

**CALIFORNIA STATE UNIVERSITY
DOMINGUEZ HILLS FOUNDATION**

Report on Financial Statements

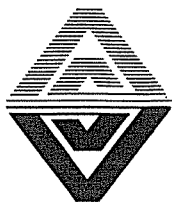
June 30, 2010 and 2009

CALIFORNIA STATE UNIVERSITY DOMINGUEZ HILLS FOUNDATION

TABLE OF CONTENTS

June 30, 2010 and 2009

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)	i-v
FINANCIAL STATEMENTS:	
Statements of Net Assets	1
Statements of Revenues, Expenses and Changes in Net Assets	2
Statements of Cash Flows	3
Notes to Basic Financial Statements	4-20
REQUIRED SUPPLEMENTARY INFORMATION:	
Schedule of Postemployment Healthcare Benefits Funding Progress	21
Notes to Required Supplementary Information	22
SUPPLEMENTARY INFORMATION:	
Schedule of Net Assets	23
Schedule of Revenues, Expenses and Changes in Net Assets	24
Statement of Activities	25
Other Information	26-33



VICENTI ♦ LLOYD ♦ STUTZMAN ^{LLP}
BUSINESS CONSULTANTS AND CPAs

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
California State University Dominguez Hills Foundation

We have audited the accompanying basic financial statements of the California State University Dominguez Hills Foundation (the Foundation), for the years ended June 30, 2010 and 2009, as listed in the accompanying table of contents. These financial statements are the responsibility of the Foundation's management. 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets of the California State University Dominguez Hills Foundation as of June 30, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2010 on our consideration of the Foundation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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The Board of Directors
California State University Dominguez Hills Foundation

The management's discussion and analysis and schedule of postemployment healthcare benefits funding progress are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on pages 24 through 33 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Vicenti, Lloyd & Stutzman LLP
VICENTI, LLOYD & STUTZMAN LLP

September 21, 2010

CALIFORNIA STATE UNIVERSITY DOMINGUEZ HILLS FOUNDATION

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

For the Year Ended June 30, 2010

The following section of the California State University Dominguez Hills Foundation's (the Foundation) annual financial report includes some of management's insights and analysis of the Foundation's financial performance for the year.

Introduction to the Basic Financial Statements

This annual report consists of a series of basic financial statements, prepared in accordance with the Governmental Accounting Standards Board Statements No. 34, *Basic Financial Statements and Management's Discussion and Analysis – For State and Local Governments*, No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*, No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*, and No. 38, *Certain Financial Statement Note Disclosures*. These statements are designed to improve the usefulness of the report to the primary users of these financial statements, including the citizenry, legislative bodies, investors, and creditors. The Business – Type Activity (BTA) reporting model is used, which best represents the activities of the Foundation.

The basic financial statements include the statement of net assets, the statement of revenues, expenses, and changes in net assets, and the statement of cash flows. These statements are supported by notes to the basic financial statements, required supplementary or statistical information, as appropriate, and this section. All sections must be considered together to obtain a complete understanding of the financial picture of the Foundation.

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

Statements of Revenues, Expenses and Changes in Net Assets: The statements of revenues, expenses, and changes in net assets presents the revenues earned and the expenses incurred during the year on an accrual basis.

Statements of Cash Flows: The statements of cash flows presents the inflows and outflows of cash, summarized by operating, capital, 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.

CALIFORNIA STATE UNIVERSITY DOMINGUEZ HILLS FOUNDATION

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

For the Year Ended June 30, 2010

Analytical Overview

Summary

The Foundation's operations for the fiscal year ended June 30, 2010 increased as shown by an increase in net assets of approximately \$2,900,000. This was due to the performance of the Foundation's long term and endowment investments as well as a slight increase in grants and contracts activity and improvements and cost cutting measures in the auxiliary enterprises.

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

Comparative Analysis of Current and Prior Year Activities and Balances

	<u>2010</u>	<u>2009</u>	<u>Change</u>
Current assets	\$ 4,155,123	\$ 3,261,258	\$ 893,865
Restricted and other assets	12,431,262	9,991,624	2,439,638
Capital assets, net	<u>722,961</u>	<u>825,242</u>	<u>(102,281)</u>
Total assets	<u>17,309,346</u>	<u>14,078,124</u>	<u>3,231,222</u>
Current liabilities	2,474,055	2,555,437	(81,382)
Noncurrent liabilities	1,552,899	1,087,725	465,174
Other liabilities	<u>306,444</u>	<u>374,194</u>	<u>(67,750)</u>
Total liabilities	<u>4,333,398</u>	<u>4,017,356</u>	<u>316,042</u>
Net assets:			
Invested in capital assets, net of related debt	479,729	576,004	(96,275)
Restricted	7,052,116	5,533,527	1,518,589
Unrestricted	<u>5,444,103</u>	<u>3,951,237</u>	<u>1,492,866</u>
Total net assets	<u>\$12,975,948</u>	<u>\$10,060,768</u>	<u>\$2,915,180</u>

CALIFORNIA STATE UNIVERSITY DOMINGUEZ HILLS FOUNDATION

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

For the Year Ended June 30, 2010

The Foundation's current assets and restricted assets increased by \$893,000 and \$2,439,000, respectively, while net capital assets decreased by \$102,000. The increase in current assets was due to an increase in short term investments. Short term investments fluctuate based on the Foundation's short term cash needs. The increase in restricted and other assets was due to increases in both the long term and endowment investment portfolios. There were no major additions to capital assets as evidenced by the decrease in net capital assets.

Overall current liabilities decreased by \$80,000. Although there was an increase in accounts payable, this increase was offset by decreases in deferred revenue, accrued salaries and benefits and accrued compensated absences. Noncurrent liabilities continue to increase as the result of implementing GASB 45 and accruing postemployment benefits. The accrual for postemployment benefits for fiscal year 2010 was approximately \$470,000.

Restricted Resources

Net assets of the Foundation include funds that have legal restrictions placed on their use. Funds may be expendable for a specific purpose or they may be nonexpendable. Of the Foundation's net assets of \$12,975,948 at June 30, 2010, \$7,052,116 is restricted. Of this amount \$5,900,447 is restricted for nonexpendable endowments, \$1,075,827 is restricted for expendable scholarships and fellowships and \$75,842 is restricted for capital expansion. Net assets of \$5,444,103 are unrestricted but are designated for specific purposes and \$479,729 is the net investment in capital assets.

CALIFORNIA STATE UNIVERSITY DOMINGUEZ HILLS FOUNDATION

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

For the Year Ended June 30, 2010

	<u>2010</u>	<u>2009</u>	<u>Change</u>
Operating revenues:			
Grants and contracts	\$11,751,673	\$11,406,703	\$344,970
Sales and services of educational activities	728,479	788,928	(60,449)
Sales and services of auxiliary enterprises	3,338,944	3,268,279	70,665
Other operating revenues	44,354	63,703	(19,349)
Nonoperating revenues:			
Investment income	1,214,562	(1,236,232)	2,450,794
Total revenues	<u>17,078,012</u>	<u>14,291,381</u>	<u>2,786,631</u>
Expenses:			
Operating expenses:			
Instructional	4,157,245	4,240,287	(83,042)
Research	2,812,296	3,092,628	(280,332)
Academic support	2,631,704	3,125,841	(494,137)
Student services	105,545	66,399	39,146
Institutional support	1,189,230	1,162,811	26,419
Student grants and scholarships	2,758,214	1,979,935	778,279
Auxiliary enterprise expense	3,259,040	3,502,582	(243,542)
Depreciation	104,307	118,323	(14,016)
Nonoperating expenses:			
Interest	15,382	15,745	(363)
Total expenses	<u>17,032,963</u>	<u>17,304,551</u>	<u>(271,588)</u>
Changes in net assets before other changes in net assets	45,049	(3,013,170)	3,058,219
Gifts, noncapital	1,782,123	1,072,842	709,281
Additions to permanent endowments	1,088,008	340,999	747,009
Change in net assets	<u>2,915,180</u>	<u>(1,599,329)</u>	<u>4,514,509</u>
Net assets at beginning of year	10,060,768	11,660,097	(1,599,329)
Net assets at end of year	<u>\$ 12,975,948</u>	<u>\$ 10,060,768</u>	<u>\$ 2,915,180</u>

CALIFORNIA STATE UNIVERSITY DOMINGUEZ HILLS FOUNDATION

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

For the Year Ended June 30, 2010

Total revenue for fiscal year 09/10 increased by over \$2,700,000 primarily due to the performance of the Foundation's long term and endowment investment portfolios. There was also an increase in grants and contract revenue. Overall, expenses decreased by \$270,000. Research and academic support expenses decreased while there was an increase in student grants and scholarships.

Auxiliary enterprise expenses decreased due to reductions in personnel and overall cost cutting measures.

Capital Assets and Debt Administration

The Foundation had \$1,734,365 invested in capital assets, net of accumulated depreciation of \$1,011,404. There were no major additions to capital assets during the fiscal year.

The Foundation has \$243,232 in outstanding debt (\$236,743 long term). This debt was incurred in 1999 to purchase the home that is leased to the University for the use by the University President. Normal payments were made against the loan including \$6,006 in principal.

Factors Impacting Future Periods

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

The Foundation implemented GASB Statement No. 45 in fiscal year 2008 resulting in an increase in expenses and long term liabilities. The Foundation will continue to evaluate postemployment benefits offered to employees and is investigating different options to fund the cost of the postemployment benefits.

Agency Accounts

Due to a systemwide change in policy, the Foundation will no longer be handling campus program/agency accounts and will be transferring approximately \$1,000,000 to the University. The Foundation will evaluate the effect this change has on its operations and make changes as required.

Grants and Contracts

Grants and contracts activity increased slightly during this fiscal year and projected activity for fiscal year 10/11 is to be at the same levels or increase slightly.

State Budget Crisis

The state budget crisis affects the overall operations of the Foundation. The Foundation will closely monitor its operating results during the year and continue to make changes as required.

CALIFORNIA STATE UNIVERSITY DOMINGUEZ HILLS FOUNDATION

STATEMENTS OF NET ASSETS

As of June 30, 2010 and 2009

	<u>ASSETS</u>	<u>2010</u>	<u>2009</u>
Current assets:			
Cash and cash equivalents	\$	465,769	\$ 230,514
Short-term investments		893,781	488,269
Accounts receivable, net		2,709,279	2,446,167
Prepaid expenses and other assets		<u>86,294</u>	<u>96,308</u>
Total current assets		<u>4,155,123</u>	<u>3,261,258</u>
Noncurrent assets:			
Restricted cash and cash equivalents		337,706	362,965
Gift annuity receivable		88,233	96,917
Endowment investments		7,533,396	5,670,322
Other long-term investments		4,471,927	3,861,420
Capital assets, net		<u>722,961</u>	<u>825,242</u>
Total noncurrent assets		<u>13,154,223</u>	<u>10,816,866</u>
Total assets	\$	<u><u>17,309,346</u></u>	<u><u>\$ 14,078,124</u></u>
 <u>LIABILITIES AND NET ASSETS</u>			
Current liabilities:			
Accounts payable	\$	2,172,223	\$ 2,017,443
Accrued salaries and benefits payable		50,548	101,133
Accrued compensated absences		96,462	120,634
Deferred revenue		92,736	272,718
Long-term liabilities, current portion		6,489	6,108
Other liabilities		<u>55,597</u>	<u>37,401</u>
Total current liabilities		<u>2,474,055</u>	<u>2,555,437</u>
Noncurrent liabilities:			
Postemployment benefits other than pensions payable		1,316,156	844,595
Long-term liabilities, net of current portion		236,743	243,130
Depository accounts		<u>306,444</u>	<u>374,194</u>
Total noncurrent liabilities		<u>1,859,343</u>	<u>1,461,919</u>
Total liabilities		<u>4,333,398</u>	<u>4,017,356</u>
Net assets:			
Invested in capital assets, net of related debt		479,729	576,004
Restricted for:			
Nonexpendable endowments		5,900,447	4,494,101
Expendable:			
Scholarships and fellowships		1,075,827	934,988
Capital expansion		75,842	104,438
Unrestricted		<u>5,444,103</u>	<u>3,951,237</u>
Total net assets		<u>12,975,948</u>	<u>10,060,768</u>
Total liabilities and net assets	\$	<u><u>17,309,346</u></u>	<u><u>\$ 14,078,124</u></u>

The accompanying notes are an integral part of the financial statements.

CALIFORNIA STATE UNIVERSITY DOMINGUEZ HILLS FOUNDATION

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the Years Ended June 30, 2010 and 2009

<u>REVENUES</u>	<u>2010</u>	<u>2009</u>
Operating revenues:		
Grants and contracts, noncapital:		
Federal	\$ 9,081,602	\$ 7,926,658
State and local	2,371,453	3,243,460
Nongovernmental	298,618	236,585
Sales and services of educational activities	728,479	788,928
Sales and services of auxiliary enterprises	3,338,944	3,268,279
Other operating revenues	<u>44,354</u>	<u>63,703</u>
Total operating revenues	<u>15,863,450</u>	<u>15,527,613</u>
<u>EXPENSES</u>		
Operating expenses:		
Instruction	4,157,245	4,240,287
Research	2,812,296	3,092,628
Academic support	2,631,704	3,125,841
Student services	105,545	66,399
Institutional support	1,189,230	1,162,811
Student grants and scholarships	2,758,214	1,979,935
Auxiliary enterprise expenses	3,259,040	3,502,582
Depreciation	<u>104,307</u>	<u>118,323</u>
Total operating expenses	<u>17,017,581</u>	<u>17,288,806</u>
Operating loss	<u>(1,154,131)</u>	<u>(1,761,193)</u>
Nonoperating revenues (expenses):		
Gifts, noncapital	1,782,123	1,072,842
Investment income, net	1,214,562	(1,236,232)
Interest on capital-related debt	<u>(15,382)</u>	<u>(15,745)</u>
Total nonoperating revenues	<u>2,981,303</u>	<u>(179,135)</u>
Additions to permanent endowments	<u>1,088,008</u>	<u>340,999</u>
CHANGE IN NET ASSETS	2,915,180	(1,599,329)
NET ASSETS AT BEGINNING OF YEAR	<u>10,060,768</u>	<u>11,660,097</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 12,975,948</u></u>	<u><u>\$ 10,060,768</u></u>

The accompanying notes are an integral part of the financial statements.

CALIFORNIA STATE UNIVERSITY DOMINGUEZ HILLS FOUNDATION

STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2010 and 2009

	2010	2009
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Federal grants and contracts	\$ 8,505,665	\$ 8,744,968
State and local grants and contracts	2,371,453	3,243,460
Nongovernmental grants and contracts	298,618	236,585
Payments to suppliers	(9,539,827)	(11,061,030)
Payments to employees	(4,519,805)	(4,773,509)
Payments to students	(2,758,214)	(1,979,935)
Sales and services of educational activities	728,479	788,928
Sales and services of auxiliary enterprises	3,956,153	3,657,951
Other receipts	44,354	63,703
Net cash used by operating activities	<u>(913,124)</u>	<u>(1,078,879)</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>		
Gifts and grants received for other than capital purposes	2,870,131	1,413,821
Monies received on behalf of others	3,894,003	3,558,303
Monies disbursed on behalf of others	<u>(3,961,753)</u>	<u>(3,629,555)</u>
Net cash provided by noncapital financing activities	<u>2,802,381</u>	<u>1,342,569</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>		
Acquisitions of capital assets	(2,026)	(3,001)
Principal paid on capital debt and lease	(6,006)	(5,644)
Interest paid on capital debt and lease	<u>(15,382)</u>	<u>(15,745)</u>
Net cash used by capital and related financing activities	<u>(23,414)</u>	<u>(24,390)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Proceeds from sales and maturities of investments	3,216,593	3,239,860
Purchases of investments	<u>(4,872,440)</u>	<u>(3,420,799)</u>
Net cash used by investing activities	<u>(1,655,847)</u>	<u>(180,939)</u>
Net increase in cash and cash equivalents	209,996	58,361
Cash and cash equivalents at beginning of year	<u>593,479</u>	<u>535,118</u>
Cash and cash equivalents at end of year	<u>\$ 803,475</u>	<u>\$ 593,479</u>
Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	\$ (1,154,131)	\$ (1,761,193)
Adjustments to reconcile operating loss to net cash (used)/provided by operating activities:		
Depreciation	104,307	118,323
Postemployment benefits other than pensions payable	471,561	440,349
Change in assets and liabilities:		
Accounts receivable	(263,112)	857,411
Prepaid and other assets	10,014	(16,422)
Accounts payable and amounts payable to the University	154,780	(647,845)
Accrued salaries and benefits	(50,585)	(815)
Accrued compensated absences	(24,172)	(19,410)
Deferred revenue	(179,982)	(23,720)
Other liabilities	18,196	(25,557)
Net cash (used)/provided by operating activities	<u>\$ (913,124)</u>	<u>\$ (1,078,879)</u>

The accompanying notes are an integral part of the financial statements.

CALIFORNIA STATE UNIVERSITY DOMINGUEZ HILLS FOUNDATION

NOTES TO BASIC FINANCIAL STATEMENTS

For the Years Ended June 30, 2010 and 2009

NOTE 1 - ORGANIZATION:

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

(a) Basis of Presentation

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

(b) Basis of Accounting

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

CALIFORNIA STATE UNIVERSITY DOMINGUEZ HILLS FOUNDATION

NOTES TO BASIC FINANCIAL STATEMENTS

For the Years Ended June 30, 2010 and 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

(c) *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 assets 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 assets date are considered to be current. All other assets and liabilities are considered to be noncurrent.

(d) *Federal Grants and Contracts*

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

(e) *Cash and Cash Equivalents*

The Foundation considers all highly liquid investments with an original maturity date of three months or less to be cash equivalents. The deposits of the Foundation are maintained at financial institutions and are fully insured or collateralized. All other cash equivalents are registered in the name of the Foundation and are classified as category two as prescribed by GASB Statement No. 3, as amended by GASB Statement No. 40.

(f) *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 assets as investment income.

(g) *Other Assets*

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

CALIFORNIA STATE UNIVERSITY DOMINGUEZ HILLS FOUNDATION

NOTES TO BASIC FINANCIAL STATEMENTS For the Years Ended June 30, 2010 and 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

(h) Capital Assets

Capital assets are stated at cost or estimated historical cost if purchased or if donated, at estimated fair value at date of donation. 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 five 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.

(i) Deferred Revenue

Deferred revenue consists primarily of unearned revenue related to federal grants and contracts.

(j) Compensated Absences

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

(k) Net Assets

The Foundation's net assets are classified into the following net asset 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 assets 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 assets 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 assets. In addition, unrestricted net assets may be designated for use by management of the Foundation.

CALIFORNIA STATE UNIVERSITY DOMINGUEZ HILLS FOUNDATION

**NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2010 and 2009**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

(l) Classification of Revenues and Expenses

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

(m) Income Taxes

The Foundation is organized under the nonprofit public benefit laws of California and is recognized as an exempt organization for both federal and California purposes under Section 501(c) (3) and 23701(d), respectively.

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 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 are more likely than not (>50%) of being sustained upon potential audit or examination; therefore, no disclosures of uncertain income tax positions are required.

The Foundation files informational tax returns in the U.S. federal jurisdictions and the state of California. With few exceptions, the Foundation is no longer subject to U.S. federal and state examinations by tax authorities for years before 2005.

The CSUDH Corporation is a for-profit organization and is subject to federal and state income taxes. As the Corporation did not generate any significant earnings or losses for the year ended June 30, 2010, no provision for federal income taxes has been recorded in the accompanying basic financial statements.

(n) Estimates

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

CALIFORNIA STATE UNIVERSITY DOMINGUEZ HILLS FOUNDATION

NOTES TO BASIC FINANCIAL STATEMENTS

For the Years Ended June 30, 2010 and 2009

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS:

The deposits and investments held at June 30, 2010 and 2009 are as follows:

	<u>2010</u>	<u>2009</u>
Deposits:		
Demand deposits	\$ 299,350	\$ 16,107
Cash equivalents-Cash Reserve Trust Fund	<u>504,125</u>	<u>577,372</u>
	<u>803,475</u>	<u>593,479</u>
Investments:		
Local Agency Investment Fund	893,781	488,269
Money Market Funds	10,803	10,009
Equities	7,015,762	5,863,945
Corporate bonds	1,753,147	1,172,355
Government bonds	<u>3,225,611</u>	<u>2,485,433</u>
	<u>12,899,104</u>	<u>10,020,011</u>
Total deposits and investments	<u>\$13,702,579</u>	<u>\$10,613,490</u>
Reconciliation to statement of net assets		
Current:		
Cash and cash equivalents	\$ 465,769	\$ 230,514
Investments	<u>893,781</u>	<u>488,269</u>
	1,359,550	718,783
Noncurrent:		
Cash equivalents	337,706	362,965
Investments – Endowment	7,533,396	5,670,322
Investments – Other long term	<u>4,471,927</u>	<u>3,861,420</u>
	<u>\$13,702,579</u>	<u>\$10,613,490</u>

The Foundation maintains investments with the State of California Local Agency Investment Fund (LAIF) amounting to \$893,781 and \$488,269 as of June 30, 2010 and 2009. LAIF pools these funds with other governmental agencies and invests in various investment vehicles. These pooled funds approximate fair value. Regulatory oversight is provided by the State Pooled Money Investment Board and the Local Investment Advisory Board. LAIF is not subject to categorization as prescribed by GASB Statement No. 3 and No. 40 to indicate the level of custodial credit risk assumed by the Foundation at year end.

CALIFORNIA STATE UNIVERSITY DOMINGUEZ HILLS FOUNDATION

NOTES TO BASIC FINANCIAL STATEMENTS

For the Years Ended June 30, 2010 and 2009

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS: (continued)

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Foundation's deposits may not be returned to it. The Foundation does not have a deposit policy for custodial credit risk. Deposits in the financial institution, reported as components of cash had bank balances of \$819,076 for 2010 and \$575,593 for 2009. As of June 30, 2010 these balances were insured by depository insurance.

Investment Credit Risk

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

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

Concentration of Investment Credit Risk

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

CALIFORNIA STATE UNIVERSITY DOMINGUEZ HILLS FOUNDATION

NOTES TO BASIC FINANCIAL STATEMENTS

For the Years Ended June 30, 2010 and 2009

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS: (continued)

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

Investment Income for 2010

	<u>Unrestricted</u>	<u>Endowment</u>	<u>Total</u>
Interest and dividends	\$ 125,323	\$ 216,736	\$ 342,059
Realized gain on sales	86,185	123,220	209,405
Unrealized gain	<u>378,194</u>	<u>550,623</u>	<u>928,817</u>
Total investment income	589,702	890,579	1,480,281
Management fees	<u>(34,832)</u>	<u>(230,887)</u>	<u>(265,719)</u>
Net investment income	<u><u>\$ 554,870</u></u>	<u><u>\$ 659,692</u></u>	<u><u>\$ 1,214,562</u></u>

Investment Income for 2009

	<u>Unrestricted</u>	<u>Endowment</u>	<u>Total</u>
Interest and dividends	\$ 150,992	\$ 224,763	\$ 375,755
Realized loss on sales	(67,844)	(92,561)	(160,405)
Unrealized loss	<u>(622,073)</u>	<u>(716,765)</u>	<u>(1,338,838)</u>
Total investment income	(538,925)	(584,563)	(1,123,488)
Management fees	<u>(28,877)</u>	<u>(83,867)</u>	<u>(112,744)</u>
Net investment income	<u><u>\$ (567,802)</u></u>	<u><u>\$ (668,430)</u></u>	<u><u>\$ (1,236,232)</u></u>

CALIFORNIA STATE UNIVERSITY DOMINGUEZ HILLS FOUNDATION

NOTES TO BASIC FINANCIAL STATEMENTS

For the Years Ended June 30, 2010 and 2009

NOTE 4 - ACCOUNTS RECEIVABLE:

Accounts receivable consisted of the following at June 30, 2010 and 2009, respectively:

	<u>2010</u>	<u>2009</u>
Grants receivable	\$2,564,817	\$2,106,310
Advances	46,330	74,213
Other	<u>238,275</u>	<u>367,477</u>
	2,849,422	2,548,000
Less allowance for doubtful accounts	<u>(140,143)</u>	<u>(101,833)</u>
Total	<u>\$2,709,279</u>	<u>\$2,446,167</u>

NOTE 5 - CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2010 and 2009 consisted of the following:

June 30, 2010

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Equipment	\$ 417,294	\$ 2,026	\$ -	\$ 419,320
Buildings	769,643			769,643
Leasehold improvement	418,073			418,073
Furniture and fixtures	72,020			72,020
Construction in progress	<u>55,309</u>			<u>55,309</u>
	1,732,339	2,026	-	1,734,365
Less accumulated depreciation	<u>(907,097)</u>	<u>(104,307)</u>		<u>(1,011,404)</u>
Net capital assets	<u>\$ 825,242</u>	<u>\$(102,281)</u>	<u>\$ -</u>	<u>\$ 722,961</u>

CALIFORNIA STATE UNIVERSITY DOMINGUEZ HILLS FOUNDATION

NOTES TO BASIC FINANCIAL STATEMENTS

For the Years Ended June 30, 2010 and 2009

NOTE 5 - CAPITAL ASSETS: (continued)

June 30, 2009

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Equipment	\$ 414,293	\$ 3,001	\$ -	\$ 417,294
Buildings	769,643			769,643
Leasehold improvement	418,073			418,073
Furniture and fixtures	72,020			72,020
Construction in progress	<u>55,309</u>			<u>55,309</u>
	1,729,338	3,001	-	1,732,339
Less accumulated depreciation	<u>(788,774)</u>	<u>(118,323)</u>		<u>(907,097)</u>
Net capital assets	<u>\$ 940,564</u>	<u>\$ (115,322)</u>	<u>\$ -</u>	<u>\$ 825,242</u>

NOTE 6 - DEPOSITORY ACCOUNTS:

Deposits held in custody for others which are comprised of cash and investments as of June 30, 2010 and 2009 are summarized as follows:

	<u>2010</u>	<u>2009</u>
Associated Students, Inc.	\$ 51,380	\$ 38,669
Loker University Student Union, Inc.	198,707	279,085
California Academy of Math and Science	-	83
Dominguez Hills Corporation	<u>56,357</u>	<u>56,357</u>
Total deposits held in custody for others	<u>\$ 306,444</u>	<u>\$ 374,194</u>

NOTE 7 - LONG-TERM LIABILITY - MORTGAGE PAYABLE:

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

In connection with the purchase of the house, the Foundation entered into a loan agreement with City National Bank in the original amount of \$287,000. The agreement, which was refinanced in January 2003, provides for monthly interest and principal payments of \$1,782 and has a maturity date of May 1, 2030. The note bears interest at 6.25% and is secured by the deed of trust.

CALIFORNIA STATE UNIVERSITY DOMINGUEZ HILLS FOUNDATION

NOTES TO BASIC FINANCIAL STATEMENTS

For the Years Ended June 30, 2010 and 2009

NOTE 7 - LONG-TERM LIABILITY - MORTGAGE PAYABLE: (continued)

A summary of current year activity on the loan for the year ended June 30, 2010 follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Mortgage payable	\$ <u>249,238</u>	\$ <u> </u> -	\$ <u>6,006</u>	\$ <u>243,232</u>

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal and Interest</u>
2011	\$ 6,489	\$ 14,900	\$ 21,389
2012	6,895	14,494	21,389
2013	7,205	14,185	21,390
2014	7,668	13,721	21,389
2015	8,161	13,228	21,389
2016-2020	49,390	57,556	106,946
2021-2025	67,454	39,493	106,947
2026-2030	<u>89,970</u>	<u>14,823</u>	<u>104,793</u>
Total	\$ <u>243,232</u>	\$ <u>182,400</u>	\$ <u>425,632</u>

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

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

CALIFORNIA STATE UNIVERSITY DOMINGUEZ HILLS FOUNDATION

NOTES TO BASIC FINANCIAL STATEMENTS

For the Years Ended June 30, 2010 and 2009

NOTE 8 - OPERATING LEASES:

Land and certain facilities used in the Foundation's operations are leased for a nominal amount from both the State of California and the University.

The Foundation entered into a sublease with the Donald P. & Katherine B. Loker University Student Union (Union) on November 1, 2006 expiring on June 30, 2012, for rental of the food service area located in the Union building. Payments of rental fees are to be made by the Foundation on a quarterly basis. Rental fees paid for the year ended June 30, 2010 and 2009 amounted to \$432 and \$958, respectively.

NOTE 9 - ENDOWMENT:

The Foundation has a policy of distributing the average annual appreciation (realized and unrealized) in the value of the endowment fund as measured over a three-year rolling average period, net of all fees and other distributions. For the year ended June 30, 2010, the net amount of appreciation available for authorization for expenditure was \$257,043 and was reported in unrestricted net assets.

NOTE 10- PENSION PLANS:

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

(a) *Plan Description*

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

(b) *Funding Policy*

Participants are not required to contribute any of their annual covered salary. From February 1, 2001 through June 30, 2010, the Foundation contributed 10% of the employees' annual covered payroll. The contribution rates to TIAA CREF are established by the Foundation's board of directors.

CALIFORNIA STATE UNIVERSITY DOMINGUEZ HILLS FOUNDATION

NOTES TO BASIC FINANCIAL STATEMENTS

For the Years Ended June 30, 2010 and 2009

NOTE 10- PENSION PLANS: (continued)

(c) *Annual Pension Cost*

For the years ended June 30, 2010 and 2009, the Foundation's annual TIAA CREF pension cost totaled \$161,882 and \$159,370, respectively.

NOTE 11 – POSTEMPLOYMENT HEALTHCARE BENEFITS:

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

The Foundation implemented GASB Statement No. 45 "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions" and has recorded the cost and obligation of these benefits in the government-wide financial statements.

Annual OPEB Cost and Net OPEB Obligation

The Foundation's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Foundation's annual OPEB cost for the year, the amount actually contributed, and changes in the OPEB obligation:

	<u>2010</u>	<u>2009</u>
Annual required contribution	\$ 529,842	\$489,258
Interest on net OPEB obligation	38,007	18,191
Adjustment to annual required contribution	<u>(36,908)</u>	<u>(17,153)</u>
Annual OPEB cost (expense)	530,941	490,296
Contributions made	<u>(59,380)</u>	<u>(49,947)</u>
Change in net OPEB obligation	471,561	440,349
Net OPEB obligation - beginning of year	<u>844,595</u>	<u>404,246</u>
Net OPEB obligation - end of year	<u>\$1,316,156</u>	<u>\$844,595</u>

CALIFORNIA STATE UNIVERSITY DOMINGUEZ HILLS FOUNDATION

**NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2010 and 2009**

NOTE 11 – POSTEMPLOYMENT HEALTHCARE BENEFITS: (continued)

Annual OPEB Cost and Net OPEB Obligation (continued)

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

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2008	\$ 452,175	10.6%	\$ 404,246
6/30/2009	490,296	10.2%	844,595
6/30/2010	530,941	11.1%	1,316,156

Funding Status and Funding Progress

As of June 30, 2010, the plan was unfunded. As of July 1, 2008, the most recent actuarial valuation date, the actuarial accrued liability for benefits as well as the unfunded actuarial accrued liability (UAAL) was \$4,074,912. It is the Foundation's plan to establish a designated funding source in the coming year.

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

CALIFORNIA STATE UNIVERSITY DOMINGUEZ HILLS FOUNDATION

NOTES TO BASIC FINANCIAL STATEMENTS For the Years Ended June 30, 2010 and 2009

NOTE 11 – POSTEMPLOYMENT HEALTHCARE BENEFITS: (continued)

Actuarial Methods and Assumptions

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

In the July 1, 2008 actuarial valuation, the unit credit actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses) which is the current expected long-term investment returns on plan assets. The UAAL is being amortized on a level dollar approach and closed basis over 30 years as allowed under GASB Statement 45. The remaining amortization period at June 30, 2010, was 27 years.

NOTE 12 - COMMITMENTS:

The operation of the University bookstore is contracted to an outside vendor who paid the Foundation \$1,200,000 during the year ended June 30, 1988 under a contract which expired March 2006. The amount paid was recorded as deferred revenue and was being amortized using the straight-line method over 18 years, the term of the contract. This contract was renegotiated and will expire in May 2014. Effective June 1, 2004, the Foundation receives fees equal to 10.1% of the first \$6,000,000 in bookstore sales. The fees, which totaled \$368,793 and \$419,729 for the years ended June 30, 2010 and 2009, 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 shall receive 25% of all vending revenues as commission. The revenues received on this contract, included in sales and services of auxiliary enterprises, for the years ended June 30, 2010 and 2009 amounted to \$20,858 and \$21,255, respectively.

CALIFORNIA STATE UNIVERSITY DOMINGUEZ HILLS FOUNDATION

NOTES TO BASIC FINANCIAL STATEMENTS

For the Years Ended June 30, 2010 and 2009

NOTE 12 - COMMITMENTS: (continued)

In February 1998, the Foundation entered into an agreement with an external vendor to provide a food service venue to the University. The agreement was originally for one year commencing July 1, 1998 through June 30, 1999. The tenant has the option of extending this lease for 18 consecutive periods of one year. The tenant has exercised their options through the year ending June 30, 2010. In connection with the contract, the Foundation shall receive 7% of gross sales per month. The contract commission revenues received on this contract, included in sales and services of auxiliary enterprises, for the years ended June 30, 2010 and 2009 amounted to \$38,944 and \$39,014 respectively.

In January 2000, the Foundation entered into a sponsorship agreement with a major beverage corporation to give exclusive advertising and beverage availability rights on the University Campus. The sponsor had the exclusive rights for a term of ten years ending December 31, 2009. On January 1, 2010, after a formal bid process, the Foundation entered into a sponsorship agreement with another major beverage corporation to give exclusive beverage availability and merchandising rights on the University campus for a five year period ending December 31, 2014. In connection with the contract, the sponsor agreed to pay the Foundation \$80,000 in year one, then \$75,000 in years two through five. The sponsor also agreed to provide an annual marketing allowance up to \$5,000 in wholesale cost as well as annual product donations and sales based commission. Commission received on this contract, included in sales and services of auxiliary enterprises, for the year ended June 30, 2010 was \$6,219.

In May 2000, the Foundation entered into an agreement with an external vendor to provide vending services to the University. The agreement was originally for one year commencing May 1, 2000 through April 30, 2001. The tenant has the option of extending this lease for ten consecutive periods of one year. The tenant has exercised their option through year ended April 30, 2011. In connection with the contract, the Foundation shall receive 12% gross sales per month. The contract commission revenues received on this contract, included in sales and services of auxiliary enterprises, for the years ended June 30, 2010 and 2009 amounted to \$24,388 and \$29,553 respectively.

CALIFORNIA STATE UNIVERSITY DOMINGUEZ HILLS FOUNDATION

NOTES TO BASIC FINANCIAL STATEMENTS

For the Years Ended June 30, 2010 and 2009

NOTE 12 - COMMITMENTS: (continued)

In April 2007, the Foundation entered into an agreement with an external vendor to provide vending services to the University. The agreement was originally for five years commencing April 23, 2007 through April 23, 2012 and automatically renews for an additional five years. In connection with the contract, the Foundation shall receive 10.5% of gross sales per month. The contract commission revenues received on this contract, included in sales and services of auxiliary enterprises for the years ended June 30, 2010 and 2009 amounted to \$30,161 and \$34,322, respectively.

In April 2007, the Foundation entered into an agreement with an external vendor to provide vending services to the University. The agreement is for five years. The tenant has the option of extending this lease for an additional five years. In connection with the contract, the Foundation shall receive 15.5% gross sales per month. The contract commission revenues received on this contract, included in sales and services of auxiliary enterprises, For the years ended June 30, 2010 and 2009 amounted to \$7,166 and \$7,541, respectively.

In August 2007, the Foundation entered into an agreement with an external vendor to provide vending services to the University. The agreement was originally for five years commencing August 28, 2007 through August 28, 2012 and automatically renews for an additional five years. In connection with the contract, the Foundation shall receive 12.5% of gross sales per month. The contract commission revenues received on this contract, included in sales and services of auxiliary enterprises, for the years ended June 30, 2010 and 2009 amounted to \$23,065 and \$30,001, respectively.

NOTE 13 - TRANSACTIONS WITH RELATED ENTITIES:

The Foundation and the University provide various services on each other's behalf. Such services are appropriately billed. Amounts payable to the University at June 30, 2010 and 2009 totaled \$1,777,834 and \$1,509,836, respectively. Amount receivable from the University at June 30, 2010 and 2009 was \$18,788 and \$8,529 respectively. Amounts receivable from other University auxiliaries totaled \$72,415 and \$85,428 at June 30, 2010 and 2009, respectively. Amounts payable to other University auxiliaries totaled \$32,952 and \$131,562 at June 30, 2010 and 2009, respectively.

The Foundation charges a fee to the Loker University Student Union, Inc. and the Associated Students, Inc. for administrative services. Fees collected for these services were \$52,885 and \$50,174 for the years ended June 30, 2010 and 2009.

CALIFORNIA STATE UNIVERSITY DOMINGUEZ HILLS FOUNDATION

NOTES TO BASIC FINANCIAL STATEMENTS

For the Years Ended June 30, 2010 and 2009

NOTE 14 – SUBSEQUENT EVENT:

As a result of a system change in CSU policy related to the accounting and reporting of funds held in auxiliaries, the Foundation will be transferring approximately \$1,000,000 to the University. These funds are currently recorded in unrestricted net assets.

REQUIRED SUPPLEMENTARY INFORMATION

CALIFORNIA STATE UNIVERSITY DOMINGUEZ HILLS FOUNDATION

SCHEDULE OF POSTEMPLOYMENT HEALTHCARE BENEFITS FUNDING PROGRESS

For the Fiscal Year Ended June 30, 2010

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (AVA)</u>	<u>Actuarial Accrued Liability (Unit Cost Method) (AAL)</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funding Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
7/1/2008	\$ -	\$ 4,074,912	\$ 4,074,912	0.0%	\$1,881,000	216.64%

See the accompanying notes to the required supplementary information.

CALIFORNIA STATE UNIVERSITY DOMINGUEZ HILLS FOUNDATION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

For the Fiscal Year Ended June 30, 2010

NOTE 1 - PURPOSE OF SCHEDULE:

A. Schedule of Postemployment Healthcare Benefits Funding Progress

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

SUPPLEMENTARY INFORMATION

CALIFORNIA STATE UNIVERSITY DOMINGUEZ HILLS FOUNDATION

Schedule of Net Assets

June 30, 2010

(for inclusion in the California State University)

Assets:

Current assets:

Cash and cash equivalents	\$ 465,769
Short-term investments	893,781
Accounts receivable, net	2,709,279
Leases receivable, current portion	—
Notes receivable, current portion	—
Pledges receivable, net	—
Prepaid expenses and other assets	86,294
Total current assets	<u>4,155,123</u>

Noncurrent assets:

Restricted cash and cash equivalents	337,706
Accounts receivable, net	88,233
Leases receivable, net of current portion	—
Notes receivable, net of current portion	—
Student loans receivable, net	—
Pledges receivable, net	—
Endowment investments	7,533,396
Other long-term investments	4,471,927
Capital assets, net	722,961
Other assets	—
Total noncurrent assets	<u>13,154,223</u>
Total assets	<u>17,309,346</u>

Liabilities:

Current liabilities:

Accounts payable	2,172,223
Accrued salaries and benefits payable	50,548
Accrued compensated absences— current portion	96,462
Deferred revenue	92,736
Capitalized lease obligations — current portion	—
Long-term debt obligations — current portion	6,489
Self-insurance claims liability - current portion	—
Depository accounts	—
Other liabilities	55,597
Total current liabilities	<u>2,474,055</u>

Noncurrent liabilities:

Accrued compensated absences, net of current portion	—
Deferred revenue	—
Grants refundable	—
Capitalized lease obligations, net of current portion	—
Long-term debt obligations, net of current portion	236,743
Self-insurance claims liabilities, net of current portion	—
Depository accounts	306,444
Other postemployment benefits obligation	1,316,156
Other liabilities	—
Total noncurrent liabilities	<u>1,859,343</u>
Total liabilities	<u>4,333,398</u>

Net assets:

Invested in capital assets, net of related debt	479,729
Restricted for:	
Nonexpendable — endowments	5,900,447
Expendable:	
Scholarships and fellowships	1,075,827
Research	—
Loans	—
Capital projects	75,842
Debt service	—
Other	—
Unrestricted	5,444,103
Total net assets	<u>\$ 12,975,948</u>

See the accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY DOMINGUEZ HILLS FOUNDATION

Schedule of Revenues, Expenses, and Changes in Net Assets

Year Ended June 30, 2010

(for inclusion in the California State University)

Revenues:

Operating revenues:

Student tuition and fees (net of scholarship allowances of \$0)	\$ -
Grants and contracts, noncapital:	
Federal	9,081,602
State	2,371,453
Local	-
Nongovernmental	298,618
Sales and services of educational activities	728,479
Sales and services of auxiliary enterprises (net of scholarship allowances of \$0)	3,338,944
Other operating revenues	44,354
Total operating revenues	<u>15,863,450</u>

Expenses:

Operating expenses:

Instruction	4,157,245
Research	2,812,296
Public service	-
Academic support	2,631,704
Student services	105,545
Institutional support	1,189,230
Operation and maintenance of plant	-
Student grants and scholarships	2,758,214
Auxiliary enterprise expenses	3,259,040
Depreciation and amortization	104,307
Total operating expenses	<u>17,017,581</u>
Operating income (loss)	<u>(1,154,131)</u>

Nonoperating revenues (expenses):

State appropriations, noncapital	-
Federal financial aid grants, noncapital	-
State financial aid grants, noncapital	-
Local financial aid grants, noncapital	-
Nongovernmental and other financial aid grants, noncapital	-
Other federal nonoperating grants, noncapital	-
Gifts, noncapital	1,782,123
Investment income (loss), net	554,870
Endowment income (loss), net	659,692
Interest Expenses	(15,382)
Other nonoperating revenues (expenses)	-
Net nonoperating revenues (expenses)	<u>2,981,303</u>
Income (loss) before other additions	<u>1,827,172</u>
State appropriations, capital	-
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	<u>1,088,008</u>
Increase (decrease) in net assets	<u>2,915,180</u>

Net assets:

Net assets at beginning of year, as previously reported	10,060,768
Restatements	-
Net assets at beginning of year, as restated	<u>10,060,768</u>
Net assets at end of year	<u>\$ 12,975,948</u>

See the accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY DOMINGUEZ HILLS FOUNDATION

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2010

	<u>Unrestricted Fund</u>	<u>Restricted Fund</u>	<u>Endowment Fund</u>	<u>Plant Fund</u>	<u>Total</u>
REVENUES:					
Federal	\$ -	\$ 9,081,602	\$ -	\$ -	\$ 9,081,602
State and local		2,371,453			2,371,453
Nongovernmental	1,480,801	599,940	1,088,008		3,168,749
Sales and services of educational activities	728,479				728,479
Sales and services of auxiliary enterprises	3,338,944				3,338,944
Investment income	554,870		659,692		1,214,562
Other operating revenues	44,354				44,354
Transfers	<u>141,648</u>	<u>295,981</u>	<u>(341,354)</u>	<u>(96,275)</u>	<u>-</u>
TOTAL REVENUES	<u>6,289,096</u>	<u>12,348,976</u>	<u>1,406,346</u>	<u>(96,275)</u>	<u>19,948,143</u>
EXPENSES:					
Instruction		4,157,245			4,157,245
Research		2,812,296			2,812,296
Academic support	1,446,097	1,185,607			2,631,704
Student services		105,545			105,545
Institutional support		1,189,230			1,189,230
Scholarships and fellowships		2,758,214			2,758,214
Depreciation	104,307				104,307
Interest expense	15,382				15,382
Auxiliary expenditures	<u>3,259,040</u>				<u>3,259,040</u>
TOTAL EXPENSES	<u>4,824,826</u>	<u>12,208,137</u>	<u>-</u>	<u>-</u>	<u>17,032,963</u>
INCREASE (DECREASE) IN NET ASSETS	1,464,270	140,839	1,406,346	(96,275)	2,915,180
BEGINNING NET ASSETS	<u>4,055,675</u>	<u>934,988</u>	<u>4,494,101</u>	<u>576,004</u>	<u>10,060,768</u>
ENDING NET ASSETS	<u>\$ 5,519,945</u>	<u>\$ 1,075,827</u>	<u>\$ 5,900,447</u>	<u>\$ 479,729</u>	<u>\$ 12,975,948</u>

See the accompanying independent auditors' report.

Other Information
June 30, 2010
(for inclusion in the California State University)

See the accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY DOMINGUEZ HILLS FOUNDATION

Other Information
June 30, 2010
(for inclusion in the California State University)

2.2 Investments held by the University under contractual agreements at June 30, 2010:

Portion of investments in note 2.1 held by the University under contractual agreements at June 30, 2010 :

	Amount
2.3 Restricted current investments at June 30, 2010 related to:	
Add description	\$
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Total restricted current investments at June 30, 2010	\$

2.4 Restricted noncurrent investments at June 30, 2010 related to:

Endowment investment	
Add description	Amount
Add description	\$ 7,533,396
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Total restricted noncurrent investments at June 30, 2010	\$ 7,533,396

See the accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY DOMINGUEZ HILLS FOUNDATION

Other Information June 30, 2010 (for inclusion in the California State University)

3.1 Composition of capital assets at June 30, 2010:

	Balance June 30, 2009	Prior period Adjustments	Reclassifications	Balance June 30, 2009 (restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2010
Nondepreciable capital assets:								
Land and land improvements	\$ -	-	-	-	-	-	-	-
Works of art and historical treasures	-	-	-	-	-	-	-	-
Construction work in progress (CWIP)	55,309	-	-	55,309	-	-	-	55,309
Intangible assets	-	-	-	-	-	-	-	-
Total nondepreciable capital assets	55,309	-	-	55,309	-	-	-	55,309
Depreciable capital assets:								
Buildings and building improvements	769,643	-	-	769,643	-	-	-	769,643
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	418,073	-	-	418,073	-	-	-	418,073
Personal property:								
Equipment	489,314	-	-	489,314	2,026	-	-	491,340
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-
Total depreciable capital assets	1,677,030	-	-	1,677,030	2,026	-	-	1,679,056
Total capital assets	1,732,339	-	-	1,732,339	2,026	-	-	1,734,365
Less accumulated depreciation:								
Buildings and building improvements	(162,356)	-	-	(162,356)	(25,655)	-	-	(188,011)
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	(277,551)	-	-	(277,551)	(64,638)	-	-	(342,189)
Leasehold improvements	-	-	-	-	-	-	-	-
Personal property:								
Equipment	(467,190)	-	-	(467,190)	(14,014)	-	-	(481,204)
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-
Total accumulated depreciation	(907,097)	-	-	(907,097)	(104,307)	-	-	(1,011,404)
Total capital assets, net	\$ 825,242	-	-	\$ 825,242	(102,281)	-	-	\$ 722,961

3.2 Detail of depreciation and amortization expense for the year ended June 30, 2010:

Depreciation and amortization expense related to capital assets	\$ 104,307
Amortization expense related to other assets	-
Total depreciation and amortization	\$ 104,307

See the accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY DOMINGUEZ HILLS FOUNDATION

Other Information June 30, 2010 (for inclusion in the California State University)

3.3 Detail of intangible assets as of June 30, 2010:

	Nonamortizable	Amortizable	Accumulated Amortization
Easements	-	-	-
Rights	-	-	-
Websites	-	-	-
Computer software	-	-	-
Licenses and permits	-	-	-
Patents	-	-	-
Copyrights	-	-	-
Trademarks	-	-	-
Others (please list):	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Total Intangible Assets	\$ -	\$ -	\$ -

4 Long-term liabilities activity schedule:

	Balance June 30, 2009 120,634	Prior period adjustments	Reclassifications	Balance June 30, 2009 (restated) 120,634	Additions	Reductions	Balance June 30, 2010 96,462	Current portion 96,462	Long-term portion
Accrued compensated absences	-	-	-	-	-	-	-	-	-
Capitalized lease obligations:	-	-	-	-	-	-	-	-	-
Gross balance	-	-	-	-	-	-	-	-	-
Unamortized premium / (discount) on capitalized lease obligations	-	-	-	-	-	-	-	-	-
Total capitalized lease obligations	-	-	-	-	-	-	-	-	-
Long-term debt obligations:	-	-	-	-	-	-	-	-	-
Revenue Bonds	-	-	-	-	-	-	-	-	-
Other bonds (non-Revenue Bonds)	-	-	-	-	-	-	-	-	-
Commercial Paper	-	-	-	-	-	-	-	-	-
Other:	-	-	-	-	-	-	-	-	-
Real property mortgage	249,238	-	-	249,238	-	(6,006)	243,232	6,489	236,743
Add description	-	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-	-
Total long-term debt obligations	249,238	-	-	249,238	-	(6,006)	243,232	6,489	236,743
Unamortized bond premium / (discount)	-	-	-	-	-	-	-	-	-
Unamortized loss on refunding	-	-	-	-	-	-	-	-	-
Total long-term debt obligations, net	249,238	-	-	249,238	-	(6,006)	243,232	6,489	236,743
Total long-term liabilities	369,872	-	-	369,872	137,775	(167,953)	339,694	102,951	236,743

See the accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY DOMINGUEZ HILLS FOUNDATION

Other Information June 30, 2010 (for inclusion in the California State University)

5 Future minimum lease payments - capital lease obligations:

Year ending June 30:	Principal	Interest	Principal and Interest
2011	-	-	-
2012	-	-	-
2013	-	-	-
2014	-	-	-
2015	-	-	-
2016 - 2020	-	-	-
2021 - 2025	-	-	-
2026 - 2030	-	-	-
2031 - 2035	-	-	-
2036 - 2040	-	-	-
2041 - 2045	-	-	-
2046 - 2050	-	-	-
2051 - 2055	-	-	-
2056 - 2060	-	-	-
Total minimum lease payments	-	-	-
Less amounts representing interest	-	-	-
Present value of future minimum lease payments	-	-	-
Less: current portion	-	-	-
Capitalized lease obligation, net of current portion	-	-	\$ -

6 Long-term debt obligation schedule

Year ending June 30:	Revenue Bonds		All other long-term debt obligations		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	-	-	6,489	14,900	6,489	14,900
2012	-	-	6,895	14,494	6,895	14,494
2013	-	-	7,205	14,185	7,205	14,185
2014	-	-	7,668	13,721	7,668	13,721
2015	-	-	8,161	13,228	8,161	13,228
2016 - 2020	-	-	49,390	57,556	49,390	57,556
2021 - 2025	-	-	67,454	39,493	67,454	39,493
2026 - 2030	-	-	89,970	14,823	89,970	14,823
2031 - 2035	-	-	-	-	-	-
2036 - 2040	-	-	-	-	-	-
2041 - 2045	-	-	-	-	-	-
2046 - 2050	-	-	-	-	-	-
2051 - 2055	-	-	-	-	-	-
2056 - 2060	-	-	-	-	-	-
Total	-	-	243,232	182,400	243,232	182,400
						425,632

See the accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY DOMINGUEZ HILLS FOUNDATION

Other Information June 30, 2010 (for inclusion in the California State University)

7 Calculation of net assets

	Auxiliary Organizations		Total
	GASB	FASB	Auxiliaries
7.1 Calculation of net assets - Invested in capital assets, net of related debt			
Capital assets, net of accumulated depreciation	\$ 722,961	-	722,961
Capitalized lease obligations - current portion	-	-	-
Capitalized lease obligations, net of current portion	-	-	-
Long-term debt obligations - current portion	(6,489)	-	(6,489)
Long-term debt obligations, net of current portion	(236,743)	-	(236,743)
Portion of outstanding debt that is unspent at year-end	-	-	-
Other adjustments: (please list)			
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Net assets - invested in capital assets, net of related debt	\$ 479,729	-	479,729
7.2 Calculation of net assets - Restricted for nonexpendable - endowments			
Portion of restricted cash and cash equivalents related to endowments	\$ 337,706	-	337,706
Endowment investments	7,533,396	-	7,533,396
Other adjustments: (please list)			
Board designated endowment fund	(1,275,290)	-	(1,275,290)
Unrestricted	(257,043)	-	(257,043)
Endowment asset expenditures	(438,322)	-	(438,322)
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Net assets - Restricted for nonexpendable - endowments per SNA	\$ 5,900,447	-	5,900,447

8 Transactions with Related Entities

	Amount
Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$ 1,767,881
Payments to University for other than salaries of University personnel	1,226,423
Payments received from University for services, space, and programs	298,444
Gifts-in-kind to the University from Auxiliary Organizations	-
Gifts (cash or assets) to the University from recognized Auxiliary Organizations	-
Accounts (payable to) University (enter as negative number)	(1,777,834)
Other amounts (payable to) University (enter as negative number)	18,788
Accounts receivable from University	-
Other amounts receivable from University	-

See the accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY DOMINGUEZ HILLS FOUNDATION

Other Information
June 30, 2010
(for inclusion in the California State University)

9 Other Postemployment Benefits Obligation (OPEB)

Annual required contribution (ARC)	\$ 529,842
Contributions during the year	(58,281)
Increase (decrease) in net OPEB obligation (NOO)	<u>471,561</u>
NOO - beginning of year	844,595
NOO - end of year	<u>\$ 1,316,156</u>

10 Pollution remediation liabilities under GASB Statement No. 49:

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

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

Net Asset	Class	Amount
		Dr. (Cr.)
Net assets as of June 30, 2009, as previously reported		\$ 10,060,768
Prior period adjustments:		
1 (list description of each adjustment)		—
2 (list description of each adjustment)		—
3 (list description of each adjustment)		—
4 (list description of each adjustment)		—
5 (list description of each adjustment)		—
6 (list description of each adjustment)		—
7 (list description of each adjustment)		—
8 (list description of each adjustment)		—
9 (list description of each adjustment)		—
10 (list description of each adjustment)		—
Net assets as of June 30, 2009, as restated		<u>\$ 10,060,768</u>

See the accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY DOMINGUEZ HILLS FOUNDATION

Other Information June 30, 2010 (for inclusion in the California State University)

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

	Debit	Credit
Net asset class: 1 (breakdown of adjusting journal entry)	\$ -	-
Net asset class: 2 (breakdown of adjusting journal entry)	-	-
Net asset class: 3 (breakdown of adjusting journal entry)	-	-
Net asset class: 4 (breakdown of adjusting journal entry)	-	-
Net asset class: 5 (breakdown of adjusting journal entry)	-	-
Net asset class: 6 (breakdown of adjusting journal entry)	-	-
Net asset class: 7 (breakdown of adjusting journal entry)	-	-
Net asset class: 8 (breakdown of adjusting journal entry)	-	-
Net asset class: 9 (breakdown of adjusting journal entry)	-	-
Net asset class: 10 (breakdown of adjusting journal entry)	-	-

See the accompanying independent auditors' report.