

**CALIFORNIA STATE UNIVERSITY,
DOMINGUEZ HILLS FOUNDATION**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021



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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 and fiduciary activities of the California State University, Dominguez Hills Foundation (the Foundation), a component unit of California State University, Dominguez Hills, for the year ended June 30, 2021, 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 *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Emphasis-of-Matter Regarding a Change in Accounting Principle

As discussed in Note 2 to the financial statements, the Foundation has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Accordingly, the 2020 amounts reported in the financial statements have been restated. Our auditor's opinion is not modified with respect to this matter.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type and fiduciary activities of the Foundation as of June 30, 2021, 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.

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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report October 1, 2021 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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Glendora, California
October 1, 2021

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2021 AND 2020**

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 Foundation for the fiscal year ended June 30, 2021. 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 and fiduciary 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 inflows. 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 \$2,250,894. 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, 2021 AND 2020**

Comparative Analysis of Current and Prior Year Activities and Balances

The Foundation's summary of net position as of June 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>	<u>Change</u>
ASSETS			
Current Assets	\$ 4,765,091	\$ 11,399,883	\$ (6,634,792)
Long-Term Assets	6,063,924	10,626,385	(4,562,461)
Capital Assets	<u>503,754</u>	<u>615,378</u>	<u>(111,624)</u>
Total Assets	<u>11,332,769</u>	<u>22,641,646</u>	<u>(11,308,877)</u>
DEFERRED OUTFLOWS OF RESOURCES	432,548	122,320	310,228
LIABILITIES			
Current Liabilities	2,883,032	1,513,724	1,369,308
Noncurrent Liabilities	<u>2,154,682</u>	<u>13,813,163</u>	<u>(11,658,481)</u>
Total Liabilities	<u>5,037,714</u>	<u>15,326,887</u>	<u>(10,289,173)</u>
DEFERRED INFLOWS OF RESOURCES	<u>334,541</u>	<u>335,622</u>	<u>(1,081)</u>
NET POSITION			
Net Investments in Capital Assets	503,754	615,378	(111,624)
Unrestricted*	<u>5,889,308</u>	<u>8,028,578</u>	<u>(2,139,270)</u>
Total Net Position	<u><u>\$ 6,393,062</u></u>	<u><u>\$ 8,643,956</u></u>	<u><u>\$ (2,250,894)</u></u>

* The June 30, 2020 has been restated, see note 2

Assets

Total assets decreased by \$11,308,877 compared to prior year. This change can be attributed to the decrease in pooled cash and investments.

Liabilities

Total liabilities decreased by \$10,289,173, compared to the prior year. This decrease is primarily due to the decrease in depository accounts and agency funds held on behalf of the others at year-end.

Net Position

Total net position decreased by \$2,250,894 compared to the prior year. This change is a result of a decrease in operating revenue and an increase in capital assets and the cumulative impact of the adoption of GASB Statement No.84.

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2021 AND 2020

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, 2021 and 2020 is as follows:

Operating Revenues

Total operating revenues decreased by \$1,813,715 compared to prior year. The overall decrease in total revenues is attributable to the decrease in sales and services revenue.

Operating Expenses

Operating expenses showed a decrease of \$198,243 when compared to the prior year. The decrease can be attributed to a decrease in instructional activities and in academic support.

	2021	2020	Change
OPERATING REVENUES			
Grants and Contracts, Noncapital	\$ 11,834,280	\$ 11,212,571	\$ 621,709
Sales and Services of Auxiliary Enterprises	1,491,624	3,597,458	(2,105,834)
Other Operating Revenues	927,981	1,257,571	(329,590)
Total Operating Revenue	14,253,885	16,067,600	(1,813,715)
NONOPERATING REVENUES			
Investment Income (net of fees)	1,237,926	(603,873)	1,841,799
Total Revenue	15,491,811	15,463,727	28,084
OPERATING EXPENSES			
Instruction	3,624,954	4,249,961	(625,007)
Research	3,514,847	3,281,919	232,928
Academic Support	2,284,658	2,689,902	(405,244)
Student Services	1,790,060	1,985,121	(195,061)
Institutional Support	444,011	170,880	273,131
Auxiliary Enterprise Expenses	5,953,821	5,438,624	515,197
Depreciation	103,564	97,751	5,813
Total Operating Expenses	17,715,915	17,914,158	(198,243)
NONOPERATING EXPENSES			
Interest on Capital-Related Debt	(26,790)	(791)	(25,999)
Total Expenses	17,742,705	17,914,949	(224,242)
CHANGE IN NET POSITION	(2,250,894)	(2,451,222)	252,326
Net Position - Beginning of Year (as restated)*	8,643,956	9,552,679	(908,723)
NET POSITION - END OF YEAR	<u>\$ 6,393,062</u>	<u>\$ 8,643,956</u>	<u>\$ (2,250,894)</u>

* The June 30, 2020 has been restated, see note 2

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2021 AND 2020**

Capital Assets and Debt Administration

Capital Assets

The Foundation has \$503,754 in capital assets, net of accumulated depreciation.

Debt

As of June 30, 2021, the Foundation had \$2,890,102 in debt with an increase of \$2,065,351 resulting from a \$12,375 increase in compensated absences, \$552,976 increase in Payroll Protection Program Loans and \$1,500,000 increase in note payable. Note 6 provide additional information on long term liabilities. A comparison is summarized below:

	2021	2020	Change
Compensated Absences	\$ 312,126	\$ 299,751	\$ 12,375
PPP Loans	1,077,976	525,000	552,976
Notes Payable	1,500,000	-	1,500,000
	<u>\$ 2,890,102</u>	<u>\$ 824,751</u>	<u>\$ 2,065,351</u>

Factors Affecting Future Periods

The GASB has issued pronouncements prior to June 30, 2021, 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.

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, 2021

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 2,275,495
Accounts Receivable, Net	2,046,300
Due from Related Parties	118,530
Prepaid Expenses and Other Assets	<u>324,766</u>
Total Current Assets	4,765,091

NONCURRENT ASSETS

Long-Term Investments	5,959,925
Other Assets	103,999
Capital Assets, Net	<u>503,754</u>
Total Noncurrent Assets	<u>6,567,678</u>

Total Assets	11,332,769
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DEFERRED OUTFLOWS OF RESOURCES

432,548

LIABILITIES

CURRENT LIABILITIES

Accounts Payable	307,982
Accrued Salaries and Benefits Payable	643,492
Accrued Compensated Absences	312,126
Unearned Revenue	289,309
Debt	1,166,273
Due to Related Parties	100,031
Interest Payable	7,377
Other Liabilities	<u>56,442</u>
Total Current Liabilities	2,883,032

NONCURRENT LIABILITIES

Postemployment Benefits Other than Pensions	742,979
Debt	<u>1,411,703</u>
Total Noncurrent Liabilities	2,154,682

Total Liabilities	<u>5,037,714</u>
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DEFERRED INFLOWS OF RESOURCES

Net Other Postemployment Benefit Obligation	<u>334,541</u>
Total Deferred Inflows of Resources	<u>334,541</u>

NET POSITION

Invested in Capital Assets	503,754
Unrestricted	<u>5,889,308</u>
Total Net Position	<u><u>\$ 6,393,062</u></u>

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, 2021**

OPERATING REVENUES

Grants and Contracts, Noncapital:	
Federal	\$ 11,227,968
State and Local	472,427
Nongovernmental	133,885
Sales and Services of Auxiliary Enterprises	1,491,624
Other Operating Revenues	927,981
Total Operating Revenues	<u>14,253,885</u>

OPERATING EXPENSES

Instruction	3,624,954
Research	3,514,847
Academic Support	2,284,658
Student Services	1,790,060
Institutional Support	444,011
Auxiliary Enterprise Expenses	5,953,821
Depreciation	103,564
Total Operating Expenses	<u>17,715,915</u>

OPERATING LOSS (3,462,030)

NONOPERATING REVENUES (EXPENSES)

Investment Income (Loss) - Net of Fees	1,237,926
Interest	(26,790)
Total Nonoperating Revenues (Expenses)	<u>1,211,136</u>

CHANGE IN NET POSITION (2,250,894)

Net Position - Beginning of Year, Before Restatement 7,101,457

CHANGE IN ACCOUNTING PRINCIPLE RESTATEMENT 1,542,499

Net Position - Beginning of Year, After Restatement 8,643,956

NET POSITION - END OF YEAR \$ 6,393,062

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Federal Grants and Contracts	\$ 11,227,968
State and Local Grants and Contracts	472,427
Nongovernmental Grants and contracts	133,885
Payments to Suppliers	(9,652,403)
Payments to Employees	(8,590,812)
Sales and Services of Auxiliary Enterprises	1,491,624
Other Receipts	927,981
Net Cash Used by Operating Activities	<u>(3,989,330)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

PPP Loan Proceeds	552,976
Interest Paid on Notes Payable	(26,790)
Proceeds from Notes Payable	2,577,976
Net Cash Provided by Noncapital Financing Activities	<u>3,104,162</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Investment Income	1,255,030
investment Expense	(17,104)
Purchase of Investments	(19,539,225)
Sale of Investments	19,453,719
Net Cash Provided by Investing Activities	<u>1,152,420</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS

267,252

Cash and Cash Equivalents - Beginning of Year

2,008,243

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 2,275,495

**RECONCILIATION OF NET OPERATING LOSS TO
NET CASH USED BY OPERATING ACTIVITIES**

Operating Loss	\$ (3,462,030)
Adjustments to Reconcile Net Operating Loss to Net Cash Used by Operating Activities:	
Depreciation	103,564
Deferred Inflows of Resources	334,541
Deferred Outflows of Resources	(432,548)
Change in Assets and Liabilities:	
Accounts Receivable, Net	661,307
Prepaid Expenses and Other Assets	(241,377)
Accounts Payable	(1,007,256)
Accrued Salaries and Benefits payable	542,660
Interest Payable	7,377
Accrued Compensated Absences	298,384
Unearned Revenue	209,315
Other Liabilities	(300,892)
Postemployment Benefits Other Than Pensions	(702,375)
Agency Funds Held	-
Net Cash Used by Operating Activities	<u><u>\$ (3,989,330)</u></u>

See accompanying Notes to Financial Statements.

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
STATEMENT OF FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2021

ASSETS

Cash and Cash Equivalents	\$ 232,058
Total Assets	<u>232,058</u>

LIABILITIES

Accounts Payable	2,949
Accrued Liabilities	<u>28,953</u>
Total Liabilities	<u>31,902</u>

NET POSITION

Restricted:	
Individuals, Organizations, and Other Governments	<u>200,156</u>
Total Net Position	<u><u>\$ 200,156</u></u>

See accompanying Notes to Financial Statements.

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2021

ADDITIONS

Memberships	\$ 120
Program Income	88,297
Gifts	538,203
Other Income	425
Total Additions	<u>627,045</u>

DEDUCTIONS

Distributions	118,186
Administrative Expenses	6,105
Total Deductions	<u>124,291</u>

NET INCREASE IN FIDUCIARY NET POSITION

502,754

FIDUCIARY NET POSITION

Net Position, Beginning of Year	-
Change in Accounting Principle	(302,598)
Net Position - Beginning of Year, As Restated	<u>(302,598)</u>
Net Position, End of Year	<u><u>\$ 200,156</u></u>

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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 (U.S. GAAP), 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 as 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.

Fiduciary Activities

The Foundation administers agency assets on behalf of campus organizations. It is management's belief that the Foundation is acting as an agent for the transactions. Accordingly, the activity of such organizations is presented in a separate statement of fiduciary net position and a restatement of changes in fiduciary net position.

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Principle

During the fiscal year 2021, the Foundation has changed accounting policies related to the financial statement presentation of the Foundation, by adopting the GASB Statement No. 84, *Fiduciary Activities*. The cumulative impact of the adoption increased net assets by \$1,542,499.

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.

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.

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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.

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 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 U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues, and expenses in the accompanying basic financial statements. Actual results could differ from those estimates.

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Risks and Uncertainties

The Coronavirus Disease 2019 (COVID-19) has recently affected global markets, supply chains, employees of companies and our communities. Management of the organization is taking appropriate actions to mitigate the impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as of June 30, 2021.

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 U.S. 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, 2021

NOTE 3 CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

Investment Level 1 Inputs:	
Equities	\$ 4,197,812
Investment Level 2 Inputs:	
Corporate and Governmental Bonds	485,278
Investments at NAV:	
Money Market Funds	355,993
Alternative Investments	920,842
Total Investment Inputs	<u>\$ 5,959,925</u>

At June 30, 2021, the Foundation did not have any investments measured using Level 3 inputs.

The following table summarizes information regarding investment terms, unfunded commitments and redemption terms for investments value using NAV at June 30, 2021:

Investment	Net Asset Value	Strategy	Unfunded Commitments	Redemption Terms	Redemption Restriction
Blackstone Real Estate	\$ 143,599	Achieve capital appreciation principally through investing in investment in investment funds	None	Redeemable on a quarterly basis	95 days notice
Ironwood Institutional Multi-Strategy Fund LLC	381,380	Achieve capital appreciation principally through investing in investment in investment funds	None	Redeemable on a quarterly basis	95 days notice
Hedge Fund Guided Portfolio Solutions Class I 71H78	395,863	Achieve capital appreciation principally through investing in investment in investment funds	None	Redeemable on a quarterly basis	60-93 days notice
	<u>\$ 920,842</u>				

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 \$2,582,107 for 2021, respectively. As of June 30, 2021, \$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

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investment Credit Risk (Continued)

Merrill Lynch Consulting manages the long-term investments in accordance with the Foundation's approved investment policy statement.

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	<u>55.0</u>	<u>70.0</u>
Global Fixed Income:		
Domestic Fixed Income	10.0	15.0
Global Fixed Income	10.0	15.0
Total Fixed Income	<u>20.0</u>	<u>30.0</u>
Alternative Investments:		
Hedge Funds	17.5	20.0
Private Equity	7.5	10.0
Total Alternative Investments	<u>25.0</u>	<u>30.0</u>
Total Portfolio (Target Allocation)	<u>100.0 %</u>	<u>100.0 %</u>

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

	<u>2021</u>
Unrestricted:	
Interest and Dividends	\$ 116,544
Investment Expenses	(17,104)
Unrealized Gain (Loss), Net	1,138,486
Total Investment Income	<u>\$ 1,237,926</u>

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4 ACCOUNTS RECEIVABLE

Accounts receivable at June 30 consisted of the following:

Grants Receivables	\$ 1,813,976
Other	540,539
Allowance for Doubtful Accounts	<u>(308,215)</u>
Total	<u><u>\$ 2,046,300</u></u>

NOTE 5 CAPITAL ASSETS

Capital assets consist of the following at June 30, 2021:

	Beginning of Year June 30, 2020	Additions	Deletions	End of Year June 30, 2021
Buildings	\$ -	\$ -	\$ -	\$ -
Accumulated Depreciation	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Equipment	367,726	-	-	367,726
Accumulated Depreciation	<u>(217,681)</u>	<u>(73,923)</u>	<u>-</u>	<u>(291,604)</u>
Total	150,045	(73,923)	-	76,122
Furniture and Fixtures	-	-	-	-
Accumulated Depreciation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Leasehold Improvements	157,510		(4,660)	152,850
Accumulated Depreciation	<u>(53,727)</u>	<u>(29,641)</u>	<u>2,408</u>	<u>(80,960)</u>
Total	103,783	(29,641)	(2,252)	71,890
Capital Project Work in Progress	<u>361,550</u>	<u>576</u>	<u>(6,384)</u>	<u>355,742</u>
Total	<u><u>\$ 615,378</u></u>	<u><u>\$ (102,988)</u></u>	<u><u>\$ (8,636)</u></u>	<u><u>\$ 503,754</u></u>

Depreciation expense for the year ended June 30, 2021 was \$103,564.

NOTE 6 DEBT

In May 2020, the Foundation received a loan from Wells Fargo Bank NA in the amount of \$525,000 to fund payroll, and utilities through the Paycheck Protection Program (the PPP Loan). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over twenty-four months deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the Foundation fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date.

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 6 DEBT (CONTINUED)

These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. To the extent that all or part of the PPP Loan is not forgiven, the Foundation will be required to pay interest on the PPP Loan at a rate of 1.0% per annum and commencing in November 2020 principal and interest payments will be required through the maturity date in March 2022.

In April 2021, the Foundation received a loan from Wells Fargo Bank NA in the amount of \$552,976 to fund payroll, and utilities through the Paycheck Protection Program (the PPP Loan). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over sixty months deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the Foundation fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. To the extent that all or part of the PPP Loan is not forgiven, the Foundation will be required to pay interest on the PPP Loan at a rate of 1.0% per annum and commencing in February 2022 principal and interest payments will be required through the maturity date in March 2027.

Effective July 1, 2020, the Foundation executed a \$1,500,000 promissory note with the California State University Dominguez Hills Philanthropic Foundation. The note matures on November 30, 2030 and bears interest at 2.25% per annum. Initially monthly interest and principal payments of \$2,813 were due starting December 1, 2020 and will increase to \$15,356 on December 1, 2021.

	Beginning Balance as of June 30, 2020	Additions	Reductions	Ending Balance as of June 30, 2021	Due in One Year
Debt:					
PPP Loan 1	\$ 525,000	\$ -	\$ -	\$ 525,000	\$ 525,000
PPP Loan 2	-	552,976	-	552,976	552,976
Notes Payable	-	1,500,000	-	1,500,000	88,297
Liabilities, Net	<u>\$ 525,000</u>	<u>\$ 2,052,976</u>	<u>\$ -</u>	<u>\$ 2,577,976</u>	<u>\$ 1,166,273</u>

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.

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated Absences	<u>\$ 299,751</u>	<u>\$ 12,375</u>	<u>\$ -</u>	<u>\$ 312,126</u>	<u>\$ 312,126</u>

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7 OPERATING LEASE

The Foundation entered into a sublease, which expired on June 30, 2020 and is in the process of being renewed, 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, 2021 amounted to \$101,817, of this total, \$64,910 was for utilities.

NOTE 8 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.

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 year ended June 30, 2021 the Foundation's annual TIAA CREF pension cost totaled \$263,287.

Annual Contributions from Employees – For the year ended June 30, 2021 employees contributed \$141,426, to the Pension Plan (not including tax deferred elective deferrals to the Foundation's non-ERISA plan).

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9 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 postretirement 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 postretirement 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 59½ 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.

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

In accordance with the parameters of GASB 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

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

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.

Total OPEB Liability, Fiduciary Net Position, and Net OPEB Liability (Continued)

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.

U.S. GAAP 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, 2019
Measurement Date	June 30, 2020
Fiscal Year End	June 30, 2021

Information about the OPEB Plan

The following is a table of plan participants:

Inactive Employees Receiving Benefits	6
Inactive Employees Entitled but not Receiving Benefits	-
Covered Dependents of Retirees	7
Participating Active Employee	23
Total Number of Participants	<u>36</u>

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.

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Actuarial Methods and Assumptions (Continued)

The Foundation's net OPEB liability was measured as of June 30, 2020 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 6.8%
Mortality Rate	2017 CalPERS Experience Study
Pre-Retirement Turnover	2017 CalPERS Public Agency Miscellaneous 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, 2019. The following table shows the results of the roll-back:

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Rollback Balance - June 30, 2019	\$ 1,743,126	\$ 970,787	\$ 772,339
Service Cost	29,330	-	29,330
Interest on Total OPEB Liability	120,098	-	120,098
Employer Contributions	-	115,492	115,492
Employee Contributions	-	-	-
Net Investment Income	-	38,215	38,215
Administrative Expense	-	(3,159)	(3,159)
Benefit Payments	(115,492)	(115,492)	(230,984)
Differences Between Expected and Actual Experience	(28,240)	-	(28,240)
Changes in Assumptions	-	-	-
Net Change	<u>5,696</u>	<u>35,056</u>	<u>40,752</u>
Balance at June 30, 2020	<u>\$ 1,748,822</u>	<u>\$ 1,005,843</u>	<u>\$ 742,979</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, 2021

NOTE 9 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:

Discount Rate:			
+1%	\$ 571,740	\$ (171,239)	(23)%
Base:	742,979	-	-
-1%	949,602	206,623	28
Trend Rate:			
+1%	817,943	74,964	10
Base:	742,979	-	-
-1%	675,450	(67,529)	(9)

Long-Term Expected Rate of Return

As of June 30, 2019, 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 %
REITs	7.00	2.80	5.30
Fixed Income	50.00	0.80	2.60

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 10 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.

Discount Rate	7.00 %	7.00 %
Bond Buyer 20-Bond GO Index	2.21	3.50

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9 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 year ended June 30, 2021 the Foundation reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experiences in the Measurement of the TOL	\$ -	\$ 311,563
Changes in Assumptions	-	22,978
Net Difference Between Projected and Actual Earnings of OPEB Plan Investments	29,119	-
Contribution to OPEB Plan after Measurement Date	403,429	-
Total	<u>\$ 432,548</u>	<u>\$ 334,541</u>

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>	Deferred Outflows(Inflows) of Resources
2022	\$ 19,916
2023	(21,561)
2024	(21,230)
2025	(23,394)
2026	(29,321)
Thereafter	(187,936)
Total	<u>\$ (263,526)</u>

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

For the fiscal year ended June 30, 2021 the Foundation recognized OPEB expense of \$62,760.

Service Cost	\$ 29,330
Interest on the Total OPEB Liability	120,098
Changes on Benefit Terms	
Recognized Differences Between Expected and Actual Experience	(27,278)
Recognized Changes of Assumptions	(2,043)
Employee Contributions	-
Projected Earnings on OPEB Plan Investments	(67,846)
Recognized Differences Between Projected and Actual Earnings on Plan Investments	7,340
Administrative Expense	3,159
Other Changes in Fiduciary Net Position	
Aggregate OPEB Expense	\$ 62,760

Interest on the Total OPEB Liability

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

	Amount For Period a	Portion of Period b	Interest Rate c	Interest on the Total OPEB Liability a*b*c
Beginning Total OPEB Liability	\$ 1,743,126	100 %	7.0 %	\$ 122,019
Service Cost	29,330	100	7.0	2,053
Benefit Payments, Including Refunds of Employee Contributions	(115,492)	50	7.0	(3,974)
Total				\$ 120,098

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Earnings on Plan Fiduciary Net Position

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

	Amount For Period a	Portion of Period b	Projected Rate of Return c	Projected Earnings a*b*c
Beginning Plan Fiduciary Net Position	\$ 970,787	100 %	7.0 %	\$ 67,955
Employer Contributions	115,492	50	7.0	3,974
Employee Contributions	-	50	7.0	-
Benefits Payments, Including Refunds of Employee Contributions	(115,492)	50	7.0	(3,974)
Administrative Expense and Other	(3,159)	50	7.0	(109)
Total Projected Earnings				<u>\$ 67,846</u>

Comparison of projected and actual earnings on investments is as follows:

Total Projected Earnings	\$ 67,846
Actual Net Investment Income	<u>38,215</u>
Net Difference Between Projected and Actual Earnings on Investments	<u>\$ 29,631</u>

Funding Status and Funding Progress

Beginning in fiscal year ended June 2011, the Foundation participated in the Auxiliaries Multiple Employer VEBA (Voluntary Employees' Beneficiary Association) and contributed \$45,000 in fiscal year ended 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 postretirement 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, 2021 was \$ 1,455,929.

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

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

	Fair Value Measurements Using				Total
	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	\$ 617,484	-	-	-	\$ 617,484
Fixed Income	568,403	-	-	-	568,403
International Equity	156,241	-	-	-	156,241
Real Estate	113,801	-	-	-	113,801
Total Investments	<u>\$ 1,455,929</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,455,929</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.

NOTE 10 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 \$262,683 for the year ended June 30, 2021, 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, 2021 amounted to \$45.

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 December 2017, an amendment was entered into that extended the agreement for a five-year period beyond the initial term, such that the new expiration date of the Agreement is December 31, 2022 and the full term of the Agreement is now the eight-year period from January 1, 2015 to December 31, 2022. 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, 2021 amounted to \$15,848.

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 11 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, 2021 totaled \$88,680. Amounts receivable from the University totaled \$30,178 at June 30, 2021. Amounts receivable from other University auxiliaries totaled \$85,307 at June 30, 2021. Amounts payable to other University auxiliaries totaled \$11,351 at June 30, 2021 .

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 \$210,000 for the years ended June 30, 2021.

NOTE 12 SUBSEQUENT EVENTS

The Foundation has evaluated events subsequent to June 30, 2021, to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through October 1, 2021, 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, 2021

Measurement Period	2021	2020	2020	2019
Total OPEB Liability				
Service Cost	\$ 29,330	\$ 53,266	\$ 50,730	\$ 48,314
Interest on the Total OPEB Liability	120,098	141,737	138,988	135,706
Change of Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience	(28,240)	(312,654)	(7,683)	(18,032)
Changes in Assumptions	-	(27,064)	-	-
Benefit Payments, Including Refunds of Employee Contributions	<u>(115,492)</u>	<u>(164,635)</u>	<u>(126,600)</u>	<u>(116,595)</u>
Net Change in Total OPEB Liability	5,696	(309,350)	55,435	49,393
Total OPEB Liability - Beginning (a)	<u>1,743,126</u>	<u>2,052,476</u>	<u>1,997,041</u>	<u>1,947,648</u>
Total OPEB Liability - Ending (b)	<u>\$ 1,748,822</u>	<u>\$ 1,743,126</u>	<u>\$ 2,052,476</u>	<u>\$ 1,997,041</u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 115,492	\$ 488,743	\$ 126,600	\$ 561,705
Contributions - Employee	-	-	-	-
Net Investment Income	38,215	42,710	41,414	24,478
Benefit Payments, Including Refunds of Employee Contributions	<u>(115,492)</u>	<u>(164,635)</u>	<u>(126,600)</u>	<u>(116,595)</u>
Administrative Expense	<u>(3,159)</u>	<u>(3,153)</u>	<u>(4,203)</u>	<u>(1,159)</u>
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Plan Fiduciary Net Position	35,056	363,665	37,211	468,429
Plan Fiduciary Net Position - Beginning (c)	<u>970,787</u>	<u>607,122</u>	<u>569,911</u>	<u>101,482</u>
Plan Fiduciary Net Position - Ending (d)	<u>\$ 1,005,843</u>	<u>\$ 970,787</u>	<u>\$ 607,122</u>	<u>\$ 569,911</u>
Net OPEB Liability - Beginning (a) - (c)	772,339	1,445,354	1,427,130	1,846,166
Net OPEB Liability - Ending (b) - (d)**	<u>\$ 742,979</u>	<u>\$ 772,339</u>	<u>\$ 1,445,354</u>	<u>\$ 1,427,130</u>
Plan Fiduciary Net Position as Percentage of the Total OPEB Liability	58 %	56 %	30 %	29 %
Covered-Employee Payroll	\$ 1,856,700	\$ 2,429,811	\$ 2,148,798	\$ 3,006,483
Net OPEB Liability as a Percentage of Covered-Employee Payroll	40 %	32 %	67 %	47 %

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
SCHEDULE OF CONTRIBUTIONS
YEAR ENDED JUNE 30, 2021

	2021	2020	2019	2018
Actuarially Determined Contribution (ADC)**	\$ 92,506	\$ 164,907	\$ 519,405	\$ 519,405
Contributions to the Trust	-	324,108	-	445,110
Pay-go Payments by Employer				
Unreimbursed by the Trust	115,492	136,697	126,600	116,595
Total OPEB Contributions*	-	27,938	-	-
Contribution Deficiency (Excess)	<u>\$ 115,492</u>	<u>\$ 488,743</u>	<u>\$ 126,600</u>	<u>\$ 561,705</u>
 Covered Employee Payroll	 \$ 1,856,700	 \$ 2,429,811	 \$ 2,148,798	 \$ 3,006,483
 Contributions as a Percentage of Covered-Employee Payroll	 6 %	 20 %	 6 %	 19 %

Notes to Schedule:

* ADC and Contributions are for the measurement period July 1, 2017 to June 30, 2020.

** 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
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

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>				
CNS Core	47.070		\$ 153,197	\$ -
RUI: Characterizing the Role of Regulatory Genes in Adaptive Evolution to Complex Environments	47.074		31,584	-
Enhancing Research and Curriculum at CSUDH Through the Acquisition of Next-Generation Sequencing	47.074		20,126	-
Collaborative Research: Species delimitation in North American Lizards	47.074		8,971	-
Design Thinking & Course Based	47.076		20,512	-
AGEP CSU Underrepresented Minority STEM Faculty Alliance Model	47.076		62,144	-
Leverage a Faculty Community of Practice Model of Professional Learning to Enhance Diversity, Equity, and Inclusion in STEM Teacher, Learning, and Leadership	47.076		218,097	41,848
Developing Elementary and Secondary Master Teachers in Mathematics and Science	47.076		254,991	-
<i>Passed Through the University of Texas at El Paso (UTEP)</i>				
BPC-A: Computing Alliance of Hispanic-Serving Institutions (CAHSI)	47.070	226100958B	16,927	-
CAHSI 2018-2023	47.070	226100998L	120,034	-
<i>Passed Through University Enterprises, Inc.</i>				
LSAMP 2019-2023 NSF	47.076	533061	1,463	-
LSAMP 2020-2021 NSF	47.076	533061	15,000	-
CSU:LSAMP 2017-2018 CO	47.076	5328.91	18,003	-
CSU:LSAMP 2018-2020 CO	47.076	532891	528	-
<i>Passed Through UC Berkeley</i>				
Transforming College teaching: Statewide Implementatin of the Faculty Learning Program	47.076	00009634	5,678	-
<i>Passed Through University Corporation of Monterey Bay</i>				
Replication of Cohort-Based CS	47.076	5052101A-11062018-A	205,368	-
Total National Science Foundation			1,152,623	41,848
U.S. Department of Health and Human Services				
National Institutes of Health				
<i>Direct Programs:</i>				
CSUDH RISE 2016-2020	93.859		246,729	-
High Precision Pharmacokinetic Measurements in Brain Using a Novel Aptamer-based Biosenor	93.859		104,639	-
Discovery of Natural Products from Botanical Services	93.859		70,690	-
SPAD at CSUDH	93.310		67,852	7,315
Identity Change as a Mechanism of Behavior				
Change in Alcohol Recovery	93.242		166,823	-
Evaluating the Feasibility and Acceptability of "PrEP-Talk"	93.242		188,465	94,266
<i>Passed Through CSU Long Beach Research Foundaiotn</i>				
CHER - Institute	93.859		277	-
<i>Passed Through RAND</i>				
QuBBD: Geometric Time-Frequency Methods for Multi-Modal Physiological Monitoring	93.286		44,544	-
Total U.S. Department of Health and Human Services			890,019	101,581
U.S. Department of Education				
<i>Direct Programs</i>				
Project Accelerate	84.031S		538,666	-
STEM Scholars (H S I STEM)	84.031C		752,806	124,541
Total U.S. Department of Education			1,291,472	124,541
U.S. Nuclear Regulatory Commission				
<i>Direct Programs:</i>				
Probalistic Risk Assessment of Robots				
Used in Nuclear Safety Applications	77.007		50,708	-
Total U.S. Nuclear Regulatory Commission			50,708	-
Total Research and Development Cluster			3,384,822	267,970

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

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 Agriculture				
<i>Passed Through CSU Chico Research Foundation</i>				
SNAP Cluster				
CalFRESH Outreach Program - Year 1	10.561	SUB18-22	\$ 35,268	\$ -
CalFRESH Outreach Program - Year 2	10.561	SUB20-015	36,970	-
Total U.S. Department of Agriculture			72,238	-
Total SNAP Cluster			72,238	-
U.S. Department of Education				
<i>Direct Programs:</i>				
TRIO Cluster:				
TRIO CSUDH Student Support Services Project	84.042A		69,672	-
TRIO CSUDH Student Support Services Project	84.042A		200,387	-
TRIO CSUDH Student Support Services Veterans Project	84.042A		37,617	-
TRIO CSUDH Student Support Services Veterans Project	84.042A		141,757	-
CSUDH McNair Scholars Program	84.217A		271,323	-
CSUDH Jordan High Talent Search	84.044A		303,931	-
Jefferson Upward Bound	84.047A		234,166	-
Upward Bound LAUSD	84.047A		264,062	-
Upward Bound Math and Science 2017-2018	84.047A		351,632	-
Centinela Valley Upward Bound	84.047A		213,377	-
Total TRIO Cluster			2,087,924	-
<i>Other Programs:</i>				
APPLE (Accelerated Preparation Program for Leaders in Education)	84.423A		328,958	-
Early Childhood Special Education	84.325K		194,935	-
STAR: STEM Teacher in Advanced Residencey	84.336S		1,122,242	81,466
Residency for Equity through Action and Learning (REAL)	84.336S		999,839	-
Childcare Access Means Parents in School (CCAMPIS)	84.335A		55,318	-
Special Education Resource Interventionist	84.325K		15,858	-
2017 CSUDH GearUp	84.334A		416,794	-
2018 CSUDH GearUp	84.334A		574,743	-
Uniting to Prepare Low Incidence Teachers (UPLIFT)	84.325K		3,679	-
Graduate Writing Institute for Excellence (GWIE)	84.031M		(10,157)	-
Transfer to Success (TTS)	84.031S		567,891	-
<i>Passed Through the University of California</i>				
CSMP - Every Student Succeeds ACT 2019	84.367A	ESSA19-CMP- Dominguez Hills	23,929	-
Total Other Programs			4,294,029	81,466
Total U. S. Department of Education			6,381,953	81,466

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Payments to Subrecipients
National Archives and Record Management				
<i>Direct Programs</i>				
NHPRC	89.003		\$ 48,707	\$ 7,446
Total National Archives and Record Management			48,707	7,446
U.S. Department of Interior-National Park Service				
<i>Direct Programs:</i>				
CSU Japanese American Digitization Project	15.933		108,156	6,618
National Endowment for the Humanities				
<i>Direct Programs:</i>				
The Letters of American Novelist Catharine Maria Sedgwick (1789-1867): An Online Edition	45.161		48,633	-
<i>Passed Through Rand</i>				
100 Years of the Women's Vote	45.129	HFAQ19-152	2,690	-
<i>Passed Through USC</i>				
LA as Subject Digital Residency and Training Program	45.313	109105479	77,396	-
Total National Endowment for the Humanities			128,719	-
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	7,375	-
Jumstart 2018-2019 Federal	94.006	CFDA-94.006-JS-SITE # 335	92,478	-
Total Corporation for National and Community Service			99,853	-
U.S. Department of Health and Human Services				
<i>Passed Through the University of California-Berkeley</i>				
CalSWEC Title IV-E Foster Care Program	93.658	00009910	5,835	-
CalSWEC Title IV-E FCP 20-21	93.658		731,213	-
<i>Passed Through UCLA</i>				
Training Staff Development	93.658	1187 S WA193	145,366	-
Total U. S. Department of Health and Human Services			882,414	-
U.S. Department of Transportation				
2020 DDETFP - Taylor	20.215	693JJ32145113	5,485	-
2020 DDETFP - Awad	20.215	693JJ32145114	7,000	-
2020 DDETFP - Scott	20.215	693JJ32145115	4,495	-
2020 DDETFP - Soberanes	20.215	693JJ32145116	4,001	-
Total U. S. Department of Health and Human Services			20,981	-
U.S. Department of Justice				
<i>Direct Programs:</i>				
Violence Intervention Project (VIP)	16.525	2019-WA-AX-0042	75,375	-
Total Federal Awards Expended			\$11,203,218	\$ 363,500

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

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, 2021. 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, 2021.

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, 2021 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, 2021**

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? _____ yes _____ no
 - Significant deficiency(ies) identified? _____ x _____ yes _____ none
3. Noncompliance material to financial statements noted? _____ yes _____ x _____ no

Federal Awards

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

Identification of Major Federal Programs

CFDA Number(s)	Name of Federal Program or Cluster
84.042, 84.044, 84.047, 84.066, 84.217	TRIO Cluster
84.336	Teacher Quality Partnership Grants
93.658	Foster Care
Dollar threshold used to distinguish between Type A and Type B programs:	\$ <u>750,000</u>
Auditee qualified as low-risk auditee?	_____ yes _____ <u>x</u> _____ no

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021

Section II – Financial Statement Findings

Finding 2021-001: Management of Grants and Contracts Revenue and Receivables

Condition:

The following conditions were noted during our testing of grants revenue and accounts receivable:

- Payments received in advance of meeting the grantors' requirements by incurring costs in accordance with the grantors' program was recorded as adjustments to accounts receivable. The error resulted in an increase in accounts receivable and unearned revenue in the amount of \$208,099.
- A prior year audit adjustment was erroneously reversed during the current year. This resulted in a reduction in current year's beginning net position and a decrease in accounts receivable in the amount of \$129,713.
- Facilities and administrative cost reimbursements for various grants were in multiple funds resulting in a duplication of revenue recorded during the year. This resulted in an adjustment of revenue and related expenses in the amount of \$978,659.
- As of the September 22, 2021, there are approximately \$318,500 unbilled revenues. Of this amount approximately \$113,100 were not billed during the entire fiscal year 2021 and \$99,514 accounts receivable from the prior year.
- The initial accounts receivable sub-ledger provided included discrepancies in the amounts reported as receivable per sponsor. The errors noted were corrected on the sub-ledger provided on September 21, 2021. This resulted in the delay of testing material accounts receivable and related revenue balances.

Criteria:

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

Cause:

The existing policies and procedures did not ensure proper recognition, reconciliation and elimination of grant revenue and accounts receivable transactions.

Effect:

Delays in submission of invoices to granting agencies could lead to potential disallowance of the costs incurred by the Foundation and can adversely impact the cash flow required to perform the obligations under the agreements entered into with the granting agencies.

Repeat Finding:

This was not a finding in the prior year

Recommendation:

We recommend the Foundation's existing policies and procedures are reinforced and updated to reflect all the processes regarding the proper reconciliation and reimbursement claims.

Management Response:

Management is reviewing CSUDH Foundation's existing policies and related internal accounting controls to ensure all processes regarding the proper reconciliation and reimbursement of claims are timely recorded to provide reasonable assurance that financial statements are prepared in accordance with U.S. GAAP.

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021**

Section III – Findings and Questioned Costs – Major Federal Programs

None reported for fiscal year 2021.

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED JUNE 30, 2021**

PRIOR YEARS FINDINGS AND QUESTIONED COSTS

California State University Dominguez Hills Foundation respectfully submits the following summary schedule of prior audit findings for the year ended June 30, 2021.

Audit period: July 1, 2020 – June 30, 2021

The findings from the prior audit's schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the prior year.

FINDINGS—FINANCIAL STATEMENT AUDIT

2020- 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 adjustments were to correct errors or to make accruals and other adjustments that should have been made by the accounting department prior to the start of the scheduled year-end audit procedures.

We believe that the year-end closing could proceed more quickly and smoothly by assigning responsibility for completing the procedures to specific Foundation personnel. The closing procedures checklist should also indicate who will perform each procedure and when completion of each procedure is due and is accomplished

Status: The corrective action was taken

2020- 002 Depository Accounts and Agency Liabilities

Condition:

During our review of agency liabilities between the auxiliaries and the university, we noted the accounts had not been reconciled in some time and there are several inactive accounts and transactions for which the supporting documents were not available for review.

Status: The corrective action was taken.

2020- 003: Management of Receivables

Condition: During our testing of accounts receivable and revenue we noted that the supporting documents, including invoices and receipts were not available for our review, furthermore a review of the general ledger balance revealed several old balances, some dating back to fiscal year 2018.

Status: The corrective action was taken

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED JUNE 30, 2021**

FINDINGS— FEDERAL AWARD PROGRAMS AUDITS

2019-005:Activites Allowed or Unallowed and Allowable Cost Principals

Condition: During our testing of payroll expenditure we noted 15 out of 52 payroll disbursements were made without approval of the program supervisors

Status: The corrective action was taken.

2019-006: Procurement

Condition: We noted during our audit that the Foundation did not follow the proper procurement policy, for 1 out of 7 procurement type transactions tested, that was covered under the “small purchase” method.

Status: The corrective action was taken.



**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
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 and fiduciary 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, 2021, and the related notes to the financial statements, and have issued our report thereon dated October 1, 2021.

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) as a basis for designing 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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned cost as item 2021-001, that we consider to be a significant deficiency.

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 statements. 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 Finding

The Foundation's response to the finding identified in our audit are 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 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
October 1, 2021



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

Board of Directors
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, 2021. 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.

Opinion on Each Major Federal Program

In our opinion California State University, Dominguez Hills Foundation's complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

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 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.

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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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
October 1, 2021

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

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
STATEMENT OF NET POSITION
JUNE 30, 2021

Assets:		
Current assets:		
Cash and cash equivalents	\$	2,275,495
Short-term investments		-
Accounts receivable, net		2,046,300
Capital lease receivable, current portion		-
Notes receivable, current portion		-
Pledges receivable, net		-
Prepaid expenses and other current assets		443,296
Total current assets		4,765,091
Noncurrent assets:		
Restricted cash and cash equivalents		-
Accounts receivable, net		-
Capital lease receivable, net of current portion		-
Notes receivable, net of current portion		-
Student loans receivable, net		-
Pledges receivable, net		-
Endowment investments		-
Other long-term investments		5,959,925
Capital assets, net		503,754
Other assets		103,999
Total noncurrent assets		6,567,678
Total assets		11,332,769
Deferred outflows of resources:		
Unamortized loss on debt refunding		-
Net pension liability		-
Net OPEB liability		432,548
Others		-
Total deferred outflows of resources		432,548
Liabilities:		
Current liabilities:		
Accounts payable		307,982
Accrued salaries and benefits		643,492
Accrued compensated absences, current portion		312,126
Unearned revenues		289,309
Capital lease obligations, current portion		-
Long-term debt obligations, current portion		1,166,273
Claims liability for losses and loss adjustment expenses, current portion		-
Depository accounts		-
Other liabilities		163,850
Total current liabilities		2,883,032
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		1,411,703
Claims liability for losses and loss adjustment expenses, net of current portion		-
Depository accounts		-
Net other postemployment benefits liability		742,979
Net pension liability		-
Other liabilities		-
Total noncurrent liabilities		2,154,682
Total liabilities		5,037,714
Deferred inflows of resources:		
Service concession arrangements		-
Net pension liability		-
Net OPEB liability		334,541
Unamortized gain on debt refunding		-
Nonexchange transactions		-
Others		-
Total deferred inflows of resources		334,541
Net position:		
Net investment in capital assets		503,754
Restricted for:		
Nonexpendable – endowments		-
Expendable:		
Scholarships and fellowships		-
Research		-
Loans		-
Capital projects		-
Debt service		-
Others		-
Unrestricted		5,889,308
Total net position		6,393,062

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
JUNE 30, 2021

Revenues:

Operating revenues:

Student tuition and fees, gross	-
Scholarship allowances (enter as negative)	-

Grants and contracts, noncapital:

Federal	11,227,968
State	472,427
Local	-
Nongovernmental	133,885
Sales and services of educational activities	-
Sales and services of auxiliary enterprises, gross	1,491,624
Scholarship allowances (enter as negative)	-
Other operating revenues	927,981

Total operating revenues	14,253,885
---------------------------------	-------------------

Expenses:

Operating expenses:

Instruction	3,624,954
Research	3,514,847
Public service	-
Academic support	2,284,658
Student services	1,790,060
Institutional support	444,011
Operation and maintenance of plant	-
Student grants and scholarships	-
Auxiliary enterprise expenses	5,953,821
Depreciation and amortization	103,564

Total operating expenses	17,715,915
---------------------------------	-------------------

Operating income (loss)	(3,462,030)
--------------------------------	--------------------

Nonoperating revenues (expenses):

State appropriations, noncapital	-
Federal financial aid grants, noncapital	-
State financial aid grants, noncapital	-
Local financial aid grants, noncapital	-
Nongovernmental and other financial aid grants, noncapital	-
Other federal nonoperating grants, noncapital	-
Gifts, noncapital	-
Investment income (loss), net	1,237,926
Endowment income (loss), net	-
Interest expense	(26,790)
Other nonoperating revenues (expenses) - excl. interagency transfers	-

Net nonoperating revenues (expenses)	1,211,136
---	------------------

Income (loss) before other revenues (expenses)	(2,250,894)
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State appropriations, capital	-
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	-

Increase (decrease) in net position	(2,250,894)
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Net position:

Net position at beginning of year, as previously reported	7,101,457
Restatements	1,542,499

Net position at beginning of year, as restated	8,643,956
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Net position at end of year	6,393,062
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CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
OTHER INFORMATION (CONTINUED)
JUNE 30, 2021

1 Cash and cash equivalents:

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

Total

	-
	2,275,495
\$	2,275,495

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
OTHER INFORMATION (CONTINUED)
JUNE 30, 2021

2.1 Composition of investments:

Investment Type	Current	Noncurrent	Fair Value
Money market funds	\$ -	355,993	355,993
Repurchase agreements	-	-	-
Certificates of deposit	-	-	-
U.S. agency securities	-	-	-
U.S. treasury securities	-	-	-
Municipal bonds	-	-	-
Corporate bonds	-	485,278	485,278
Asset backed securities	-	-	-
Mortgage backed securities	-	-	-
Commercial paper	-	-	-
Mutual funds	-	-	-
Exchange traded funds	-	-	-
Equity securities	-	4,197,812	4,197,812
Alternative investments:			
Private equity (including limited partnerships)	-	920,842	920,842
Hedge funds	-	-	-
Managed futures	-	-	-
Real estate investments (including REITs)	-	-	-
Commodities	-	-	-
Derivatives	-	-	-
Other alternative investment	-	-	-
Other external investment pools	-	-	-
CSU Consolidated Investment Pool (formerly SWIFT)	-	-	-
State of California Local Agency Investment Fund (LAIF)	-	-	-
State of California Surplus Money Investment Fund (SMIF)	-	-	-
Other investments:	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
Total Other investments	-	-	-
Total investments	-	5,959,925	5,959,925
Less endowment investments (enter as negative number)	-	-	-
Total investments, net of endowments	\$ -	5,959,925	5,959,925

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
OTHER INFORMATION (CONTINUED)
JUNE 30, 2021

2.2 Fair value hierarchy in investments:

Investment Type	Fair Value	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)
Money market funds	\$ 355,993	355,993	-	-	-
Repurchase agreements	-	-	-	-	-
Certificates of deposit	-	-	-	-	-
U.S. agency securities	-	-	-	-	-
U.S. treasury securities	-	-	-	-	-
Municipal bonds	-	-	-	-	-
Corporate bonds	485,278	-	485,278	-	-
Asset backed securities	-	-	-	-	-
Mortgage backed securities	-	-	-	-	-
Commercial paper	-	-	-	-	-
Mutual funds	-	-	-	-	-
Exchange traded funds	-	-	-	-	-
Equity securities	4,197,812	4,197,812	-	-	-
Alternative investments:					
Private equity (including limited partnerships)	920,842	-	-	-	920,842
Hedge funds	-	-	-	-	-
Managed futures	-	-	-	-	-
Real estate investments (including REITs)	-	-	-	-	-
Commodities	-	-	-	-	-
Derivatives	-	-	-	-	-
Other alternative investment	-	-	-	-	-
Other external investment pools	-	-	-	-	-
CSU Consolidated Investment Pool (formerly SWIFT)	-	-	-	-	-
State of California Local Agency Investment Fund (LAIF)	-	-	-	-	-
State of California Surplus Money Investment Fund (SMIF)	-	-	-	-	-
Other investments:					-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
Total Other investments	\$ -	-	-	-	-
Total investments	5,959,925	4,553,805	485,278	-	920,842

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
OTHER INFORMATION (CONTINUED)
JUNE 30, 2021

2.3 Investments held by the University under contractual agreements:

	Current	Noncurrent	Total
Investments held by the University under contractual agreements	-	-	\$ -
e.g - CSU Consolidated Investment Pool (formerly SWIFT):			

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
OTHER INFORMATION (CONTINUED)
JUNE 30, 2021

3.1 Composition of capital assets:

	Balance June 30, 2020	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2020 (Restated)	Additions	Retirements	Transfer of completed CWIP/PWIP	Balance June 30, 2021
Non-depreciable/Non-amortizable capital assets:									
Land and land improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Works of art and historical treasures	-	-	-	-	-	-	-	-	-
Construction work in progress (CWIP)	361,550	-	-	-	361,550	576	(6,384)	-	355,742
Intangible assets:									
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Intangible assets in progress (PWIP)	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Total Other intangible assets	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total non-depreciable/non-amortizable capital assets	\$ 361,550	-	-	-	\$ 361,550	\$ 576	\$ (6,384)	\$ -	\$ 355,742
Depreciable/Amortizable capital assets:									
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	157,510	-	-	-	157,510	-	(4,660)	-	152,850
Personal property:									
Equipment	367,726	-	-	-	367,726	-	-	-	367,726
Library books and materials	-	-	-	-	-	-	-	-	-
Intangible assets:									
Software and websites	-	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Total Other intangible assets:	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total depreciable/amortizable capital assets	525,236	-	-	-	525,236	-	(4,660)	-	520,576
Total capital assets	\$ 886,786	-	-	-	\$ 886,786	576.0	(11,044.0)	-	\$ 876,318
Less accumulated depreciation/amortization: (enter as negative number, except for reductions enter as positive number)									
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	(53,727)	-	-	-	(53,727)	(29,641)	2,408	-	(80,960)
Personal property:									
Equipment	(217,681)	-	-	-	(217,681)	(73,923)	-	-	(291,604)
Library books and materials	-	-	-	-	-	-	-	-	-
Intangible assets:									
Software and websites	-	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Total Other intangible assets:	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	(271,408)	-	-	-	(271,408)	(103,564)	2,408	-	(372,564)
Total capital assets, net	\$ 615,378	-	-	-	\$ 615,378	(102,988)	(8,636)	-	\$ 503,754

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
OTHER INFORMATION (CONTINUED)
JUNE 30, 2021

3.2 Detail of depreciation and amortization expense:

Depreciation and amortization expense related to capital assets	\$	103,564
Amortization expense related to other assets		
Total depreciation and amortization	\$	103,564

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
OTHER INFORMATION (CONTINUED)
JUNE 30, 2021

4 Long-term liabilities:

	Balance June 30, 2020	Prior Period Adjustments/Reclassifications	Balance June 30, 2020 (Restated)	Additions	Reductions	Balance June 30, 2021	Current Portion	Noncurrent Portion
1. Accrued compensated absences	\$ 299,751	-	\$ 299,751	12,375		\$ 312,126	\$ 312,126	\$ -
2. Claims liability for losses and loss adjustment expenses	-	-	-	-	-	-	-	-
3. Capital lease obligations:								
Gross balance	-	-	-	-	-	-	-	-
Unamortized net premium/(discount)	-	-	-	-	-	-	-	-
Total capital lease obligations	\$ -	-	-	-	-	-	-	-
4. Long-term debt obligations:								
4.1 Auxiliary revenue bonds (non-SRB related)	-	-	-	-	-	-	-	-
4.2 Commercial paper	-	-	-	-	-	-	-	-
4.3 Notes payable (SRB related)	-	-	-	-	-	-	-	-
4.4 Others:								
PPP Loans	525,791	-	525,791	552,976	(791)	1,077,976	1,077,976	-
Notes Payable Other	-	-	-	1,500,000	-	1,500,000	88,297	1,411,703
	-	-	-	-	-	-	-	-
Total others	525,791	-	525,791	2,052,976	(791)	2,577,976	1,166,273	1,411,703
Sub-total long-term debt	\$ 525,791	-	525,791	2,052,976	(791)	\$ 2,577,976	1,166,273	1,411,703
4.5 Unamortized net bond premium/(discount)	-	-	-	-	-	-	-	-
Total long-term debt obligations	525,791	-	525,791	2,052,976	(791)	2,577,976	1,166,273	1,411,703
Total long-term liabilities	\$ 825,542	-	825,542	2,065,351	(791)	\$ 2,890,102	1,478,399	\$ 1,411,703

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
OTHER INFORMATION (CONTINUED)
JUNE 30, 2021

5 Capital lease obligations schedule:

	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:									
2021	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2022	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-
2026 - 2030	-	-	-	-	-	-	-	-	-
2031 - 2035	-	-	-	-	-	-	-	-	-
2036 - 2040	-	-	-	-	-	-	-	-	-
2041 - 2045	-	-	-	-	-	-	-	-	-
2046 - 2050	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-
Total minimum lease payments	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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									<u>\$ -</u>

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
OTHER INFORMATION (CONTINUED)
JUNE 30, 2021

6 Long-term debt obligations schedule:

	Auxiliary revenue bonds (non-SRB related)			All other long-term debt obligations			Total long-term debt obligations		
	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest
Year ending June 30:									
2022	-	-	-	1,166,273	-	1,166,273	1,166,273	-	1,166,273
2023	-	-	-	154,086	-	154,086	154,086	-	154,086
2024	-	-	-	157,589	-	157,589	157,589	-	157,589
2025	-	-	-	161,171	-	161,171	161,171	-	161,171
2026	-	-	-	164,835	-	164,835	164,835	-	164,835
2027 - 2031	-	-	-	774,022	-	774,022	774,022	-	774,022
2032 - 2036	-	-	-	-	-	-	-	-	-
2037 - 2041	-	-	-	-	-	-	-	-	-
2042 - 2046	-	-	-	-	-	-	-	-	-
2047 - 2051	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-
Total minimum payments	\$ -	\$ -	\$ -	\$ 2,577,976	\$ -	\$ 2,577,976	\$ 2,577,976	\$ -	\$ 2,577,976
Less: amounts representing interest									-
Present value of future minimum payments									<u>2,577,976</u>
Unamortized net premium/(discount)									-
Total long-term debt obligations									<u>2,577,976</u>
Less: current portion									<u>(1,166,273)</u>
Long-term debt obligations, net of current portion									<u><u>1,411,703</u></u>

7 Transactions with related entities:

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
OTHER INFORMATION (CONTINUED)
JUNE 30, 2021

7 Transactions with related entities:

Payments to University for salaries of University personnel working on contracts, grants, and other programs	1,718,451
Payments to University for other than salaries of University personnel	2,335,547
Payments received from University for services, space, and programs	1,058,338
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)	(88,680)
Other amounts (payable to) University (enter as negative number)	-
Accounts receivable from University (enter as positive number)	30,178
Other amounts receivable from University (enter as positive number)	-

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
OTHER INFORMATION (CONTINUED)
JUNE 30, 2021**

8 Restatements

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

		Debit/(Credit)
Restatement #1	Change in Accounting Principle	
	Depository Accounts	1,542,499.00
	Unrestricted	(1,542,499.00)
		-
Restatement #2		
		-

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
OTHER INFORMATION (CONTINUED)
JUNE 30, 2021

9 Natural classifications of operating expenses:

	Salaries	Benefits - Other	Benefits - Pension	Benefits - OPEB	Scholarships and fellowships	Supplies and other services	Depreciation and amortization	Total operating expenses
Instruction	2,838,840	335,094	37,033	-		413,987		3,624,954
Research	2,304,438	415,076	46,955	-		748,378		3,514,847
Public service	-	-	-	-		-		-
Academic support	1,212,814	182,997	27,379	-		861,468		2,284,658
Student services	1,141,183	245,661	40,304	-		362,912		1,790,060
Institutional support	187,383	27,614	-	-		229,014		444,011
Operation and maintenance of plant	-	-	-	-		-		-
Student grants and scholarships					-			-
Auxiliary enterprise expenses	1,496,508	486,489	108,736	176,980		3,685,108		5,953,821
Depreciation and amortization	-						103,564	103,564
Total operating expenses	\$ 9,181,166	1,692,931	260,407	176,980	-	6,300,867	103,564	17,715,915

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
OTHER INFORMATION (CONTINUED)
JUNE 30, 2021

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	432,548
Deferred outflows - others:	
Sales/intra-entity transfers of future revenues	
Gain/loss on sale leaseback	
Loan origination fees and costs	
Change in fair value of hedging derivative instrument	
Irrevocable split-interest agreements	
 Total deferred outflows - others	 -
Total deferred outflows of resources	\$ 432,548

2. Deferred Inflows of Resources

Deferred inflows - service concession arrangements	
Deferred inflows - net pension liability	-
Deferred inflows - net OPEB liability	334,541
Deferred inflows - unamortized gain on debt refunding(s)	
Deferred inflows - nonexchange transactions	
Deferred inflows - others:	
Sales/intra-entity transfers of future revenues	
Gain/loss on sale leaseback	
Loan origination fees and costs	
Change in fair value of hedging derivative instrument	
Irrevocable split-interest agreements	
 Total deferred inflows - others	 -
Total deferred inflows of resources	\$ 334,541

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
OTHER INFORMATION (CONTINUED)
JUNE 30, 2021

Other nonoperating revenues (expenses)	
Other nonoperating revenues	1,237,926
Other nonoperating (expenses)	<u>(26,790)</u>
Total other nonoperating revenues (expenses)	<u>\$ 1,211,136</u>

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**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION
CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2020**

California State University, Dominguez Hills Foundation respectfully submits the following corrective action plan for the year ended June 30, 2020.

Audit period: July 1, 2019 – June 30, 2020

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—FINANCIAL STATEMENT AUDIT

SIGNIFICANT DEFICIENCY

2020-001 Accounting Processes and Year-End Closing Procedures

Recommendation: We recommend the Foundation's existing policies and procedures are reinforced and updated to reflect all the processes regarding the proper documentation and closure of accounts and transaction cycles.

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

Action planned in response to finding: The accounting checklist is a working document and will be updated to incorporate the subsequent journal entries recorded during the audit, as applicable. The accounting checklist will also be updated on a regular basis to ensure compliance.

Effective immediately we have changed our procedures such that all invoices come to the accounting office and are not sent directly to departments to ensure items are accrued for appropriately. In addition, an electronic workflow model will be implemented to ensure all invoices are entered into the system.

Name(s) of the contact person(s) responsible for corrective action: Cherisse Ross, Interim Controller

Planned completion date for corrective action plan: December 15, 2020

SIGNIFICANT DEFICIENCY

2020-002 Depository Accounts and Agency Liabilities

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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.

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

Action taken in response to finding: Agency accounts are being reviewed to determine the appropriate classification. Additional action will also be taken to update the account based on the findings. Standard documentation will be created to clearly state how an account meets the criteria for being considered an agency account.

Name(s) of the contact person(s) responsible for corrective action: Cherisse Ross, Interim Controller

Planned completion date for corrective action plan: January 15, 2021

SIGNIFICANT DEFICIENCY

2020-003 Management of Receivables and Receipts

Recommendation: We recommend that the internal controls are updated to ensure proper documentation are maintained to support the amounts recorded in the Foundation's accounting system.

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

Action planned in response to finding: All accounts receivable will be entered in the accounts receivable subsystem for documentation retention and collection purposes. In addition, accounts receivable aging reports will be reviewed on a regular basis to ensure balances are being collected in a reasonable timeframe. Accounts receivable balances will also be reconciled to the general ledger on a regular basis.

Name(s) of the contact person(s) responsible for corrective action: Cherisse Ross, Interim Controller, and Gillian Fischer, Director, Sponsored Research and Programs

Planned completion date for corrective action plan: January 15, 2021

FINDINGS—FEDERAL AWARD PROGRAMS AUDITS

U.S Department of Education, National Science Foundation, U.S Department of Health and Human Services

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2020-004 Program Name (CDFA No.): Research and Development Cluster (Various); Teacher Quality Partnership Grants (84.336); Gaining Early Awareness and Readiness (84.334)

Recommendation: We recommend that the Foundation strengthen the internal controls to ensure that all disbursements are supported by proper approvals.

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

Action taken in response to finding: As defined by California Labor Code Section 204, we as the employer are legally obligated to pay employee earnings on the pre-established bi-weekly payday. Failure to do so places the organization at risk of receiving claims filed by employees with the California Labor Commissioner, thereby resulting in costly penalties. As such, our outsourced payroll system through Paychex automatically pays out all hours recorded on the electronic timecard system every pay period.

While it is the Foundation's legal obligation as an employer to ensure on time payment of wages, there is evidence that additional communication and training is necessary to make Principal Investigators (PIs) aware of Grant & Contract guidelines and their responsibility as the administrator to approve all expenses, including labor, incurred by the program. We plan to rectify this situation by partnering with the Office of Sponsored Research and Programs department to retrain PIs on proper approval of electronic timecards in Paychex. Additionally, Foundation will update its current time and attendance policy to enforce mandatory manager approval of timecards. The consequence for failing to approve a timecard will result in a notification to the PI, Dean, and Department Chair responsible for the program requesting that the unapproved labor on the timecard be removed from the grant and reallocated as an unallowable expense to ensure the employee is paid in a timely manner. This methodology will satisfy both the California Labor Code and Grant & Contract Guidelines.

Name(s) of the contact person(s) responsible for corrective action: Amanda Dodd, Director of Human Resources and Payroll, and Gillian Fischer, Director, Sponsored Research and Programs

Planned completion date for corrective action plan: December 15, 2020

U.S. Department of Education

2020-005 Program Name (CDFA No.): Gaining Early Awareness and Readiness (84.334)

Recommendation: We recommend that the Foundation implement controls to ensure compliance with the procurement standards.

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

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Action taken in response to finding: The Sole Source section of the current Procurement policy will be revised to include the verification of the inclusion of the vendor (by name) in the proposal that was funded by the sponsoring agency, as an alternative to the required bids. Additional instruction will be provided to Postaward staff.

Name(s) of the contact person(s) responsible for corrective action: Gillian Fischer,
Director, Sponsored Research and Programs

Planned completion date for corrective action plan: January 15, 2021

If there are any questions regarding this plan, please call Cherisse Ross, Interim Controller, at 310-243-2468.

**CALIFORNIA STATE UNIVERSITY DOMINGUEZ HILLS FOUNDATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2021**

California State University, Dominguez Hills Foundation respectfully submits the following summary schedule of prior audit findings for the year ended June 30, 2020.

Audit period: July 1, 2019- June 30, 2020

The findings from the prior audit's schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the prior year.

FINDINGS—FINANCIAL STATEMENT AUDIT

2020- 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 adjustments were to correct errors or to make accruals and other adjustments that should have been made by the accounting department prior to the start of the scheduled year-end audit procedures.

We believe that the year-end closing could proceed more quickly and smoothly by assigning responsibility for completing the procedures to specific Foundation personnel. The closing procedures checklist should also indicate who will perform each procedure and when completion of each procedure is due and is accomplished

Status: The corrective action was taken

2020- 002 Depository Accounts and Agency Liabilities

Condition:

During our review of agency liabilities between the auxiliaries and the university, we noted the accounts had not been reconciled in some time and there are several inactive accounts and transactions for which the supporting documents were not available for review.

Status: The corrective action was taken.

2020- 003: Management of Receivables

Condition: During our testing of accounts receivable and revenue we noted that the supporting documents, including invoices and receipts were not available for our review, furthermore a review of the general ledger balance revealed several old balances, some dating back to fiscal year 2018.

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Status: The corrective action was taken

FINDINGS— FEDERAL AWARD PROGRAMS AUDITS

2019-005: Activities Allowed or Unallowed and Allowable Cost Principals

Condition: During our testing of payroll expenditure we noted 15 out of 52 payroll disbursements were made without approval of the program supervisors

Status: The corrective action was taken.

2019-006: Procurement

Condition: We noted during our audit that the Foundation did not follow the proper procurement policy, for 1 out of 7 procurement type transactions tested, that was covered under the “small purchase” method.

Status: The corrective action was taken.

If there are questions regarding this plan, please call Theresa Morrison at 562.882.7212 and Cherisse Ross, Controller at (951) 733.5798.

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