	-
2045 - 2049	-	-	-	-	-	-	-	-	-
2050 - 2054	-	-	-	-	-	-	-	-	-
2055 - 2059	-	-	-	-	-	-	-	-	-
2060 - 2064	-	-	-	-	-	-	-	-	-
2065 - thereafter	-	-	-	-	-	-	-	-	-
Total minimum lease payments	-	-	-	-	-	-	-	-	-
Less amounts representing interest									-
Present value of future minimum lease payments									-
Unamortized net premium (discount)									-
Total capital lease obligations									-
Less: current portion									-
Long-term debt obligations, net of current portion									\$ -

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
OTHER INFORMATION (CONTINUED)
JUNE 30, 2019**

7 Transaction with related entities

	Amount
Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$ 1,350,584
Payment to University for other than salaries of University personnel	\$ 894,438
Payment received from University for service, space and programs	\$ 993,796
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)	-
Other amounts (payable to) University (enter as negative number)	-
Accounts receivable from University (enter as positive number)	778,587
Other amount receivable from University	-

8 Restatements/Prior period adjustments:

Provide a detailed breakdown of the journal entries (at the financial statement line items level) booked to record each restatement/PPA:

		Debit/(Credit)
Transaction #1	Enter transaction description	-
Transaction #2	Enter transaction description	-

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
OTHER INFORMATION (CONTINUED)
JUNE 30, 2019**

9 Natural Classifications of Operating Expenses

	<u>Salaries</u>	<u>Benefits - Other</u>	<u>Benefits - Pension</u>	<u>Benefits - OPEB</u>	<u>Scholarships and fellowships</u>	<u>Supplies and other services</u>	<u>Depreciation and amortization</u>	<u>Total operating expenses</u>
Instruction	\$ 1,759,493	\$ -	\$ -	\$ 433,799	\$ -	\$ 3,041,900	\$ -	\$ 5,235,192
Research	2,346,657	-	-	277,030	-	2,723,108	-	5,346,795
Public support	-	-	-	-	-	-	-	-
Academic Support	391,979	-	-	129,142	-	964,792	-	1,485,913
Student services	948,761	-	-	290,098	-	781,134	-	2,019,993
Institutional support	30,708	-	-	9,200	-	12,258	-	52,166
Operation and maintenance of plant	-	-	-	-	-	-	-	-
Student grants and scholarships	-	-	-	-	-	-	-	-
Auxiliary enterprise expenses	2,168,667	-	-	845,398	-	3,790,320	-	6,804,385
Depreciation and amortization	-	-	-	-	-	-	73,366	73,366
Total	<u>\$ 7,646,265</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,984,667</u>	<u>\$ -</u>	<u>\$ 11,313,512</u>	<u>\$ 73,366</u>	<u>\$ 21,017,810</u>

10 Deferred outflows/inflows of resources:

1. Deferred Outflows of Resources

Deferred outflows - unamortized loss on refunding(s)

Deferred outflows - net pension liability

Deferred outflows - net OPEB liability 191,241

Deferred outflows - others:

Total deferred outflows - others -

Total deferred outflows of resources \$ 191,241

2. Deferred Inflows of Resources

Deferred inflows - service concession arrangements -

Deferred inflows - net pension liability

Deferred inflows - net OPEB liability 25,684

Deferred inflows - unamortized gain on debt refunding(s)

Deferred inflows - nonexchange transactions

Deferred inflows - others:

Total deferred inflows - others -

Total deferred inflows of resources \$ 25,684

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION CORRECTIVE ACTION PLAN YEAR ENDED JUNE 30, 2019

U.S. Department of Education

California State University, Dominguez Hills Foundation respectfully submits the following corrective action plan for the year ended June 30, 2019.

Audit period: 2018-19

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS—FEDERAL AWARD PROGRAMS AUDITS

2019-005 Procurement

Federal agency: U.S. Department of Education; National Science Foundation; U.S. Department of Health and Human Services

Program Name: Research and Development Cluster (Various); Urban Teachers Residency (84.336); Gear-Up (84.334)

Recommendation: We recommend that the Foundation implement controls to verify its procurement policies are compliance with applicable federal and state requirements and to ensure that personnel responsible for ensuring compliance have the necessary training and tools to do so.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: Since controls are already in place for procurement through Accounts Payable, training and an establishment of responsibilities for the accounts payable department will be put in place so that staff understand that the duties they are currently performing are, in fact, procurement duties. The accounts payable [procurement] department are to follow the following regulations and thresholds:

1. Purchases less than \$5,000 do not require a quote and may be approved by the appropriate project manager, administrator, or designee. Such purchases shall be accomplished in a manner customary to the marketplace using sound business practices. Purchase orders are optional, but strongly encouraged. No bids are required.
2. Purchases from \$5,000 and up to \$20,000 may be approved by the appropriate project manager, administrator, or designee, in addition to the Foundation Accounting Manager or his/her designee. Such purchases shall be accomplished in a manner customary to the marketplace using sound business practices. Purchase orders are strongly encouraged. To the extent practicable, account holders should obtain a minimum of three (3) verbal bids based upon price, quality, performance and/or technical specifications, and vendor

responsiveness. A Purchase Justification form must be filled out and submitted with the P.O. Such procedures are not applicable to merchandise purchased for resale. Expired quotes or bids are not valid.

3. Purchases in excess of \$20,000 must be approved by the appropriate project manager administrator or designee and the Foundation Accounting Manager prior to purchase. To the extent practicable, account holders should obtain a minimum of three (3) written, competitive bids based upon price, quality, performance and/or technical specifications, and vendor responsiveness. Such procedures are not applicable to merchandise purchased for resale. Expired quotes or bids are not valid. A Purchase Order is strongly encouraged. If a vendor is providing pricing/quotes in accordance with a current state contract, no additional quotes will be required.
4. Purchases in excess of \$50,000 require a formal written agreement to be executed prior to purchase, unless advance approval is given by the Executive Director or his/her designee. Such purchases are subject to the approval of the appropriate project manager, administrator, or designee, in addition to the Foundation Controller and the Executive Director or his/her designee.
5. Sole source purchases equaling or exceeding \$50,000 on a non-competitive basis will require formal written agreement and approval of the appropriate project manager, administrator, or designee, in addition to the Foundation Accounting Manager and the Executive Director or his/her designee.

The Office of Sponsored Research and Programs (OSRP) has drafted a proposed addendum to the Procurement policy to align it with Uniform Guidance for applicable purchases. Once it is published, an accompanying procedure will be generated. OSRP Post-award staff will receive training to properly administer the policy and procedure. Training and Policy implementation will be completed by November 1, 2019.

Foundation will further train all Post-Award analysts on the above regulations and purchase thresholds.

Names of the contact persons responsible for corrective action: Gillian Fischer, Jinna Matzen

Planned completion date for corrective action plan: December 2, 2019

If the U.S. Department of Education has questions regarding this plan, please contact Gillian Fisher, gfisher@csudh.edu or [310.243.3119].

2019-006 Equipment and Real Property Management

Federal agency: National Science Foundation; U.S. Department of Health and Human Services

Program Name: Research and Development Cluster (93.859, 47.074)

Recommendation: We recommend that the Foundation implement controls to verify its equipment and real property management policies are compliance with applicable federal and state requirements and to ensure that personnel responsible for ensuring compliance have the necessary training and tools to do so.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding:

Management Response: In fiscal year 2018/19, Foundation's accounting department experienced unprecedented turnover. To allow for its continued operation, temporary employees and consultants were brought on to assist in the transition and allow adequate time to perform a diligent search for a CFO, Accounting Manager, and support staff. A permanent CFO has been hired and will begin in October 2019 and Foundation has begun its search for an Accounting Manager, with support staff to follow. Management is confident that many of the operational inefficiencies in FY 2018/19 will be mitigated in future years with a fresh, professional accounting staff poised and ready to implement long-overdue changes to Foundation's operations.

Corrective Action: Foundation's Fixed Assets Policy is currently out of date. The incoming CFO will be responsible for updating Foundation policies and procedures. Foundation is currently in talks with the University regarding shared services, including equipment tagging. OSRP Post-award staff will be trained to identify equipment and real property. A Foundation accountant will be responsible for tracking assets through a reconciliation process with OSRP, and possibly the University, on tagged items. Foundation has engaged the services of a consultant for our financial software system and are currently exploring purchasing and asset tracking modules that can be utilized to address this deficiency.

Names of the contact persons responsible for corrective action: Gillian Fischer, Jerome Groomes

Planned completion date for corrective action plan: January 31, 2019

If the U.S. Department of Education has questions regarding this plan, please contact Foundation Interim Executive Director, Jerome Groomes at jgroomes@csudh.edu or 310.243.2501.

