

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS  
PHILANTHROPIC FOUNDATION**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2019**



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**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS PHILANTHROPIC FOUNDATION  
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## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of California State University, Dominguez Hills Philanthropic Foundation (Philanthropic Foundation), which comprises the statement of financial position as of June 30, 2019, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinion***

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

**Emphasis-of-Matter Regarding a Change in Accounting Principle**

As discussed in Note 2 to the financial statements, the Philanthropic Foundation changed accounting policies related to presentation of its financial statements in 2019 as required by the provisions of FASB Accounting Standards Update 2016-14: *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to that matter.

**Emphasis-of-Matter Regarding a Correction of Errors**

As described in Note 13 to the financial statements, the Philanthropic Foundation corrected errors in net assets with donor restrictions. Our opinion is not modified with respect to these matters.

**Report on Summarized Comparative Information**

Other auditors audited the Philanthropic Foundation's 2018 financial statements, and they expressed an unmodified audit opinion on those audited financial statements in their report dated September 11, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived and has been reclassified in accordance with the provisions of FASB Accounting Standards Update 2016-14: *Presentation of Financial Statements of Not-for-Profit Entities*

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

**Other Matter**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of net position, schedule of revenues, expenses, and changes in net position, and other information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of net position, schedule of revenues, expenses, and changes in net position, and other information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the GASB schedule of net position, GASB schedule of revenues, expenses, and changes in net position, and other information are fairly stated, in all material respects, in relation to the basic financial statements as a whole. The 2018 schedule of net position, the schedule of revenues, expenses, and changes in net position, and other information as listed in the table of contents was subjected to the auditing procedures applied in the 2018 audit of the basic financial statements by other auditors, whose report on such information stated that it was fairly stated in all material respects in relation to the 2018 financial statements as a whole.



**CliftonLarsonAllen LLP**

Glendora, California  
September 20, 2019

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS PHILANTHROPIC FOUNDATION**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2019**  
**(WITH COMPARATIVE TOTALS FOR 2018)**

	2019	2018
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 8,415,674	\$ 10,749,138
Accounts Receivable	142,980	15,652
Total Current Assets	8,558,654	10,764,790
<b>NONCURRENT ASSETS</b>		
Gift Annuity Receivable	252,603	232,596
Endowment Investments	12,542,519	10,393,538
Capital Assets, Net	427,825	534,781
Total Noncurrent Assets	13,222,947	11,160,915
 Total Assets	 \$ 21,781,601	 \$ 21,925,705
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	89,917	198,717
Accrued Expenses	-	54,494
Total Current Liabilities	89,917	253,211
<b>NET ASSETS</b>		
Without Donor Restrictions:		
Investment in capital assets	427,825	534,781
Undesignated	(590,465)	(738,051)
Total Without Donor Restrictions	(162,640)	(203,270)
With Donor Restrictions:		
Purpose restrictions	7,062,580	9,126,032
Time-restricted for future periods	252,603	232,596
Perpetual in nature	14,539,141	12,517,136
Total With Donor Restrictions	21,854,324	21,875,764
Total Net Assets	21,691,684	21,672,494
 Total Liabilities and Net Assets	 \$ 21,781,601	 \$ 21,925,705

See accompanying Notes to Financial Statements.

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

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>REVENUE AND SUPPORT</b>				
Grants and Contracts, Noncapital:				
Contributions and Gifts	\$ -	4,787,179	\$ 4,787,179	\$ 3,823,063
Campus Programs	-	180,480	180,480	39,849
Endowment Management Fee	154,832	-	154,832	134,527
Investment Income, Net	-	305,149	305,149	685,907
Net Assets Released from Restrictions	5,294,248	(5,294,248)	-	-
Total Revenue and Support	5,449,080	(21,440)	5,427,640	4,683,346
<b>EXPENSES</b>				
Program Expenses:				
Campus	4,208,539	-	4,208,539	2,736,899
Scholarships	795,168	-	795,168	778,739
Total Program Expenses	5,003,707	-	5,003,707	3,515,638
Support Services Expenses:				
General and Administrative	118,190	-	118,190	124,082
Fundraising	286,553	-	286,553	138,465
Total Support Services Expenses	404,743	-	404,743	262,547
Total Expenses	5,408,450	-	5,408,450	3,778,185
<b>CHANGE IN NET ASSETS</b>	40,630	(21,440)	19,190	905,161
Net Assets - Beginning of Year	567,595	21,104,899	21,672,494	20,767,333
Prior Period Adjustment (See Note 13)	(770,865)	770,865	-	-
Net Assets - Beginning of Year (Restated)	(203,270)	21,875,764	21,672,494	20,767,333
<b>NET ASSETS - END OF YEAR</b>	<u>\$ (162,640)</u>	<u>\$ 21,854,324</u>	<u>\$ 21,691,684</u>	<u>\$ 21,672,494</u>

See accompanying Notes to Financial Statements.

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

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 19,190	\$ 905,161
Adjustment to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Unrealized (Gain) Loss on Investments	643,904	(382,593)
Depreciation	106,956	-
Donated Capital Assets	-	(32,007)
Donated Investments	(100,598)	(19,735)
(Increase) Decrease in Assets:		
Accounts Receivable	(127,328)	(5,352)
Gift Annuity Receivable	(20,007)	94,904
Increase (Decrease) in Liabilities:		
Accounts Payable	(108,800)	68,644
Accrued Expenses	(54,494)	54,494
Net Cash Provided by Operating Activities	358,823	683,516
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Disposition of Capital Assets	-	130,028
Acquisition of Capital Assets	-	(502,774)
Proceeds of Short-Term Investments - Other	-	75,000
Proceeds from Sales of Maturities of Investments	11,282,812	2,558,716
Purchases of Investments	(13,975,099)	(2,607,187)
Net Cash Used by Investing Activities	(2,692,287)	(346,217)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(2,333,464)	337,299
Cash and Cash Equivalents - Beginning of Year	10,749,138	10,411,839
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 8,415,674	\$ 10,749,138
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITY</b>		
In-Kind Contributions, Donated Capital Assets	\$ -	\$ 32,007
In-Kind Contributions, Supplies	\$ -	\$ 52,495

See accompanying Notes to Financial Statements.

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

**NOTE 1 ORGANIZATION**

**Nature of Organization**

California State University, Dominguez Hills Philanthropic Foundation (Philanthropic Foundation) is a 501(c)3 nonprofit corporation that exists to actively promote, pursue and steward private support for the advancement of California State University, Dominguez Hills. The Philanthropic Foundation is an auxiliary organization of California State University, Dominguez Hills.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The financial statements of the Philanthropic Foundation have been prepared on the accrual basis of accounting to conform to accounting principles generally accepted in the United States of America (U.S. GAAP) as applicable to nonprofit educational institutions. Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Philanthropic Foundation and changes therein have been classified and are reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor restrictions.

*Net Assets With Donor Restrictions* – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are released when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**Cash and Cash Equivalents**

Cash and cash equivalents consist primarily of deposits with the California State University, Dominguez Hills Foundation, a related party organization that provides accounting and management services for the Philanthropic Foundation. The California State University, Dominguez Hills Foundation holds these funds on behalf of the Philanthropic Foundation, and a substantive portion of its reported cash and cash equivalents is composed of the cash and cash equivalents it holds on behalf of the auxiliary organizations of the California State University, Dominguez Hills campus, including the Philanthropic Foundation.

**Accounts Receivables**

Receivables consist of purchase advances for campus program donations accounts, as well as miscellaneous outstanding donations that are considered accounts receivables. The Philanthropic Foundation uses the allowance method of accounting for receivables determined to be potentially uncollectable. In management's opinion, all receivables were collectible at year-end and therefore no allowance has been established.



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

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Gift Annuity Receivable**

The Philanthropic Foundation holds a gift annuity receivable with the California State University Foundation. The California State University Foundation maintains the CSU Charitable Gift Annuity Program and the related receivable represented on the financial statements is for the present value of the amounts designated for the benefit of the Philanthropic Foundation.

**Endowment Investments**

The Philanthropic Foundation accounts for investments in equity securities with readily determinable fair values, investments in debt securities, and investments in alternative investments at fair value, with gains and losses included in the statement of activities. Gains and losses on investments are reported in the statement of activities as increases or decreases in unrestricted net assets, unless their use is temporarily or permanently restricted by donor-imposed stipulations.

**Property and Equipment**

Property and equipment are stated at cost or estimated historical cost if purchased or, at estimated fair value at date of donation if donated. Property and equipment with a value of less than \$5,000 are not capitalized. 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.

**Accounting for Contributions**

Contributions, including unconditional promises to give, are recognized as revenue in the period received and reported in their appropriate net asset group, subject to the existence or absence of donor-imposed stipulations. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at a discount rate consistent with the general principles for present value measurement. Amortization of discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

**Contributed Goods and Services**

Contributions of donated non-cash assets are recorded at fair value in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair value in the period received. For the year ended June 30, 2019, California State University, Dominguez Hills Philanthropic Foundation received \$0 of in-kind supplies and equipment.

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

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition**

Revenues for services provided are recognized when earned by the Philanthropic Foundation. All gifts, bequests, and other public support are included in unrestricted net assets unless specifically restricted by the donor or the terms of the gift or grant instrument. Amounts received in excess of balances earned are recognized as liabilities.

Revenue received where the restriction is met in the same fiscal year is reported under net assets without donor restrictions.

**Functional Expense Allocation Methodology**

The functional allocation of expenses shared between programs, management and general, and fundraising is based on a reasonable and consistent basis using factors such as direct payroll allocation, square footage, full time equivalents within each department, and total direct expenses.

**Income Taxes**

The Philanthropic Foundation is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and California income taxes under section 23701(d) of the California Revenue and Taxation Code. The IRS classified the organization as one that is not a private foundation within the meaning of section 509(a) of the Code because it is an organization described in section(s) 509(a)(1) and 170(b)(1)(A)(vi).

The Philanthropic Foundation has adopted Financial Accounting Standards Board Accounting Standards Codification (ASC) Section 740-10, which clarifies the accounting for uncertainty in income taxes. ASC Section 740-10 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return.

ASC Section 740-10 requires that an organization recognize in the financial statements the impact of the tax position if that position will more likely than not be sustained on audit, based on the technical merits of the position. As of and for the year ended June 30, 2019, the Philanthropic Foundation had no material unrecognized tax benefits, tax penalties or interest.

**Endowment Investments**

Endowment investments are reported at fair value. The fair value for investments in equity securities traded on national securities exchanges is determined by the closing price on the last business day of the fiscal year; securities traded on the over-the-counter market are valued at the last reported bid price. The fair value of open-end mutual fund units is determined by the published net asset value per unit at the end of the last trading day of the fiscal year.

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

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Use of Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, the Philanthropic Foundation's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The Philanthropic Foundation's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

**Comparative Totals**

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Philanthropic Foundation's financial statements for the year ended June 30, 2018 from which the summarized information was derived.

**Change in Accounting Principle**

In fiscal year 2019, the Philanthropic Foundation adopted ASU No. 2016-14—*Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The standard is intended to improve net asset classification requirements and the information presented in the financial statements and notes about an NFP's liquidity, financial performance, and cash flows. The standard requires the Philanthropic Foundation to reclassify its net assets from three categories (i.e. unrestricted, temporarily restricted, and permanently restricted) into two categories: net assets without donor restrictions and net assets with donor restrictions. It also requires recognition of underwater endowment funds as a reduction of net assets with donor restrictions. In addition, the guidance requires enhanced disclosures about governing board designations; composition of net assets with donor restrictions; the Philanthropic Foundation's liquidity; and expenses by both their natural and functional classification.

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

**NOTE 3 LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date:

Net assets with donor-restrictions exceeds the amount of liquid assets (cash, receivables, gift annuity receivable and investments) at June 30, 2019 by \$498,662.

Philanthropic Foundation has approximately \$7,060,000 in net assets donor-restricted for scholarships and campus programs, which represented 98% percent of 2019 total expenditures.

The endowment funds consist of donor-restricted endowments, income from which is restricted for specific purposes. Donor-restricted endowment funds are not available for general expenditure.

**NOTE 4 ENDOWMENT INVESTMENTS**

FASB Accounting Standards Codification (ASC) 820, which among other things requires enhanced disclosures about assets and liabilities that are measured and reported at fair value, establishes a hierarchal disclosure framework which prioritizes and ranks the level of market price observability used in measuring fair value. This hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three levels:

*Level 1* – Quoted market prices are available in active market for identical assets or liabilities as of the reporting date.

*Level 2* – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. A significant adjustment to a Level 2 input could result in the Level 2 measurement becoming a Level 3 measurement.

*Level 3* – Pricing inputs are unobservable and shall be used to measure fair value to the extent that observable inputs are not available. The inputs into the determination of fair value are based upon the best information available and require significant management judgment or estimation.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

The Philanthropic Foundation estimates the fair value of investments in investment companies for which the investment does not have readily determinable fair value using net asset value (NAV) per share or its equivalent. Those estimated fair values may differ significantly from the value that would be used had a ready market for these securities existed.

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

**NOTE 3 ENDOWMENT INVESTMENTS (CONTINUED)**

The Philanthropic Foundation uses the following ways to determine the fair value of its investments:

Equities: Determined by the closing price on the last business day of the fiscal year.

Mutual Funds: Determined by the published NAV per unit at the end of the last trading day of the fiscal year.

Hedge Funds: Determined by the NAV on the last business day of the fiscal year.

The following tables present investments measured at fair value on a recurring basis at June 30, 2019:

	Level 1	Level 2	Level 3	Total
Equities	\$ 7,494,694	\$ -	\$ -	\$ 7,494,694
Mutual Funds	3,261,963	-	-	3,261,963
Money Market Mutual Funds	200,520	-	-	200,520
Subtotal	<u>\$ 10,957,177</u>	<u>\$ -</u>	<u>\$ -</u>	10,957,177
Fund Valued at Net Asset Value				1,585,342
Total				<u>\$ 12,542,519</u>

The following table summarizes information regarding investment terms, unfunded commitments, and redemption terms for investments valued using NAV at June 30, 2019:

Investment	Net Asset Value	Strategy	Unfunded Commitments	Redemption Terms	Redemption Restrictions
Skybridge Multi-Adviser Hedge Fund	\$ 796,610	Achieve capital appreciation principally through investing in investment funds	None	Redeemable on a quarterly basis	30 day notice
Ironwood Inter LTD ADV Fund	788,732	Capital appreciation with limited variability of returns	None	Redeemable on a quarterly basis	95 day notice
	<u>\$ 1,585,342</u>				

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

**NOTE 3 ENDOWMENT INVESTMENTS (CONTINUED)**

**Concentration of Investment Credit Risk**

The Philanthropic Foundation's Investment Policy Statement 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><u>100.0 %</u></u>	

**Investment Income and Expenditures**

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

Interest and Dividends	\$ 389,366
Realized Gain (Loss), Net	755,019
Unrealized Gain (Loss) on Sales, Net	<u>(643,904)</u>
Total Investment Income	500,481
Management Fees	<u>(195,332)</u>
Net Endowment Investment Income	<u><u>\$ 305,149</u></u>

Management fees include \$40,500 in fees charged by investment managers and the endowment management fee of \$154,832 by the Philanthropic Foundation but not withdrawn from the portfolio as of June 30, 2019. The endowment management fee has not yet been withdrawn as it is based on calculated asset value from the fair market value of the portfolio as of June 30, 2019. The actual cash will be withdrawn from the portfolio in fiscal year 2020.

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

**NOTE 5 CAPITAL ASSETS, NET**

At June 30, 2019, capital assets consisted of the following:

	Balance - June 30, 2018	Additions	Deletions	Balance - June 30, 2019
Equipment	\$ 534,781	\$ -	\$ -	\$ 534,781
Accumulated Depreciation	-	(106,956)	-	(106,956)
Capital Assets, Net	\$ 534,781	\$ (106,956)	\$ -	\$ 427,825

Total depreciation expense for the year ended June 30, 2019 was \$109,956.

**NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are available for the following purposes at June 30, 2019:

Subject to expenditure for specified purpose:		
Scholarships		\$ 1,701,509
Campus Programs		5,361,071
		7,062,580
Subject to the passage of time:		
Charitable gift annuity not restricted by donor, but which are unavailable for expenditure until due		252,603
Endowments:		
Subject to appropriation and expenditure when a specified event occurs:		1,898,018
Subject to endowment spending policy and appropriation:		12,641,123
Total endowments		14,539,141
		\$ 21,854,324

During the year ended June 30, 2019, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

Satisfaction of purpose restrictions		
Scholarships		\$ 652,850
Campus Programs		4,307,913
Restricted-purpose spending-rate distributions and appropriations		333,485
		\$ 5,294,248

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

**NOTE 7 ENDOWMENT**

California State University, Dominguez Hills Philanthropic Foundation's endowment consists of 83 individual funds established either by donors (referred to as *donor-restricted endowment funds*) or by resources set aside by the board of directors to function as endowments (referred to as *board-designated endowment funds*). Donor-restricted endowment funds are further divided into those that provide a perpetual source of support for California State University, Dominguez Hills Philanthropic Foundation's activities (referred to as *permanent endowments*) and those that are restricted by donors to investment for a specified term (referred to as *term endowments*). As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

**Interpretation of Relevant Law**

The board of trustees of the Philanthropic Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Philanthropic Foundation classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

In accordance with UPMIFA, the Philanthropic Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Philanthropic Foundation and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Philanthropic Foundation
- (7) The investment policies of the Philanthropic Foundation



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

**NOTE 7 ENDOWMENT (CONTINUED)**

The Philanthropic Foundation's endowment net assets by class and by type of endowment, at June 30 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-Designated Endowment	\$ -	\$ -	\$ -
Donor-Restricted Endowment			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	12,641,123	12,641,123
Accumulated investment gains	-	1,898,018	1,898,018
Total Endowment	\$ -	\$ 14,539,141	\$ 14,539,141

Changes in endowment assets held in investments for the year ended June 30, 2019 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - July 1, 2018	\$ -	\$ 12,517,136	\$ 12,517,136
Investment Return:			
Investment Interest and Dividend Income	-	389,366	389,366
Net Gains (Realized and Unrealized)	-	111,115	111,115
Contributions	-	2,050,341	2,050,341
Less: Appropriations	-	(333,485)	(333,485)
Less: Endowment Management Fee	-	(154,832)	(154,832)
Less: Investment Management Fee	-	(40,500)	(40,500)
Endowment Net Assets - June 30, 2019	\$ -	\$ 14,539,141	\$ 14,539,141

As of June 30, 2019, the Philanthropic Foundation's endowment funds have a combined historic dollar value and accumulated investment gains of \$14,539,141 and related endowment investments with a fair value of \$12,542,519. The difference of \$1,996,622 could be attributable to appropriations for expenditure in excess of investment income earned and borrowings to fund operations or other activity. Additionally, the Philanthropic Foundation has not allocated the investment gains to individual endowment funds and therefore is unable to ascertain which, if any, of the individual donor-restricted endowment funds are underwater.

The Philanthropic Foundation has not obtained any written permission from donors to borrow funds and if any such borrowings exist, they may not be in compliance with donors' restrictions. Noncompliance with donor restrictions could have consequences for the Philanthropic Foundation, including return of funds to donors. Management has not received notifications from donors to return funds or regarding any noncompliance.

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS PHILANTHROPIC FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 8 RELATED PARTY TRANSACTIONS**

The Philanthropic Foundation receives various services from the California State University, Dominguez Hills Foundation (Foundation) and California State University, Dominguez Hills (University). These services are appropriately billed to the California State University, Dominguez Hills Philanthropic Foundation and recovered via payments to these entities. The Philanthropic Foundation paid the University \$145,104 and the Foundation \$0 during fiscal year 2019. There were no amounts payable to the California State University, Dominguez Hills Foundation or California State University, Dominguez Hills as of June 30, 2019.

The Philanthropic Foundation transferred \$3,000,000 to the California State University, Dominguez Hills during fiscal year 2019.

California State University, Dominguez Hills Philanthropic Foundation did not have any receivables or payables due from or to any other auxiliary organization or related party.

As discussed in Note 1, California State University, Dominguez Hills Philanthropic Foundation operates under agreements with the Trustees. Accordingly, essentially all revenues, and realization of certain assets, are dependent upon the continuation of this agreement.

**NOTE 9 CONCENTRATION RISK**

California State University, Dominguez Hills Philanthropic Foundation maintains its cash accounts with the California State University, Dominguez Hills Foundation, which utilizes Wells Fargo Bank, N.A. as its primary banking provider, in addition to the Local Agency Investment Fund (LAIF) administered by the State of California Office of the Controller. As such, the California State University, Dominguez Hills Philanthropic Foundation is exposed to credit risk for amounts exceeding amounts insured by the Federal Deposit Insurance Corporation. California State University, Philanthropic Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk for cash and cash equivalents.

California State University, Dominguez Hills Philanthropic Foundation's investments are subject to various risks, such as interest rate, credit, and overall market volatility risks. Further, because of the significance of the investments to California State University, Dominguez Hills Philanthropic Foundation's financial position and the level of risk inherent in most investments, it is reasonably possible that changes in the values of these investments could occur in the near term and such changes could materially affect the amounts reported in the financial statements. Management is of the opinion that the diversification of its invested assets among the various asset classes should mitigate the impact of changes in any one class.

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS PHILANTHROPIC FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 10 EMPLOYMENT AND BENEFITS**

All administrative activities performed on behalf of the California State University, Philanthropic Foundation are undertaken by either (a) employees of the California State University, Dominguez Hills Foundation under a Business Services Agreement or (b) employees of California State University, Dominguez Hills under a Cost Recovery Agreement in accordance with Executive Order 1000 of the California State University.

**NOTE 11 SUBSEQUENT EVENTS**

The Philanthropic Foundation has evaluated events subsequent to June 30, 2019, to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through September 20, 2019, the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.

**NOTE 12 FUNCTIONAL EXPENSES**

The table below presents expenses by both their nature and function for the fiscal year ended June 30, 2019.

	Program Activities	Management and General	Fundraising	Total
Salaries	\$ 401,342	\$ -	\$ -	\$ 401,342
Benefits	80,683	-	-	80,683
Professional services	114,222	12,526	-	126,748
Contributions to University	3,060,907	10,499	-	3,071,406
Scholarships	925,113	-	-	925,113
Conference, meetings and travel	96,587	-	-	96,587
Supplies	205,092	-	165	205,257
Depreciation	106,956	-	-	106,956
Advertising, public relations and special events	-	-	286,388	286,388
Other	12,805	95,165	-	107,970
Total expenses	<u>\$ 5,003,707</u>	<u>\$ 118,190</u>	<u>\$ 286,553</u>	<u>\$ 5,408,450</u>

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS PHILANTHROPIC FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 13 PRIOR PERIOD ADJUSTMENT**

Net assets have been restated to correct for errors in the previous years. The Philanthropic Foundation overstated prior year undesignated net assets and understated net assets with donor restrictions. The July 1, 2018 balances presented in these financial statements, have been restated to reflect the corrected balances as follows:

<u>Statement of Financial Position</u>	<u>As Previously Reported</u>	<u>Adjustments and Reclassification</u>	<u>As Restated</u>
Net Assets Without Donor Restrictions			
Undesignated	\$ 567,595	\$ (770,865)	\$ (203,270)
Net Assets With Donor Restrictions			
Purpose restrictions	8,587,762	538,269	9,126,031
Time-restricted for future periods	-	232,596	232,596

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS PHILANTHROPIC FOUNDATION**  
**GASB SCHEDULE OF NET POSITION**  
**YEAR ENDED JUNE 30, 2019**  
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<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 8,415,674
Short-term investments	-
Accounts receivables, net	142,980
Capital lease receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	-
Prepaid expenses and other current assets	-
Total current assets	<u>8,558,654</u>
Noncurrent assets:	
Restricted cash and cash equivalents	-
Gift Annuity Receivable	252,603
Capital lease receivable, net of current portion	-
Notes receivable, net of current portion	-
Student loan receivable, net	-
Pledges receivable, net	-
Endowment investments	12,542,519
Other long-term investments	-
Capital assets, net	427,825
Other assets	-
Total noncurrent assets	<u>13,222,947</u>
Total assets	21,781,601
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Unamortized loss on debt refunding	-
Net pension obligation	-
Net OPEB liability	-
Others	-
Total deferred outflows of resources	<u>-</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	89,917
Accrued salaries and benefits	-
Accrued compensata absences, current portion	-
Unearned revenues	-
Capital lease obligations, current portion	-
Long-term debt obligations, current portion	-
Claims liability for losses and loss adjustment expenses, net of current portion	-
Depository accounts	-
Other liabilities	-
Total Current Liabilities	<u>89,917</u>
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	-
Unearned revenues	-
Grants refundable	-
Capital lease obligations, net of current portion	-
Long-term debt obligations, net of current portion	-
Claim liability or losses and loss adjustment expenses, net of current portion	-
Depository accounts	-
Net other postemployment benefits liability	-
Net pension liability	-
Other liabilities	-
Total non current liabilities	<u>-</u>
Total liabilities	<u>89,917</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Service concession arrangements	-
Net pension liability	-
Net OPEB liability	-
Unamortized gain on debt refunding	-
Nonexchange transactions	-
Others	-
Total deferred inflows of resources	<u>-</u>
<b>NET POSITION</b>	
Net investment in capital assets	427,825
Restricted for:	-
Nonexpendable - endowments	12,641,123
Expendable:	-
Scholarships and fellowships	7,062,580
Research	-
Loans	-
Capital projects	-
Debt service	-
Others	2,150,621
Unrestricted	<u>(590,465)</u>
Total net position	<u>\$ 21,691,684</u>

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS PHILANTHROPIC FOUNDATION**  
**OTHER INFORMATION**  
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**REVENUES**

Operating Revenues:		
Student Tuition and Fees, Gross	\$	-
Scholarship Allowances (enter as negative)		-
Grants and Contracts, Noncapital:		
Federal		-
State		-
Local		-
Nongovernmental		-
Sales and Services of Educational Activities		-
Sales and Services of Auxiliary Enterprises, Gross		-
Scholarship Allowances (enter as negative)		-
Other Operating Revenues		<u>335,312</u>
Total Operating Revenues		335,312

**EXPENSES**

Operating Expenses:		
Institution		-
Research		-
Public Service		-
Academic Support		-
Student Services		-
Institutional Support		4,208,539
Operation and Maintenance of Plant		286,553
Student Grants and Scholarships		795,168
Auxiliary Enterprise Solutions		118,190
Depreciation and Amortization		<u>-</u>
Total Operating Expenses		<u>5,408,450</u>

**OPERATING LOSS**

(5,073,138)

**NONOPERATING REVENUES (EXPENSES)**

State Appropriations, Noncapital	-
Federal Financial Aid Grants, Noncapital	-
State Financial Aid Grants, Noncapital	-
Local Financial Aid Grants, Noncapital	-
Nongovernment and Other Financial Aid Grants, Noncapital	-
Other Federal Nonoperating Grants, Noncapital	-
Gifts, Noncapital	4,787,179
Investment Income (Loss), Net	-
Endowment Income (Loss), Net	305,149
Interest Expense	-
Other Nonoperating Revenues (Expenses) - excl. Interagency Transfers	-
Other Nonoperating Revenues (Expenses) - Interagency Transfers	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>5,092,328</u>
Income (Loss) Before Other Revenues (Expenses)	19,190
State Appropriations, Capital	-
Grants and Gifts, Capital	-
Additions (Reductions) to permanent Endowments	-
Increase (Decrease) in Net Position	19,190

**NET POSITION**

Net Position at Beginning of Year, as previously reported	21,672,494
Restatements	-
Net Position at Beginning of Year, as restated	<u>21,672,494</u>
Net Position at End of Year	<u>21,691,684</u>

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**1 Cash and cash equivalents at June 30, 2019:**

Portion of restricted cash and cash equivalents related to endowments	\$ 1,996,622
All other restricted cash and cash equivalents	<u>6,419,052</u>
Noncurrent restricted cash and cash equivalents	8,415,674
Current cash and cash equivalents	<u>-</u>
Total	<u><u>\$ 8,415,674</u></u>

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS PHILANTHROPIC FOUNDATION**  
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**2.1 Composition of investments at June 30, 2019:**

	<u>Current</u>	<u>Noncurrent</u>	<u>Total</u>
Money Market funds	\$ -	\$ 200,520	\$ 200,520
Repurchase agreements	-	-	-
Certificates of deposit	-	-	-
U.S. agency securities	-	-	-
U.S. treasury securities	-	-	-
Municipal bonds	-	-	-
Corporate bonds	-	-	-
Asset backed securities	-	-	-
Mortgage backed securities	-	-	-
Commercial paper	-	-	-
Mutual funds	-	3,261,963	3,261,963.00
Equity securities	-	7,494,694	7,494,694.00
Exchange traded funds (ETFs)	-	-	-
Alternative investments:			
Private equity (including limited partnerships)	-	-	-
Hedge funds	-	-	-
Managed futures	-	-	-
Real estate investments (including REITs)	-	-	-
Commodities	-	-	-
Derivatives	-	-	-
Other alternative investment types	-	1,585,342	1,585,342.00
Other external investment pools (excluding SWIFT)			
Other investments:			
State of California Surplus Money Investment Fund (SMIF)	-	-	-
State of California Local Agency Investment Fund (LAIF)	-	-	-
Total investments	<u>-</u>	<u>12,542,519</u>	<u>12,542,519</u>
Less endowment investments (enter as negative number)	<u>-</u>	<u>-</u>	<u>-</u>
Total investments, net of endowments	<u>\$ -</u>	<u>\$ 12,542,519</u>	<u>\$ 12,542,519</u>



**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS PHILANTHROPIC FOUNDATION**  
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**2.2 Fair value hierarchy in investments:**

	Fair Value Measurements Using				Net Asset Value (NAV)
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Money Market funds	\$ 200,520	\$ 200,520	\$ -	\$ -	\$ -
Repurchase agreements	-	-	-	-	-
Certificates of deposit	-	-	-	-	-
U.S. agency securities	-	-	-	-	-
U.S. treasury securities	-	-	-	-	-
Municipal bonds	-	-	-	-	-
Corporate bonds	-	-	-	-	-
Asset backed securities	-	-	-	-	-
Mortgage backed securities	-	-	-	-	-
Mutual funds	-	-	-	-	-
Commercial paper	-	-	-	-	-
Mutual funds	3,261,963	3,261,963	-	-	-
Equity securities	7,494,694	7,494,694	-	-	-
Exchange traded funds (ETFs)	-	-	-	-	-
Alternative investments:					
Private equity (including limited partnerships)	-	-	-	-	-
Hedge funds	-	-	-	-	-
Managed futures	-	-	-	-	-
Real estate investments (including REITs)	-	-	-	-	-
Commodities	-	-	-	-	-
Derivatives	-	-	-	-	-
Other alternative investment types	1,585,342	-	-	-	1,585,342
Other external investment pools (excluding SWIFT)					
Other investments:					
State of California Surplus Money Investment Fund (SMIF)	-	-	-	-	-
State of California Local Agency Investment Fund (LAIF)	-	-	-	-	-
Total investments	<u>\$ 12,542,519</u>	<u>\$ 10,957,177</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,585,342</u>

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<b>2.2 Investments held by the University under contractual agreements:</b>	<b>Current</b>	<b>Noncurrent</b>	<b>Total</b>
Instruction: Amounts should agree with University's investments held on behalf of Discretely Presented Component Units.			
Investments held by the University under contractual agreements (e.g CSU Consolidated SWIFT Inv pool):	\$ -	\$ -	\$ -

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**3.1 Composition of capital assets at June 30, 2019:**

	Balance June 30, 2018	Prior period Adjustments	Reclassifications	Balance June 30, 2018 (restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2019
Nondepreciable/nonamortizable capital assets:								
Land and land improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Works of art and historical treasures	-	-	-	-	-	-	-	-
Construction work in progress (CWIP)	-	-	-	-	-	-	-	-
Intangible assets:								
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-
Internally generated intangible assets in progress	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets:								
Add description	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-
Total nondepreciable/nonamortizable capital assets	-	-	-	-	-	-	-	-
Depreciable/amortizable capital assets:								
Buildings and building improvements	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	-	-	-	-	-	-	-	-
Personal property:								
Equipment	534,781	-	-	534,781	-	-	-	534,781
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets:								
Software and websites	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyright and trademarks	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets:								
Add description	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-
Total depreciable/amortizable capital assets	534,781	-	-	534,781	-	-	-	534,781
Total capital assets	534,781	-	-	534,781	-	-	-	534,781
Less accumulated depreciation/amortization:								
Buildings and building improvements	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	-	-	-	-	-	-	-	-
Personal property:								
Equipment	-	-	-	-	(106,956)	-	-	(106,956)
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets:								
Software and websites	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyright and trademarks	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets:								
Add description	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	-	-	-	-	(106,956)	-	-	(106,956)
Total capital assets, net	\$ 534,781	\$ -	\$ -	\$ 534,781	\$ (106,956)	\$ -	\$ -	\$ 427,825

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

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

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS PHILANTHROPIC FOUNDATION**  
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**4 Long-term liabilities activity schedule:**

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

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS PHILANTHROPIC FOUNDATION**  
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**5 Future minimum lease payments - Capital lease obligations:**

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

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS PHILANTHROPIC FOUNDATION**  
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**6 Long-term debt obligations schedule:**

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

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS PHILANTHROPIC FOUNDATION**  
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**7 Transaction with related entities**

	<b>Amount</b>
Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$ 105,225
Payment to University for other than salaries of University personnel	6,802
Payment received from University for service, space and programs	6,802
Gifts-in-kind to the University from discretely presented component units	-
Gifts (cash or assets) to the University from discretely presented component units	4,667,441
Accounts (payable to) University (enter as negative number)	25,892
Other amounts (payable to) University (enter as negative number)	-
Accounts receivable from University (enter as positive number)	-
Other amount receivable from University	-

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS PHILANTHROPIC FOUNDATION  
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**8 Restatements/Prior period adjustments:**

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

Transaction #	Description	<b>Debit/(Credit)</b>
Transaction #1	Restatement for understatement in prior period error in net assets with donor restrictions	(770,865)
Transaction #2	Enter transaction description	-



**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS PHILANTHROPIC FOUNDATION**  
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**9 Natural Classifications of Operating Expenses**

	<u>Salaries</u>	<u>Benefits - Other</u>	<u>Benefits - Pension</u>	<u>Benefits - OPEB</u>	<u>Scholarships and fellowships</u>	<u>Supplies and other services</u>	<u>Depreciation and amortization</u>	<u>Total operating expenses</u>
Instruction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Research	-	-	-	-	-	-	-	-
Public support	-	-	-	-	-	-	-	-
Student services	-	-	-	-	-	-	-	-
Institutional support	-	-	-	-	-	4,101,583	106,956	4,208,539
Operation and maintenance of plant	-	-	-	-	-	286,553	-	286,553
Student grants and scholarships	-	-	-	-	795,168	-	-	795,168
Auxiliary enterprise expenses	-	-	-	-	-	118,190	-	118,190
Depreciation and amortization	-	-	-	-	-	-	-	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 795,168</u>	<u>\$ 4,506,326</u>	<u>\$ 106,956</u>	<u>\$ 5,408,450</u>

**10 Deferred outflows/inflows of resources:**

**1. Deferred Outflows of Resources**

Deferred outflows - unamortized loss on refunding(s)	-
Deferred outflows - net pension liability	-
Deferred outflows - net OPEB liability	-
Deferred outflows - others:	
Total deferred outflows - others	-
<b>Total deferred outflows of resources</b>	<u><u>\$ -</u></u>

**2. Deferred Inflows of Resources**

Deferred inflows - service concession arrangements	-
Deferred inflows - net pension liability	-
Deferred inflows - net OPEB liability	-
Deferred inflows - unamortized gain on debt refunding(s)	-
Deferred inflows - nonexchange transactions	-
Deferred inflows - others:	
Total deferred inflows - others	-
<b>Total deferred inflows of resources</b>	<u><u>\$ -</u></u>



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors of  
California State University,  
Dominguez Hills Philanthropic 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 California State University, Dominguez Hills Philanthropic Foundation (Philanthropic Foundation), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated REPORT DATE.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Philanthropic Foundation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Philanthropic Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Philanthropic Foundation's internal control.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings as items 2019-001 and 2019-002 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings as item 2019-003 to be a significant deficiency.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Philanthropic Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Philanthropic Foundation's Response to Findings**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Glendora, California  
September 20, 2019

**CALIFORNIA STATE UNIVERSITY PHILANTHROPIC FOUNDATION  
SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2019**

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

**Condition:**

We identified adjusting journal entries while performing the audit that materially affect the financial statements. The audit adjustments were to correct errors or to make accruals and other adjustments that should have been made by the accounting department.

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

- Agreeing ending general ledger investment balances to ending investment statement balances.
- Reconciling donor-restricted net assets with the general ledger and donor advancement databases.
- Agreeing the gift annuity receivable balances to the custodial statements.

**Criteria:**

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

**Cause:**

The Foundation lacks written documentation of accounting processes and adequate reviews related to the closing process and schedule.

**Effect:**

There were four adjustments detected by the audit procedures. The effect of the audit adjustments was to decrease the net income and net assets for fiscal year June 30, 2019 by approximately \$109,000. We also noted an error in prior period balances that required a restatement to June 30, 2018 balances by increasing net assets with donor restrictions and decreasing net assets without donor restrictions by approximately \$770,000.

**Recommendation:**

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

**Management Response:**

In fiscal year 2018/19, the California State University, Dominguez Hills Foundation's ("Foundation") accounting department, who supports the Philanthropic Foundation as its outsourced accounting function, experienced unprecedented turnover. To allow for its continued operation, temporary employees and consultants were brought on to assist in the transition and allow adequate time to

**CALIFORNIA STATE UNIVERSITY PHILANTHROPIC FOUNDATION  
SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2019**

perform a diligent search for a CFO, Accounting Manager, and support staff. A permanent CFO has been hired and will begin in October 2019, and Foundation has begun its search for an Accounting Manager, with support staff to follow. Management is confident that many of the operational inefficiencies in fiscal year 2018/19 will be mitigated in future years with a fresh, professional accounting staff poised and ready to implement changes to the Philanthropic Foundation's accounting operations.

To further ensure Foundation is enlisting appropriate accounting frameworks and is operating in accordance with its fiduciary responsibilities, Foundation hired consultant Grobstein Teeple LLP ("GT") in March of 2019 to identify internal control weaknesses and to assist Philanthropic Foundation in producing financial statements in accordance with U.S. GAAP. GT was further engaged to support Foundation and Philanthropic Foundation for day-to-day requirements and to analyze operations; recommend, implement, and document operational and accounting processes.

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

**Finding 2019-002: Endowment Accounting**

**Condition:**

As of June 30, 2019, the Philanthropic Foundation's endowment funds have a combined historic dollar value and accumulated investment gains of \$14,539,141 and related endowment investments with a fair value of \$12,542,519. The deficit of \$1,996,622 could be attributable to appropriations for expenditures in excess of investment income earned and borrowings to fund operations or other activity.

**Criteria:**

The board of trustees of the Philanthropic Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

**Cause:**

The Philanthropic Foundation has not allocated the endowment pool's investment income to individual endowment funds and therefore is unable to ascertain which, if any, of the individual donor-restricted endowment funds are underwater.

**Effect:**

Noncompliance with donor restrictions could have consequences for the Philanthropic Foundation, including return of funds to donors. Management has not received notifications from donors to return funds or regarding any noncompliance.

**Recommendation:**

A review and evaluation of individual endowment funds and accounting for endowment funds is required. The amount of underwater endowment funds (if any) needs to be ascertained. With respect to the amount of funds borrowed, (if any), the Philanthropic Foundation should formalize a plan to repay the endowment investment account through transfer from operating cash account or other means.

**CALIFORNIA STATE UNIVERSITY PHILANTHROPIC FOUNDATION  
SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2019**

**Management Response:**

In or around July 2019, the California State University, Dominguez Hills Foundation (“Foundation”), on behalf of the Philanthropic Foundation, had begun an evaluation of the endowment funds and hired Grobstein Teeple LLP (“GT”) to conduct an analysis of the endowment accounts to determine, among other deliverables, whether any endowment funds had become underwater. GT was also tasked with examining the historical accounting, with an emphasis on the time period in which the Foundation and the Philanthropic Foundation were separated to determine whether, and if so to what extent, current borrowings exist against the endowment accounts.

This analysis is particularly detailed and has required substantial time to complete, though we are confident a report will be available no later than October 31, 2019. Accordingly, Management believes it has already taken measures to address the auditors concern.

**Finding 2019-003: Review of Journal Entries**

**Condition:**

Our review of the certain journal entries revealed that manual entries lack proper approval by a responsible supervisor. Additionally, the general ledger detail we were provided did not reconcile to the trial balance.

**Criteria:**

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

**Cause:**

The Foundation doesn’t have procedures or written policy regarding journal entries.

**Effect:**

Without proper control over the journal entries and completeness of the general ledger detail, financial statement fraud or error may not be timely detected.

**Recommendation:**

We recommend the adoption of a policy whereby all journal entries will be approved by the controller or other designated member of management. All entries should be initialed by the preparer and the individual approving them in order to attribute responsibility to the appropriate individuals. We also noted that the explanations accompanying the entries were inadequate in many instances. All journal entries should be accompanied by full explanation and by reference to adequate supporting data. Additionally, the general ledger detail should be periodically reconciled to the trial balance to ensure completeness of data in the reports exported from the system for financial reporting and external audit purposes.

**Management Response:**

All journal entries go through a review process as a standard internal control within One Solution. The individual who has current authority for final approval, on behalf of the Philanthropic Foundation, is the California State University, Dominguez Hills Foundation (“Foundation”) Interim-Accounting Manager, as the position of Foundation CFO is vacant. In instances where the Foundation Interim-Accounting Manager proposes an entry, the Foundation Interim-Executive Director currently has approval authority.

**CALIFORNIA STATE UNIVERSITY PHILANTHROPIC FOUNDATION  
SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2019**

Though this control has been hampered by the aforementioned turnover and a limited staff pool within the Foundation accounting team, workflows are in-place for proper approvals and will be strengthened and corrected with the Foundation's hiring of a CFO and Accounting Manager on-hand within the next few weeks. Management has also taken steps to ensure that proper documentation accompanies journal entries. As an additional control measure, Foundation is currently compiling a checklist manual to direct journal entry creators and approvers on what constitutes proper supporting data.

Generally, journal entries contain attached supporting data, and Management believes that any discrepancies noted will be addressed with the additional staff support in the next fiscal year.

