

**CSUSB PHILANTHROPIC FOUNDATION**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**JUNE 30, 2015**

# CSUSB PHILANTHROPIC FOUNDATION

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**CSUSB PHILANTHROPIC FOUNDATION**

**BOARD MEMBERS AS OF JUNE 30, 2015**

**OFFICERS:**

Mr. Mark C. Edwards, Esq. Vice Chairperson	Community Member
Mr. James A. Ferguson Board Secretary	Community Member
Dr. Ronald H. Fremont Executive Director	Ex-Officio Member
Dr. Douglas Freer Treasurer & Assistant Secretary	Ex-Officio Member
Dr. Tomás D. Morales Board President	Ex-Officio Member
Mrs. Ellen G. Weisser Chairperson	Community Member

**CSUSB MEMBERS:**

Dr. Andrew Bodman	Ex-Officio Member
Dr. Haakon Brown	Faculty Representative
Dr. Dorothy Chen-Maynard	Faculty Representative
Dr. Douglas Freer	Ex-Officio Member
Dr. Ronald Fremont	Ex-Officio Member
Dr. Brian Haynes	Ex-Officio Member
Dr. Sung-Kyoo Huh	Faculty Representative
Dr. Tomás Morales	Ex-Officio Member
Ms. Margaret Perry	Faculty Representative
Mr. Alfredo Barcenás	Student Representative & Ex-Officio Member
Dr. Samuel Sudhakar	Ex-Officio Member

**CSUSB PHILANTHROPIC FOUNDATION**

**BOARD MEMBERS AS OF JUNE 30, 2015**

**COMMUNITY MEMBERS:**

Mr. Amro A. Albanna	Community Member
Ms. Marie A. Alonzo	Community Member
Mr. Donald Averill	Community Member
Mr. Michael J. Bracken	Community Member
Mr. Bob Burlingame	Community Member
Mrs. Lois J. Carson	Community Member
Mr. Ali Cayir	Community Member
Mr. Greg K. Christian	Community Member
Mr. Henry W. Coil, Jr.	Community Member
Mr. Benjamin P. Cook	Community Member
Mr. Jim Cuevas	Community Member
Mr. Sundip R. Doshi	Community Member
Mr. Mark Edwards	Community Member
Mr. Gerald A. Fawcett	Community Member
Mr. James Ferguson	Community Member
Mr. Paul C. Granillo	Community Member
Mr. Jim Imborski	Community Member
Mr. Cole R. Jackson	Community Member
Mr. Mark A. Kaenel	Community Member
Mr. Wilfrid Lemann, Esq.	Community Member
Mr. Dobbin Lo	Community Member
Mr. Paul R. Mata	Community Member
Ms. Barbara McGee	Community Member
Dr. Yolanda T. Moses	Community Member
Mr. Richard R. Oliphant	Community Member

**CSUSB PHILANTHROPIC FOUNDATION**

**BOARD MEMBERS AS OF JUNE 30, 2015**

Mr. Neale A. Perkins	Community Member
Ms. Madelaine Pfau	Community Member
Mr. Steve PonTell	Community Member
Mr. James C. Ramos, Jr.	Community Member
Mr. Donovan Rinker-Morris	Community Member
Mr. Phillip M. Savage, IV, Esq.	Community Member
Mr. Paul M. Shimoff, Esq.	Community Member
Mr. Jeffrey S. Shockey	Community Member
Dr. Ernest H. Siva	Community Member
Ms. Jean M. Stephens	Community Member
Mr. William M. Stevenson	Community Member
Dr. Edward C. Teyber	Community Member
Mr. Bruce D. Varner	Community Member
Mrs. Ellen Weisser	Community Member



ROGERS, ANDERSON, MALODY & SCOTT, LLP  
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To the Board of Directors of  
CSUSB Philanthropic Foundation  
San Bernardino, California

## INDEPENDENT AUDITOR'S REPORT

### PARTNERS

Brenda L. Odle, CPA, MST  
Terry P. Shea, CPA  
Kirk A. Franks, CPA  
Scott W. Manno, CPA, CGMA  
Leena Shanbhag, CPA, MST, CGMA  
Jay H. Zercher, CPA (Partner Emeritus)  
Phillip H. Waller, CPA (Partner Emeritus)

### DIRECTORS

Bradferd A. Welebir, CPA, MBA

### MANAGERS / STAFF

Jenny Liu, CPA, MST  
Seong-Hyea Lee, CPA, MBA  
Charles De Simoni, CPA  
Yiann Fang, CPA  
Nathan Statham, CPA, MBA  
Brigitta Bartha, CPA  
Gardenya Duran, CPA  
Juan Romero, CPA  
Ivan Gonzales, CPA, MSA  
Brianna Pascoe, CPA

### Report on the Financial Statements

We have audited the accompanying financial statements of CSUSB Philanthropic Foundation (The Foundation) (a non-profit organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, expenses by natural classification, 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.

### *Auditor's 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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.

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Quality Center*

California Society of  
Certified Public Accountants

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 CSUSB Philanthropic Foundation as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Report on Summarized Comparative Information***

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

### ***Other Matters***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 23-30 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2015, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

*Rogers Anderson Maloney & Scott, LLP*

San Bernardino, California  
September 18, 2015

**CSUSB PHILANTHROPIC FOUNDATION  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2015  
(WITH COMPARATIVE TOTALS FOR 2014)**

	2015	2014
<b>ASSETS</b>		
Cash and cash equivalents	\$ 3,204,494	\$ 2,388,353
Short-term investments	4,643,510	4,598,898
Other receivables	3,129	29,974
Promises to give, net	1,162,639	982,015
Long-term investments	24,508,041	24,457,753
Property, plant and equipment, net	254,946	232,898
Art collection	3,204,432	3,194,732
Total assets	\$ 36,981,191	\$ 35,884,623
<b>LIABILITIES</b>		
Accounts payable	\$ 105,745	\$ 134,275
Accrued liabilities	514,664	24,266
Unearned revenue	7,042	-
Total liabilities	627,451	158,541
<b>NET ASSETS</b>		
Unrestricted	155,362	63,806
Temporarily restricted	16,660,345	17,016,311
Permanently restricted	19,538,033	18,645,965
Total net assets	36,353,740	35,726,082
Total liabilities and net assets	\$ 36,981,191	\$ 35,884,623

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



**CSUSB PHILANTHROPIC FOUNDATION  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015  
(WITH COMPARATIVE TOTALS FOR 2014)**

	Unrestricted	Temporarily restricted	Permanently restricted	2015 Total	2014 Total
<b>REVENUES</b>					
Contributions	\$ -	\$ 2,910,531	\$ 779,283	\$ 3,689,814	\$ 3,875,916
Interest and dividends	66,971	986,967	-	1,053,938	660,818
Unrealized gain (loss) on investments	19,536	(1,103,519)	-	(1,083,983)	1,765,712
Realized gain (loss) on investments	(41,895)	252,118	-	210,223	1,200,689
Deficit in endowment values	(7,741)	7,741	-	-	-
Miscellaneous income	1,208	-	-	1,208	633
Restrictions released	3,362,058	(3,362,058)	-	-	-
 Total revenues from operations	 3,400,137	 (308,220)	 779,283	 3,871,200	 7,503,768
Transfers from University	-	198,598	3,106	201,704	852,219
 Total revenues	 3,400,137	 (109,622)	 782,389	 4,072,904	 8,355,987
<b>EXPENSES</b>					
Program expenses:					
Scholarships	1,055,580	-	-	1,055,580	1,627,016
Support services	1,564,984	-	-	1,564,984	1,297,363
Transfers to University	741,494	-	-	741,494	797,126
Management and general	83,188	-	-	83,188	69,156
 Total program and general expenses	 3,445,246	 -	 -	 3,445,246	 3,790,661
 <b>CHANGES IN NET ASSETS</b>	 (45,109)	 (109,622)	 782,389	 627,658	 4,565,326
 <b>Change in donor restrictions</b>	 136,665	 (246,344)	 109,679	 -	 -
 <b>NET ASSETS</b> , beginning of year	 63,806	 17,016,311	 18,645,965	 35,726,082	 31,160,756
 <b>NET ASSETS</b> , end of year	 \$ 155,362	 \$ 16,660,345	 \$ 19,538,033	 \$ 36,353,740	 \$ 35,726,082

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

**CSUSB PHILANTHROPIC FOUNDATION  
STATEMENT OF EXPENSES BY NATURAL CLASSIFICATION  
FOR THE YEAR ENDED JUNE 30, 2015  
(WITH COMPARATIVE TOTALS FOR 2014)**

<b>EXPENSES</b>	2015	2014
Administrative costs	\$ 84,590	\$ 120,781
Bank and credit fees	5,321	4,444
Capital outlay	26,328	21,458
Conferences and meetings	59,699	38,407
Contract services	360,842	316,293
Depreciation	57,065	28,738
Dues, memberships and subscriptions	5,073	4,907
Insurance	18,134	14,857
Other expenses	333,786	226,328
Postage	1,680	1,249
Printing	10,756	11,865
Professional development and training	14,777	15,371
Professional fees	18,641	29,048
Public relations	103,867	57,285
Rental, equipment and space	18,920	31,246
Scholarships	1,055,580	1,627,016
Stipends, room and board	39,705	2,691
Supplies and services	419,579	352,050
Travel	63,358	80,810
Utilities and telephone	6,051	8,690
Transfers to University	741,494	797,127
	<b>\$ 3,445,246</b>	<b>\$ 3,790,661</b>
Total expenses	<b>\$ 3,445,246</b>	<b>\$ 3,790,661</b>

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

**CSUSB PHILANTHROPIC FOUNDATION  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2015  
(WITH COMPARATIVE TOTALS FOR 2014)**

	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 627,658	\$ 4,565,326
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	57,065	28,738
Contributions permanently restricted	(779,283)	(559,389)
Gifts-in-kind art collection	(9,700)	(43,395)
Noncash investment (income) loss	1,083,985	(1,765,712)
(Increase) decrease in:		
Other receivables	26,845	35,359
Promises to give	(180,624)	(298,575)
Increase (decrease) in:		
Accounts payable	(28,530)	(29,607)
Accrued liabilities	490,398	(41,480)
Unearned revenue	7,042	-
Total adjustments	667,198	(2,674,061)
Net cash provided by operating activities	1,294,856	1,891,265
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Payments related to the acquisition of capital assets	(79,114)	(219,806)
Purchase/sale of investments	(1,178,884)	(1,480,626)
Net cash used for investing activities	(1,257,998)	(1,700,432)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Cash contributions for endowment	779,283	559,389
Net cash provided by financing activities	779,283	559,389
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	816,141	750,222
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	2,388,353	1,638,131
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	\$ 3,204,494	\$ 2,388,353

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

**CSUSB PHILANTHROPIC FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 1: SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES**

The CSUSB Philanthropic Foundation (Foundation) was created on July 1, 2011 pursuant to the general Non-Profit Corporation Laws of the State of California. The Foundation was organized to promote and assist education, administration and related services of California State University, San Bernardino. The Foundation operates as an auxiliary organization of the California State University, San Bernardino (University) under an operating agreement with the Trustees of the California State University (Trustees) which expires December 31, 2015. All fundraising activities are conducted by the University.

Major Program Services

The Foundation's major program services include:

*Designated Gift administration*, services provided in support of designated gift and endowment funds.

*Scholarships*, including grants-in-aid and other financial assistance to students.

Estimates

The preparation of these financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets, liabilities, revenues and expenses, as well as the disclosure of contingent assets and liabilities. Accordingly, actual results could differ from those estimates. Management also determines the accounting principles to be used in the preparation of the financial statements. A description of the significant accounting policies employed in the preparation of these financial statements follows.

Basis of Accounting and Presentation

The financial statements of The Foundation have been prepared on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles. The financial statements are presented in accordance with accounting standards issued by the Financial Accounting Standards Board (FASB). Accordingly, information regarding the financial position and activities are reported according to three classes of net assets: unrestricted net assets that are not subject to donor-imposed restrictions and may be designated for specific purposes by action of the Board of Trustees, temporarily restricted net assets whose use by The Foundation is subject to donor-imposed restrictions that can be fulfilled by actions of The Foundation or that expire by the passage of time, and permanently restricted net assets which are stipulated by donors as investments in perpetuity, the income from which may be expendable by The Foundation.

**CSUSB PHILANTHROPIC FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 1: SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES,  
(continued)**

Cash and Cash Equivalents and Concentrations

For purposes of the statement of cash flows, cash and cash equivalents include all highly liquid debt instruments with a maturity of three months or less from the date of purchase.

The Foundation maintains its cash in three financial institution accounts. The standard insurance amount under the Federal Deposit Insurance Corporation (FDIC) is \$250,000 per depositor, per insured bank, for each account ownership category. These balances may at times exceed the insured limits. As of June 30, 2015, the Foundation's cash balances exceeded the federally insured limits by \$3,071,998.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. The fair value of investments in securities is based on the quoted market price of the underlying securities. Investments in real estate are stated at acquisition cost. Unrealized gains and losses are included in the change in net assets. Short-term investments consist of debt securities with original maturities of twelve months or less. Long-term investments consist of debt securities with original maturities greater than twelve months.

Prepaid Expenses

Prepaid expenses are advance payments for products or services that will be used in the Foundation's programs or activities in subsequent periods.

Receivables and Allowances

Other receivables are presented net of an allowance for doubtful accounts. Any allowance is based on prior years' experience and management's estimate of collectability. Management estimates that all receivables at June 30, 2015 are fully collectible, and therefore no allowance has been presented.

Promises to Give

The Foundation recognizes a contribution when the donor makes a promise to give that is, in substance, unconditional. Contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. The Foundation uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. Promises to give are presented at the net present value of the gifts.

**CSUSB PHILANTHROPIC FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 1: SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES,  
(continued)**

Property, Plant and Equipment

Property, plant and equipment are carried at cost or, if contributed, at fair market value at the date of contribution. Intangible assets include patents and software. The Foundation's policy is to capitalize additions and improvements that significantly add to productive capacity or extend the useful life of an asset and are above \$5,000. Repairs and maintenance are charged to operations as incurred. Costs and related allowances for depreciation of property, plant and equipment sold or otherwise retired are eliminated from the accounts and gains or losses on disposition are included in the changes in net assets. Depreciation and amortization are calculated using the straight-line method over the estimated useful lives of the assets.

Donated Materials, Services and Other Assets

Donated materials and other assets such as stocks, bonds and other long-lived assets are recorded at their estimated fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. The Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Foundation reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Donations to the art collection are recorded at estimated fair value at the date of the donation and are not subject to depreciation. Items are considered to be part of the art collection if they are held for exhibition to the public, for educational purposes, or for research (and not for financial gain) and proceeds from the sale of collection items are to be reinvested in other collection items.

No amounts have been reflected in the financial statement for donated services. The Foundation generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist The Foundation with specific assistance programs. The Foundation does not track the extent or quantity of donated services by its volunteers, and accordingly, no monetary or nonmonetary information has been disclosed.

Income Taxes

The Foundation is a Not-for-Profit tax-exempt Corporation organized under Internal Revenue Code Section 501(c)(3) and is classified as other than a private foundation. A comparable exemption has been granted by the State of California under the Revenue and Taxation Code 23701(d). However, any unrelated business income may be subject to taxation. The Foundation had no obligation for any unrelated business income tax during the year.

The Foundation's Forms 990, Return of Organization Exempt from Income Tax, for the years ending June 30, 2012, 2013 and 2014 are subject to examination by the IRS, generally for 3 years from the date of filing.

**CSUSB PHILANTHROPIC FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 1: SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES,  
(continued)**

Subsequent Events

Management has evaluated subsequent events through September 18, 2015, the date the financial statements were available to be issued.

**NOTE 2: INVESTMENTS AND FAIR VALUE MEASUREMENTS**

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, "Fair Value Measurements and Disclosures", provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1	Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.
Level 2	Inputs to the valuation methodology include: <ul style="list-style-type: none"><li>• quoted prices for similar assets or liabilities in active markets;</li><li>• quoted prices for identical or similar assets or liabilities in inactive markets;</li><li>• inputs other than quoted prices that are observable for the asset or liability;</li><li>• inputs that are derived principally from or corroborated by observable market data by correlation or other means.</li></ul> If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
Level 3	Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value.

*Money Market Funds* - Balances in money market accounts valued are valued at the broker statement values, which represent the amounts for which the Foundation could convert the money market funds to cash.

**CSUSB PHILANTHROPIC FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 2: INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)**

*Mutual Funds* – Shares of mutual funds are valued at quoted market prices, which represent the net assets value of shares held by the Foundation at year-end.

*Equity Securities* – Equity securities are valued at last quoted sales price as of the close of trading at year-end; such securities, not traded on the year-end date, are valued at the last quoted bid price.

*Fixed Income Securities* – Fixed income securities are valued at the last quoted bid price.

*Hedge Funds* – The Multi-Strategy Fund is valued by the independent investment managers of the fund. The market value of the fund is obtained from the investment statements provided by the investment trustee.

*Private Real Estate Investment Fund* – The private real estate investment fund is valued at acquisition cost adjusted for current year earnings. The market value of the fund is obtained from the investment statements provided by the investment trustee.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although The Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at June 30, 2015 are as follows:

	Total	Fair Value Measurements at June 30, 2015		
		Level 1	Level 2	Level 3
<u>Short-term investments:</u>				
Money market funds	\$ 4,314	\$ -	\$ 4,314	\$ -
Mutual funds	4,639,196	4,639,196	-	-
Total short-term investments	4,643,510	4,639,196	4,314	-
<u>Long-term investments:</u>				
Money market funds	24,227	-	24,227	-
Equity securities	5,314,544	5,314,544	-	-
Mutual funds	18,184,761	18,184,761	-	-
Hedge fund	725,966	-	-	725,966
Private Real Estate Investment Fund	258,543	-	-	258,543
Total long-term investments	24,508,041	23,499,305	24,227	984,509
Total investments	\$ 29,151,551	\$ 28,138,501	\$ 28,541	\$ 984,509



**CSUSB PHILANTHROPIC FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 2: INVESTMENTS AND FAIR VALUE MEASUREMENTS, (continued)**

The following is a reconciliation of investments in which significant unobservable inputs (Level 3) were used in determining fair value on a recurring basis:

Investments	Beginning Balance	Net Realized Gain (Loss)	Change in Unrealized Appreciation/ (Depreciation)	Ending Balance
Real estate investment fund	\$ 258,000	\$ -	\$ 543	\$ 258,543
Hedge fund	1,443,083	-	(717,117)	725,966
	<u>\$ 1,701,083</u>	<u>\$ -</u>	<u>\$ (716,574)</u>	<u>\$ 984,509</u>

A summary of investments held at June 30, 2015 follows:

	Cost	Fair Value	Cumulative Realized/ Unrealized Gains (Losses)
<u>Short-term investments:</u>			
Vanguard short-term fund	\$ 4,663,217	\$ 4,639,196	\$ (24,021)
Common fund - money market	4,314	4,314	-
	<u>4,667,531</u>	<u>4,643,510</u>	<u>(24,021)</u>
<u>Long-term investments:</u>			
Endowments (donor-restricted)	21,798,807	24,508,041	2,709,234
	<u>21,798,807</u>	<u>24,508,041</u>	<u>2,709,234</u>
Total investments	<u>\$ 26,466,338</u>	<u>\$ 29,151,551</u>	<u>\$ 2,685,213</u>

A summary of investment income for the year ended June 30, 2015 follows:

	Unrestricted	Temporarily Restricted	Total
Interest and dividends	\$ 66,971	\$ 986,967	\$ 1,053,938
Deficit in endowment value	(7,741)	7,741	-
Realized and unrealized gains and losses on investments, net	<u>(22,359)</u>	<u>(851,401)</u>	<u>(873,760)</u>
Total investment income	<u>\$ 36,871</u>	<u>\$ 143,307</u>	<u>\$ 180,178</u>

Investment fees for the year ended June 30, 2015 amounted to \$84,590, and are included in Administrative costs on the Statement of Expenses by Natural Classification.

**CSUSB PHILANTHROPIC FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 3: INVESTMENT POLICY**

The Foundation's portfolio shall be invested with the objective of long-term growth assets. With this long-term objective in mind, the portfolio shall be invested to provide safety through diversification in a portfolio of common stocks, bonds, cash equivalents, and other investments, all of which may reflect varying rates of return.

The investments shall also be diversified within asset classes (*e.g., equities shall be diversified by economic sector, industry, quality, and size*). Portfolio diversification provides protection against a single security or class of securities having a disproportionate impact on aggregate performance.

The Foundation endeavors to invest in strategies and investments that avoid a permanent loss of capital, with the exception of alternative investments, such as venture capital. The Foundation is willing to accept a temporary loss of capital if the return to risk profile is reasonable.

As a general rule, The Foundation will follow the Prudent Investor guidelines widely used in the investment management industry, the guidelines of the CFA Institute, and the general fiduciary standards described in the Uniform Prudent Investment Act (UPIA), as well as the Uniform Prudent Management of Institutional Funds Act (UPMIFA).

**NOTE 4: ENDOWMENT**

The Foundation's endowment consists of approximately 200 individual funds established for a variety of purposes, all of which are donor-restricted. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions.

The Board of Directors of the 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 Foundation classifies as permanently restricted net assets, (a) the original value of gifts donated to the permanent endowment, and (b) the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

**CSUSB PHILANTHROPIC FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 5: ENDOWMENT SPENDING POLICY**

The spending policy should meet current operating needs and protect the future purchasing power of The Foundation. However, spending policies which provide complete assurance against the loss of purchasing power also create a high degree of spending instability. Thus, the basic challenge is to create a policy which offers a reasonable defense against loss of purchasing power, but which also stabilizes the amount available from the Foundation for spending.

Taking these factors into consideration, the Foundation's Investment Committee has determined that the pay-out from The Foundation's endowment accounts, which approximates 4.5% of the market value averaged over a three-year period, is adequate to supplement the current operating needs. The maximum annual spending rate for the endowment shall not exceed 4.5% of the prior three years average market value of the portfolio. For funds that have been invested for less than three full years, the following rates of spending shall be allowed:

0-1 Year	No funds shall be allocated for spending
1-2 Years	4.0% of the market value at the end of Year One
2-3 Years	4.0% of the average of the market values at the end of Years One and Two
Over 3 Years	4.0% of the average of the market values of the prior three years

If an endowment drops below its historic gift value, normally all spending will be suspended until such time as the endowment regains positive status, unless the Foundation believes it is prudent to distribute from a fund that is below its historic value.

As of June 30, 2015, a small portion of the endowments are under their historic gift value. The resulting amount needed to bring the endowments to a positive status was \$7,741 and is reflected in the Statement of Activities at June 30, 2015.

**NOTE 6: ENDOWMENT INVESTMENT ASSET ALLOCATION**

The long-term target asset allocation for the investment portfolio is recommended by the Foundation's investment consultant and approved by the Foundation to facilitate the achievement of the long-term investment objectives within the established risk parameters.

**CSUSB PHILANTHROPIC FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 6: ENDOWMENT INVESTMENT ASSET ALLOCATION, (continued)**

As the allocation of funds among asset classes may be the single most important determinant of the investment performance, the assets shall be divided into the following asset classes:

	<u>Maximum %</u>	<u>Minimum %</u>	<u>Target %</u>
Large Cap Equity	33%	17%	25%
Small (Mid) Cap Equity	13%	7%	10%
Developed Int'l. Equity	26%	14%	20%
Emerging Markets	7%	0%	5%
Real Estate (Public)	5%	0%	2.5%
Real Estate (Private)	5%	0%	2.5%
Commodities	5%	0%	2.5%
Fixed Income	33%	17%	25%
Alternatives	13%	0%	10%

The actual asset allocation, which will fluctuate with market conditions, will receive the regular scrutiny of the Foundation's investment consultant who will recommend, when appropriate, that the Foundation make changes to the policy.

**NOTE 7: PROMISES TO GIVE**

Unconditional promises to give consisted of the following at June 30, 2015:

Amounts due in:	
Less than one year	\$ 463,273
One to five years	717,966
Five to ten years	41,395
Total	<u>1,222,634</u>
Less: allowance for uncollectible amounts	<u>(59,995)</u>
Total Promises to Give, net	<u>\$ 1,162,639</u>

Promises to give were recognized at the net present value of the gifts. The current year discount applied to the promises to give balance was \$26,762 and was based on U.S. treasury yields as of June 30, 2015 for the applicable issue maturity.

**CSUSB PHILANTHROPIC FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 8: PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment consisted of the following at June 30, 2015:

Depreciable assets	
Equipment, furniture and fixtures	\$ 293,683
Less: accumulated depreciation	<u>(109,715)</u>
	183,968
Non-Depreciable assets	
Construction in progress	<u>70,978</u>
Property, plant and equipment, net	<u><u>\$ 254,946</u></u>

Depreciation expense for the year ended June 30, 2015 was \$57,065.

**NOTE 9: RESTRICTIONS AND LIMITATIONS ON NET ASSETS**

Permanently restricted net assets at June 30, 2015 totaled \$19,538,033 and are to be held indefinitely. The income is restricted primarily to support scholarships. Temporarily restricted net assets at June 30, 2015 totaled \$16,660,345 and were available for the following purposes:

Restricted by donors for the following purposes:	
Palm Desert Campus	\$ 447,014
College of Business & Public Administration	766,171
College of Natural Sciences	2,063,408
College of Arts & Letters	393,369
College of Social & Behavioral Sciences	254,495
College of Education	509,120
College of Extended Learning	20,786
Athletics	128,943
Information Resource & Technology	15,586
Undergraduate Studies	156,613
Academic Affairs	60,364
Library	63,219
Student Services	271,056
Expendable Scholarships	1,790,190
Pledges Receivable (various gifts)	1,162,639
Art Museum Collection	3,204,432
Temporarily Restricted Portion of Endowment	5,070,587
Other numerous miscellaneous donor restrictions	<u>282,353</u>
Total Temporarily Restricted Net Assets	<u><u>\$ 16,660,345</u></u>

**CSUSB PHILANTHROPIC FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 9: RESTRICTIONS AND LIMITATIONS ON NET ASSETS, (continued)**

Endowment net asset composition consists of the following at June 30, 2015:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Endowment Assets</u>
Donor-restricted endowment funds	<u>\$ (7,741)</u>	<u>\$ 5,070,587</u>	<u>\$ 19,538,033</u>	<u>\$ 24,600,879</u>

Changes in endowment net assets for the year ended June 30, 2015 were as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Endowment Assets</u>
Endowment net assets beginning of year	\$ (4,564)	\$ 5,937,350	\$ 18,645,965	\$ 24,578,751
Transfer of assets from University Enterprises Corp.	-	-	3,106	3,106
Restricted gift accounts	-	-	109,679	109,679
New endowment gifts, net of gift admin fee	-	-	779,283	779,283
Endowment assets appropriated for expenditure	-	(924,776)	-	(924,776)
Investment fees	-	(84,590)	-	(84,590)
Interest and dividends	-	986,967	-	986,967
Deficit in endowment	<u>(3,177)</u>	<u>(844,364)</u>	<u>-</u>	<u>(847,541)</u>
Endowment net assets end of year	<u>\$ (7,741)</u>	<u>\$ 5,070,587</u>	<u>\$ 19,538,033</u>	<u>\$ 24,600,879</u>

Reconciliation of endowment balance to long-term investment:

Endowment net assets end of year	\$ 24,600,879
Gifts held in cash not yet invested at the end of the year	(92,838)
Net endowment investment (long-term investments)	<u>\$ 24,508,041</u>

Changes in donor designated gift restrictions resulted in funds being directed to permanently restricted endowments in the amount of \$109,679.

**CSUSB PHILANTHROPIC FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 10: TRANSFERS TO AND FROM THE UNIVERSITY (INCLUDING OTHER AUXILIARY ORGANIZATIONS)**

During the year, transfers were made to the University (including other auxiliary organizations) and are listed on the statement of activities as Transfers to University. For the year ended June 30, 2015 these transfers consisted of the following:

Reimbursement of salaries for personnel working on contracts, grants and other programs	\$ 487,334
Reimbursements to CSUSB	237,526
Transfer to UEC for grant matching funds	16,472
Transfer to UEC for staff awards luncheon reimbursements	<u>162</u>
 Total	 <u><u>\$ 741,494</u></u>

During the year, transfers were received from the University (including other auxiliary organizations) and are listed on the statement of activities as Transfers from University. For the year ended June 30, 2015 these transfers consisted of the following:

Transfer scholarship and support funds from ASI	\$ 109,800
Miscellaneous program transfers from CSUSB	62,111
Miscellaneous program transfers from UEC	<u>29,793</u>
 Total	 <u><u>\$ 201,704</u></u>

**Note 11: COMMITMENTS**

During the year ended June 30, 2015 the Foundation authorized and entered into an investment in a private real estate investment fund through a vote of the Board of Directors and committed 2.5% of the portfolio value to the investment. The total commitment entered into by the Foundation was \$600,000. During the current year \$258,000 of the commitment was called under the terms of the investment and is listed on the statement of financial position as an investment. The Foundation has a remaining commitment outstanding at June 30, 2015 of \$342,000. The Foundation received an additional call for funds of \$42,000 effective August 17, 2015.

**NOTE 12: RELATED PARTIES AND ECONOMIC DEPENDENCY**

As discussed in Note 1, the Foundation operates under an agreement with the Trustees as an auxiliary organization of the University. Accordingly, essentially all revenues, and realization of certain assets, are dependent upon the continuation of this agreement.

**CSUSB PHILANTHROPIC FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 12: RELATED PARTIES AND ECONOMIC DEPENDENCY, (continued)**

A schedule of related party transactions between the Foundation, the University and other auxiliary organizations as of June 30, 2015 is as follows:

	<u>University</u>	<u>Associated Student Incorporated</u>	<u>Santos Manuel Student Union</u>	<u>University Enterprises Corporation</u>	<u>Total</u>
<b><u>Revenues:</u></b>					
Payments received from Univ/Aux for services, space, and programs.	\$ 39,612	\$ -	\$ -	\$ -	\$ 39,612
<b><u>Expenses:</u></b>					
Payments to Univ/Aux for salaries of personnel working on contracts, grants, and other programs.	109,557	-	8,574	17,250	135,381
Payments to Univ/Aux for other than salaries of personnel.	1,241,271	-	-	-	1,241,271
<b><u>Due to:</u></b>					
Accounts Payable to Univ/Aux.	(571,084)	-	(1,108)	-	(572,192)
<b><u>Receivable from:</u></b>					
Accounts receivable from Univ/Aux.	-	540	-	-	540
<b><u>Transfers (net)</u></b>	175,415	(109,800)	-	474,175	539,790



**CSUSB Philanthropic Foundation**  
Schedule of Net Position  
June 30, 2015  
(for inclusion in the California State University)

Assets:	
Current assets:	
Cash and cash equivalents	\$ 3,111,656
Short-term investments	4,643,510
Accounts receivable, net	3,129
Leases receivable, current portion	—
Notes receivable, current portion	—
Pledges receivable, net	403,278
Prepaid expenses and other assets	—
Total current assets	<u>8,161,573</u>
Noncurrent assets:	
Restricted cash and cash equivalents	92,838
Accounts receivable, net	—
Leases receivable, net of current portion	—
Notes receivable, net of current portion	—
Student loans receivable, net	—
Pledges receivable, net	759,361
Endowment investments	24,508,041
Other long-term investments	—
Capital assets, net	3,459,378
Other assets	—
Total noncurrent assets	<u>28,819,618</u>
Total assets	<u>36,981,191</u>
Deferred outflows of resources:	
Unamortized loss on refunding(s)	—
Total deferred outflows of resources	<u>—</u>
Liabilities:	
Current liabilities:	
Accounts payable	105,745
Accrued salaries and benefits payable	—
Accrued compensated absences— current portion	—
Unearned revenue	—
Capitalized lease obligations – current portion	—
Long-term debt obligations – current portion	—
Claims Liability for losses and LAE - current portion	—
Depository accounts	—
Other liabilities	514,664
Total current liabilities	<u>620,409</u>
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	—
Unearned revenue	7,042
Grants refundable	—
Capitalized lease obligations, net of current portion	—
Long-term debt obligations, net of current portion	—
Claims Liability for losses and LAE, net of current portion	—
Depository accounts	—
Other postemployment benefits obligation	—
Other liabilities	—
Total noncurrent liabilities	<u>7,042</u>
Total liabilities	<u>627,451</u>
Deferred inflows of resources:	
Deferred inflows from SCAs, grants, and others	—
Total deferred inflows of resources	<u>—</u>
Net Position:	
Net investment in capital assets	3,459,378
Restricted for:	
Nonexpendable – endowments	19,538,033
Expendable:	
Scholarships and fellowships	6,860,777
Research	—
Loans	—
Capital projects	—
Debt service	—
Other	6,301,432
Unrestricted	194,120
Total net position	<u>\$ 36,353,740</u>

See accompanying independent auditor's report

**CSUSB Philanthropic Foundation**  
Schedule of Revenues, Expenses, and Changes in Net Position  
Year Ended June 30, 2015  
(for inclusion in the California State University)

Revenues:	
Operating revenues:	
Student tuition and fees (net of scholarship allowances of \$ _____)	\$ —
Grants and contracts, noncapital:	
Federal	—
State	—
Local	—
Nongovernmental	—
Sales and services of educational activities	—
Sales and services of auxiliary enterprises (net of scholarship allowances of \$ _____)	—
Other operating revenues	—
Total operating revenues	<u>—</u>
Expenses:	
Operating expenses:	
Instruction	—
Research	—
Public service	—
Academic support	—
Student services	—
Institutional support	2,249,414
Operation and maintenance of plant	—
Student grants and scholarships	1,055,580
Auxiliary enterprise expenses	83,187
Depreciation and amortization	57,065
Total operating expenses	<u>3,445,246</u>
Operating income (loss)	<u>(3,445,246)</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	2,910,530
Investment income (loss), net	—
Endowment income (loss), net	135,334
Interest Expenses	—
Other nonoperating revenues (expenses)	134,972
Net nonoperating revenues (expenses)	<u>3,180,836</u>
Income (loss) before other additions	(264,410)
State appropriations, capital	—
Grants and gifts, capital	—
Additions (reductions) to permanent endowments	892,068
Increase (decrease) in net position	<u>627,658</u>
Net position:	
Net position at beginning of year, as previously reported	35,726,082
Restatements	—
Net position at beginning of year, as restated	<u>35,726,082</u>
Net position at end of year	<u>\$ 36,353,740</u>

See accompanying independent auditor's report

**CSUSB Philanthropic Foundation**  
Other Information  
June 30, 2015  
(for inclusion in the California State University)

**1 Restricted cash and cash equivalents at June 30, 2015:**

Portion of restricted cash and cash equivalents related to endowments	\$ 92,838
All other restricted cash and cash equivalents	—
<b>Total restricted cash and cash equivalents</b>	<b>\$ 92,838</b>

**2.1 Composition of investments at June 30, 2015:**

	Current Unrestricted	Current Restricted	Total Current	Noncurrent Unrestricted	Noncurrent Restricted	Total Noncurrent	Total
State of California Surplus Money Investment Fund (SMIF)	\$ —	—	—	—	—	—	—
State of California Local Agency Investment Fund (LAIF)	—	—	—	—	—	—	—
Corporate bonds	—	—	—	—	—	—	—
Certificates of deposit	—	—	—	—	—	—	—
Mutual funds	—	4,639,196	4,639,196	—	18,184,761	18,184,761	22,823,957
Money Market funds	—	4,314	4,314	—	24,228	24,228	28,542
Repurchase agreements	—	—	—	—	—	—	—
Commercial paper	—	—	—	—	—	—	—
Asset backed securities	—	—	—	—	—	—	—
Mortgage backed securities	—	—	—	—	—	—	—
Municipal bonds	—	—	—	—	—	—	—
U.S. agency securities	—	—	—	—	—	—	—
U.S. treasury securities	—	—	—	—	—	—	—
Equity securities	—	—	—	—	5,314,544	5,314,544	5,314,544
Exchange traded funds (ETFs)	—	—	—	—	—	—	—
Alternative investments:	—	—	—	—	—	—	—
Private equity (including limited partnerships)	—	—	—	—	—	—	—
Interest-only strips	—	—	—	—	—	—	—
Hedge funds	—	—	—	—	725,965	725,965	725,965
Managed futures	—	—	—	—	—	—	—
Real estate investments (including REITs)	—	—	—	—	258,543	258,543	258,543
Commodities	—	—	—	—	—	—	—
Derivatives	—	—	—	—	—	—	—
Other alternative investment types	—	—	—	—	—	—	—
Other external investment pools (excluding SWIFT)	—	—	—	—	—	—	—
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Other major investments:	—	—	—	—	—	—	—
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**CSUSB Philanthropic Foundation**  
Other Information  
June 30, 2015  
(for inclusion in the California State University)

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

Depreciation and amortization expense related to capital assets	\$ 57,065
Amortization expense related to other assets	<u>—</u>
Total depreciation and amortization	<u>\$ 57,065</u>

**4 Long-term liabilities activity schedule:**

	Balance June 30, 2014	Prior period adjustments	Reclassifications	Balance June 30, 2014 (restated)	Additions	Reductions	Balance June 30, 2015	Current portion	Long-term portion
Accrued compensated absences	\$ —	—	—	—	—	—	—	—	—
Capitalized lease obligations:									
Gross balance	—	—	—	—	—	—	—	—	—
Unamortized premium / (discount) on capitalized lease obligations	—	—	—	—	—	—	—	—	—
Total capitalized lease obligations	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Long-term debt obligations:									
Revenue Bonds	—	—	—	—	—	—	—	—	—
Other bonds (non-Revenue Bonds)	—	—	—	—	—	—	—	—	—
Commercial Paper	—	—	—	—	—	—	—	—	—
Note Payable related to SRB	—	—	—	—	—	—	—	—	—
Other:									
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Total long-term debt obligations	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Unamortized bond premium / (discount)	—	—	—	—	—	—	—	—	—
Total long-term debt obligations, net	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total long-term liabilities	<u>\$ —</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

**5 Future minimum lease payments - capital lease obligations:**

	Principal	Interest	Principal and Interest
Year ending June 30:			
2015	—	—	—
2016	—	—	—
2017	—	—	—
2018	—	—	—
2019	—	—	—
2020 - 2024	—	—	—
2025 - 2029	—	—	—
2030 - 2034	—	—	—
2035 - 2039	—	—	—
2040 - 2044	—	—	—
2045 - 2049	—	—	—
2050 - 2054	—	—	—
2055 - 2059	—	—	—
2060 - 2064	—	—	—
Total minimum lease payments	<u>—</u>	<u>—</u>	<u>—</u>
Less amounts representing interest			<u>—</u>
Present value of future minimum lease payments			<u>—</u>
Less: current portion			<u>—</u>
<b>Capitalized lease obligation, net of current portion</b>			<u>\$ —</u>

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**6 Long-term debt obligation schedule**

	Revenue Bonds			All other long-term debt obligations			Total		
	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest
Year ending June 30:									
2015	\$ —	—	—	—	—	—	—	—	—
2016	—	—	—	—	—	—	—	—	—
2017	—	—	—	—	—	—	—	—	—
2018	—	—	—	—	—	—	—	—	—
2019	—	—	—	—	—	—	—	—	—
2020 - 2024	—	—	—	—	—	—	—	—	—
2025 - 2029	—	—	—	—	—	—	—	—	—
2030 - 2034	—	—	—	—	—	—	—	—	—
2035 - 2039	—	—	—	—	—	—	—	—	—
2040 - 2044	—	—	—	—	—	—	—	—	—
2045 - 2049	—	—	—	—	—	—	—	—	—
2050 - 2054	—	—	—	—	—	—	—	—	—
2055 - 2059	—	—	—	—	—	—	—	—	—
2060 - 2064	—	—	—	—	—	—	—	—	—
<b>Total</b>	<b>\$ —</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>

**7 Calculation of net position**

	Auxiliary Organizations		Total
	GASB	FASB	Auxiliaries
<b>7.1 Calculation of net position - Net investment in capital assets</b>			
Capital assets, net of accumulated depreciation	\$ —	3,459,378	3,459,378
Capitalized lease obligations - current portion	—	—	—
Capitalized lease obligations, net of current portion	—	—	—
Long-term debt obligations - current portion	—	—	—
Long-term debt obligations, net of current portion	—	—	—
Portion of outstanding debt that is unspent at year-end	—	—	—
Other adjustments: (please list)			
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
<b>Net position - net investment in capital asset</b>	<b>\$ —</b>	<b>3,459,378</b>	<b>3,459,378</b>
<b>7.2 Calculation of net position - Restricted for nonexpendable - endowments</b>			
Portion of restricted cash and cash equivalents related to endowments	\$ —	92,838	92,838
Endowment investments	—	24,508,041	24,508,041
Other adjustments: (please list)			
Temporarily restricted portion of endowment	—	(5,062,846)	(5,062,846)
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
<b>Net position - Restricted for nonexpendable - endowments per SNP</b>	<b>\$ —</b>	<b>19,538,033</b>	<b>19,538,033</b>

See accompanying independent auditor's report

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**8 Transactions with Related Entities\***

	<b>Amount</b>
Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$ 109,557
Payments to University for other than salaries of University personnel	1,241,271
Payments received from University for services, space, and programs	39,612
Gifts-in-kind to the University from discretely presented component units	—
Gifts (cash or assets) to the University from discretely presented component units	—
Accounts (payable to) University (enter as negative number)	(571,084)
Other amounts (payable to) University (enter as negative number)	—
Accounts receivable from University	—
Other amounts receivable from University	—

**9 Other Postemployment Benefits Obligation (OPEB)**

Annual required contribution (ARC)	\$	—
Contributions during the year		—
Increase (decrease) in net OPEB obligation (NOO)		—
NOO - beginning of year		—
NOO - end of year	\$	—

**10 Pollution remediation liabilities under GASB Statement No. 49:**

<b>Description</b>		<b>Amount</b>
Add description	\$	—
Add description		—
Add description		—
Add description		—
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		—

\* For the purposes of this schedule related entities refers specifically to transactions with California State University San Bernardino (excludes auxiliary organizations).

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

	<u>Net Position Class</u>	<u>Amount</u> Dr. (Cr.)
Net position as of June 30, 2014, as previously reported	\$	35,726,082
Prior period adjustments:		
1 (list description of each adjustment)		—
2 (list description of each adjustment)		—
3 (list description of each adjustment)		—
4 (list description of each adjustment)		—
5 (list description of each adjustment)		—
6 (list description of each adjustment)		—
7 (list description of each adjustment)		—
8 (list description of each adjustment)		—
9 (list description of each adjustment)		—
10 (list description of each adjustment)		—
Net position as of June 30, 2015, as restated	\$	<u>35,726,082</u>

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

	<u>Debit</u>	<u>Credit</u>
Net position class: _____ 1 (breakdown of adjusting journal entry)	\$ —	—
Net position class: _____ 2 (breakdown of adjusting journal entry)	—	—
Net position class: _____ 3 (breakdown of adjusting journal entry)	—	—
Net position class: _____ 4 (breakdown of adjusting journal entry)	—	—
Net position class: _____ 5 (breakdown of adjusting journal entry)	—	—
Net position class: _____ 6 (breakdown of adjusting journal entry)	—	—
Net position class: _____ 7 (breakdown of adjusting journal entry)	—	—
Net position class: _____ 8 (breakdown of adjusting journal entry)	—	—
Net position class: _____ 9 (breakdown of adjusting journal entry)	—	—
Net position class: _____ 10 (breakdown of adjusting journal entry)	—	—

See accompanying independent auditor's report



**SUPPLEMENTARY INFORMATION**



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**INDEPENDENT AUDITOR'S 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**

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To the Board of Directors of  
CSUSB Philanthropic Foundation

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 CSUSB Philanthropic Foundation, (a non-profit organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, expenses by natural classification and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 18, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered CSUSB 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 CSUSB Philanthropic Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether CSUSB 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*.

### **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.

*Rogers Anderson Maloney & Scott, LLP*

San Bernardino, California  
September 18, 2015