

**THE FOUNDATION FOR
CALIFORNIA STATE UNIVERSITY,
SAN BERNARDINO
FINANCIAL STATEMENTS
SUPPLEMENTARY INFORMATION WITH
INDEPENDENT AUDITORS' REPORTS
FOR THE YEAR ENDED JUNE 30, 2010**

**THE FOUNDATION FOR CALIFORNIA STATE UNIVERSITY,
SAN BERNARDINO
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THE FOUNDATION FOR CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO
Foundation Board Members as of June 30, 2010

| | |
|---|---|
| <p>OFFICERS:</p> <p>Dr. Albert Karnig Chairman of Board</p> <p>Mr. Neale Perkins President of Board</p> <p>Dr. Edward Teyber Vice President of Board</p> <p>Ms. Lois Carson Secretary of Board</p> <p>Mr. Robert Gardner Treasurer of Board</p> | <p>Administrative Member</p> <p>Community Member</p> <p>Faculty Member</p> <p>Alumni Representative</p> <p>Administrative Member</p> |
| <p>CSUSB MEMBERS:</p> <p>Mrs. Francoise Alymer</p> <p>Dr. Barbara Sirotnik</p> <p>Dr. Dorothy Chen-Maynard</p> <p>Dr. Andrew Bodman</p> <p>Mr. Spencer Freund</p> <p>Dr. Frank Rincon</p> <p>Mr. James Fukazawa</p> | <p>Administrative Member</p> <p>Faculty Member</p> <p>Faculty Member</p> <p>Administrative Member</p> <p>Administrative Member</p> <p>Administrative Member</p> <p>Student Representative</p> |
| <p>COMMUNITY MEMBERS:</p> <p>Ms. Marie Alonzo</p> <p>Mr. William Anthony</p> <p>Dr. Donald Averill</p> <p>Ms. Betty Barker</p> <p>Ms. Glenda Bayless</p> <p>Ms. Virginia Blumenthal</p> <p>Mr. Michael Bracken</p> <p>Mr. Jack Brown</p> <p>Mr. Bob Burlingame</p> <p>Mr. Arthur Butler</p> <p>Mr. Ali Cayir</p> <p>Mr. Steve Chiang</p> | <p>Community Member</p> <p>Community Member</p> <p>Community Member</p> <p>Community Member</p> <p>Community Member</p> <p>Community Member</p> <p>Community Member</p> <p>Community Member</p> <p>Community Member</p> <p>Community Member</p> <p>Community Member</p> <p>Community Member</p> |

THE FOUNDATION FOR CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO
Foundation Board Members as of June 30, 2010

| COMMUNITY MEMBERS: | |
|---------------------------|------------------|
| Mr. Greg Christian | Community Member |
| Mr. Henry Coil | Community Member |
| Mr. Nick Coussoulis | Community Member |
| Mr. Jim Cuevas | Community Member |
| Mr. Carl Dameron | Community Member |
| Mr. Theodore Dutton | Community Member |
| Mr. Mark Edwards | Community Member |
| Dr. James Egan | Community Member |
| Dr. James Erickson | Community Member |
| Mr. Gerald Fawcett | Community Member |
| Mr. James Ferguson | Community Member |
| Mr. Robert Fey | Community Member |
| Mr. Howard Friedman | Community Member |
| Mr. Michael Gallo | Community Member |
| Mr. Florentino Garza | Community Member |
| Mr. Graciano Gomez | Community Member |
| Mr. Allen Gresham | Community Member |
| Mr. Fred Hamilton | Community Member |
| Mr. W. Benson Harer Jr. | Community Member |
| Mr. Garner Holt | Community Member |
| Mr. Jim Imborski | Community Member |
| Mrs. Dorothy Inghram | Community Member |
| Mr. Rick Lazar | Community Member |
| Mr. Wilfrid Lemann | Community Member |
| Mr. Dobbin Lo | Community Member |
| Mr. Paul Mata | Community Member |
| Ms. Barbara McGee | Community Member |
| Mr. Charles McNeely | Community Member |

THE FOUNDATION FOR CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO
Foundation Board Members as of June 30, 2010

| COMMUNITY MEMBERS: | |
|---------------------------|------------------|
| Dr. Michael Miller | Community Member |
| Trustee Louis Monville | Community Member |
| Dr. Yolanda Moses | Community Member |
| Mr. Michael Napoli | Community Member |
| Mr. John Nolan | Community Member |
| Mrs. Shelby Obershaw | Community Member |
| Mr. Chuck Obershaw | Community Member |
| Mr. Richard Oliphant | Community Member |
| Mr. Patrick O'Reilly | Community Member |
| Ms. Madeleine Pfau | Community Member |
| The Honorable Ray Quinto | Community Member |
| Mr. James Ramos | Community Member |
| Mr. Ali Razi | Community Member |
| Mr. D. Brian Reider | Community Member |
| Mr. George Reyes | Community Member |
| Ms. Barbara Robinson | Community Member |
| Mr. James Robinson | Community Member |
| Mr. Donald Rogers | Community Member |
| Mr. Ali Sahabi | Community Member |
| Mr. Philip Savage, IV | Community Member |
| Mr. George Schnarre | Community Member |
| Mr. Larry Sharp | Community Member |
| Mr. Paul Shimoff | Community Member |
| Ms. Barbara Simmons | Community Member |
| Dr. Ernest Siva | Community Member |
| Mr. Bruce Varner | Community Member |
| Mr. James Watson | Community Member |
| Mrs. Ellen Weisser | Community Member |
| Mr. D. Linn Wiley | Community Member |

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Foundation for California State University,
San Bernardino (The Foundation for CSUSB)
San Bernardino, California

We have audited the accompanying statement of financial position of The Foundation for California State University, San Bernardino (The Foundation for CSUSB) as of June 30, 2010, and the related statements of activities, expenses by natural classification, cash flows, and supplementary information presented in section 3, for the year then ended. These financial statements are the responsibility of the Foundation for CSUSB's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Foundation for CSUSB's financial statements and, in our report dated September 23, 2009, we expressed an unqualified opinion on those financial statements.

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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation for CSUSB's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2010, on our consideration of the Foundation for CSUSB'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards and supplementary information is presented for purposes of additional analysis as required by OMB Circular A-133, and is not a required part of the basic financial statements. Such information was prepared on the same basis used for the basic financial statements and has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Vasin, Heyn + Co.

October 14, 2010

**THE FOUNDATION FOR CALIFORNIA STATE UNIVERSITY,
SAN BERNARDINO
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2010
(WITH COMPARATIVE TOTALS FOR 2009)**

| | <u>2010</u> | <u>2009</u> |
|--------------------------------------|-------------------------|-------------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 7,805,248 | \$ 7,959,738 |
| Short-term investments | 4,442,112 | 3,422,782 |
| Other receivables | 5,261,520 | 6,658,000 |
| Prepaid expenses | 9,748 | 80,025 |
| Promises to give | 2,742,507 | 4,226,027 |
| Long-term investments | 21,725,168 | 18,255,713 |
| Construction in progress | 383,576 | 13,980,920 |
| Property and equipment, net | <u>4,405,598</u> | <u>20,553,086</u> |
| Total assets | <u>\$46,775,477</u> | <u>\$75,136,291</u> |
| LIABILITIES | | |
| Accounts payable | \$ 1,345,209 | \$ 683,977 |
| Accrued wages and benefits | 625,453 | 586,868 |
| Accrued vacation | 254,429 | 285,819 |
| Other accrued liabilities | 1,337,320 | 598,264 |
| Post-retirement medical benefits | 4,305,510 | 4,202,281 |
| Liability to beneficiaries | <u>1,467,562</u> | <u>1,742,882</u> |
| Total liabilities | 9,335,483 | 8,100,091 |
| NET ASSETS | | |
| Unrestricted net assets | 1,287,115 | 3,556,009 |
| Temporarily restricted net assets | 20,950,666 | 51,351,015 |
| Permanently restricted net assets | <u>15,202,213</u> | <u>12,129,176</u> |
| Total net assets | <u>37,439,994</u> | <u>67,036,200</u> |
| Total liabilities and net assets | <u>\$46,775,477</u> | <u>\$75,136,291</u> |

See accompanying auditors' reports and
notes to financial statements.

**THE FOUNDATION FOR CALIFORNIA STATE UNIVERSITY,
SAN BERNARDINO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010
(WITH COMPARATIVE TOTALS FOR 2009)**

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>2010 Total</u> | <u>2009 Total</u> |
|--|-------------------------|-----------------------------------|-----------------------------------|--------------------------|--------------------------|
| REVENUES | | | | | |
| Contributions | \$ - | \$ 2,731,391 | \$ 392,596 | \$ 3,123,987 | \$ 8,917,530 |
| Sales of auxiliary enterprises | 12,522 | - | - | 12,522 | 131,680 |
| Commissions | 1,127,445 | - | - | 1,127,445 | 1,223,713 |
| Grants and contracts | 27,169,507 | - | - | 27,169,507 | 24,098,851 |
| Administrative fees | 840,720 | - | - | 840,720 | 725,417 |
| Special programs | 823,925 | - | - | 823,925 | 1,264,840 |
| Parent fees | 190,012 | - | - | 190,012 | 196,524 |
| Investment income | 106,026 | 502,681 | - | 608,707 | 962,052 |
| Deficit in endowment value | (690,146) | 690,146 | - | - | - |
| Unrealized gain (loss) on investments | 55,314 | 2,304,237 | - | 2,359,551 | (4,030,613) |
| Realized gain(loss) on investments | 1,130 | - | - | 1,130 | (37,025) |
| Gain (loss) on disposal of fixed assets | - | - | - | - | (39,659) |
| Miscellaneous income | 86,820 | - | - | 86,820 | 124,309 |
| Indirect cost recovery | 2,757,239 | - | - | 2,757,239 | 2,135,815 |
| Contract settlements | (189,247) | - | - | (189,247) | 42,662 |
| Restrictions released | <u>33,948,363</u> | <u>(33,948,363)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total revenue | 66,239,630 | (27,719,908) | 392,596 | 38,912,318 | 35,716,096 |
| EXPENSES | | | | | |
| Program expenses: | | | | | |
| Grants and contracts | 28,506,558 | - | - | 28,506,558 | 24,050,779 |
| Scholarships | 1,381,083 | - | - | 1,381,083 | 1,599,557 |
| Miscellaneous support services | 6,185,629 | - | - | 6,185,629 | 5,797,626 |
| Contribution of Palm Desert Campus to University | 30,170,199 | - | - | 30,170,199 | - |
| Management and general | <u>2,265,055</u> | <u>-</u> | <u>-</u> | <u>2,265,055</u> | <u>3,373,210</u> |
| Total education and general expenses | <u>68,508,524</u> | <u>-</u> | <u>-</u> | <u>68,508,524</u> | <u>34,821,172</u> |
| CHANGE IN NET ASSETS | (2,268,894) | (27,719,908) | 392,596 | (29,596,206) | 894,924 |
| NET ASSETS - beginning of year | 3,556,009 | 51,351,015 | 12,129,176 | 67,036,200 | 66,141,276 |
| Change in donor restrictions | <u>-</u> | <u>(2,680,441)</u> | <u>2,680,441</u> | <u>-</u> | <u>-</u> |
| NET ASSETS - end of year | <u>\$ 1,287,115</u> | <u>\$ 20,950,666</u> | <u>\$ 15,202,213</u> | <u>\$ 37,439,994</u> | <u>\$ 67,036,200</u> |

See accompanying auditors' reports and
notes to financial statements.

**THE FOUNDATION FOR CALIFORNIA STATE UNIVERSITY,
SAN BERNARDINO
STATEMENT OF EXPENSES BY NATURAL CLASSIFICATION
FOR THE YEAR ENDED JUNE 30, 2010
(WITH COMPARATIVE TOTALS FOR 2009)**

| | <u>2010</u> | <u>2009</u> |
|--|----------------------|----------------------|
| EXPENSES | | |
| Salaries | \$ 10,087,133 | \$ 10,006,378 |
| Employee benefits | 3,408,420 | 3,105,451 |
| Administrative costs | 1,021,438 | 981,661 |
| Bad debts | 7,578 | 46,059 |
| Bank and credit card fees | 3,828 | 5,229 |
| Capital outlay | 911,127 | 373,392 |
| Commissions | - | 2,510 |
| Conferences and meetings | 331,213 | 156,477 |
| Contract services | 7,640,968 | 6,218,234 |
| Contribution of Palm Desert Campus to University | 30,170,199 | - |
| Cost of goods sold | - | 490,265 |
| Depreciation | 1,033,631 | 934,479 |
| Direct student services | 157,919 | 307,976 |
| Dues, memberships and subscriptions | 16,916 | 20,302 |
| Food | 64,782 | 55,425 |
| Honoraria | 51,742 | 59,843 |
| Indirect expenses | 2,757,239 | 2,135,815 |
| Insurance | 68,573 | 135,796 |
| Licenses and permits | 8,035 | 7,064 |
| Other expenses | 2,630,240 | 1,573,750 |
| Participant incentives | 17,058 | 15,174 |
| Postage | 39,437 | 40,024 |
| Printing | 50,126 | 57,469 |
| Professional development and training | 99,452 | 112,598 |
| Professional fees | 83,480 | 91,825 |
| Public relations | 55,810 | 35,684 |
| Rental, equipment and space | 204,810 | 293,015 |
| Repairs | 104,379 | 65,576 |
| Scholarships | 1,381,083 | 1,599,557 |
| Stipends, room and board | 2,221,331 | 1,950,171 |
| Student activities | 54,767 | 27,871 |
| Supplies | 1,680,997 | 1,782,356 |
| Travel | 1,069,359 | 1,138,061 |
| Tuition | 810,807 | 712,324 |
| University reimbursements | 82,884 | 75,993 |
| Utilities and telephone | 173,452 | 194,390 |
| Vehicle expenses | 8,311 | 12,978 |
| | <hr/> | <hr/> |
| Total expenses | \$ <u>68,508,524</u> | \$ <u>34,821,172</u> |

See accompanying auditors' reports and
notes to financial statements.

**THE FOUNDATION FOR CALIFORNIA STATE UNIVERSITY,
SAN BERNARDINO
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2010
(WITH COMPARATIVE TOTALS FOR 2009)**

| | <u>2010</u> | <u>2009</u> |
|--|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Change in net assets | \$ (29,596,206) | \$ 894,924 |
| Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities | | |
| Depreciation and amortization | 1,033,631 | 934,479 |
| Contributions permanently restricted | (392,596) | (1,338,219) |
| Noncash investment income | (2,360,681) | 4,067,638 |
| Contribution of Palm Desert Campus to University | 30,170,199 | - |
| Gain/loss on disposal of fixed assets | - | 39,659 |
| (Increase) decrease in: | | |
| Other receivables | 1,396,480 | 413,479 |
| Inventory | - | 1,071,260 |
| Prepaid expenses | (70,275) | 66,208 |
| Promises to give | 1,483,520 | (826,775) |
| Increase (decrease) in: | | |
| Accounts payable | 661,232 | (1,241,594) |
| Accrued wages and benefits | 7,195 | (139,965) |
| Other accrued liabilities | 739,056 | (748,060) |
| Contract advances | 402,735 | (59,783) |
| Post-retirement medical benefits | 103,230 | (48,719) |
| Other liability to beneficiaries | (275,320) | (230,644) |
| Total adjustments | <u>32,898,406</u> | <u>1,958,964</u> |
| Net Cash Provided (Used) by Operating Activities | 3,302,200 | 2,853,888 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Proceeds from disposal of fixed assets | 500 | 270 |
| Payments related to the construction of capital assets | (549,473) | (1,639,865) |
| Payments related to the acquisition of capital assets | (1,202,033) | (176,632) |
| Proceeds from the sale of investments | 7,780,983 | - |
| Purchase of investments | <u>(9,879,263)</u> | <u>(1,282,517)</u> |
| Net Cash Provided (Used) by Investing Activities | (3,849,286) | (3,098,744) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Cash contributions for endowment | <u>392,596</u> | <u>1,338,219</u> |
| Net Cash Provided (Used) by Financing Activities | <u>392,596</u> | <u>1,338,219</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (154,490) | 1,093,363 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | <u>7,959,738</u> | <u>6,866,375</u> |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | <u>\$ 7,805,248</u> | <u>\$ 7,959,738</u> |

See accompanying auditors' reports and notes to financial statements.

**THE FOUNDATION FOR CALIFORNIA STATE UNIVERSITY,
SAN BERNARDINO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

1. SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

The Foundation for CSUSB was created on July 31, 1962 as the San Bernardino-Riverside State College Foundation pursuant to the general Non-Profit Corporation Laws of the State of California. On October 30, 1984, the name of the Corporation was changed to The Foundation for California State University, San Bernardino. The Foundation for CSUSB was organized to promote and assist education, administration and related services of the California State University, San Bernardino. The Foundation for CSUSB operates as an auxiliary organization of the California State University, San Bernardino (The University) under an operating agreement with the Trustees of the California State University (The Trustees) which expires December 31, 2020. All fundraising activities are conducted by the University.

The Foundation for CSUSB's major programs include:

Grants and contracts which include the operation and administration of externally funded projects in support of the instructional, research and public functions of the University. The Child Care center is also partially funded through grant and contract activity.

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

Miscellaneous support services which consists of various programs as directed by the Board which are not included in another major program as described above.

The preparation of these financial statements 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. 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 for CSUSB 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 Financial Accounting Standards Board FASB ASC 958-205. Accordingly, information regarding 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 for CSUSB is subject to donor-imposed restrictions that can be fulfilled by actions of the Foundation for CSUSB 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 for CSUSB.

**THE FOUNDATION FOR CALIFORNIA STATE UNIVERSITY,
SAN BERNARDINO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

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 date of purchase. The Foundation for CSUSB maintains its cash in bank deposit accounts which are maintained within insured limits. Accordingly the Foundation for CSUSB believes it is not exposed to any significant credit risk on cash and cash equivalents.

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. Unrealized gains and losses are included in the change in net assets.

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 the lower of acquisition value or market.

Promises to Give

The Foundation for CSUSB 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.

Grants and Contracts

The Foundation for CSUSB records revenue from grants and similar contracts as the conditions of the grant or contract are satisfied.

Donated Materials, Services and Other Assets

Donated materials and other assets such as stocks, bonds and other long-lived assets are recorded at fair market value at the date of the donation.

Donations to the art collection are recorded at estimated fair market 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.

In accordance with Financial Accounting Standards Board FASB ASC 958-605-50-1 donated services are also recognized at fair value when those services require special expertise and the Foundation for CSUSB would have purchased those services had they not been donated.

**THE FOUNDATION FOR CALIFORNIA STATE UNIVERSITY,
SAN BERNARDINO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

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. The Foundation for CSUSB's policy is to capitalize additions and improvements that significantly add to productive capacity or extend the useful life of an asset. 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 income. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets.

Property acquired with federal and/or state funds is considered to be owned by the Foundation for CSUSB while used in the program(s) for which it was purchased or in other future authorized programs. Disposition of such equipment and the ownership of any proceeds there from is subject to federal and state regulations.

Income Taxes

The Foundation for CSUSB is a Not-for-Profit tax-exempt Corporation under Internal Revenue Code Section 501(c)(3) and is classified as other than a private foundation. Income taxes are not significant to the financial statements.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses.

Concentrations

Receivables include amounts due from students, governmental funding sources and the California State University, San Bernardino.

Comparative Totals

The financial statements include certain prior-year summarized comparative information. 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 Foundation for CSUSB's financial statements for the year ended June 30, 2009, from which the summarized information was derived.

**THE FOUNDATION FOR CALIFORNIA STATE UNIVERSITY,
SAN BERNARDINO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

1. SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES - Continued

Reclassifications

Certain amounts in the 2009 comparative totals have been reclassified to conform to the 2010 reporting format.

Subsequent Events

Subsequent events have been evaluated through the date of issuance of the Foundation for CSUSB's financial statements, October 14, 2010. There are no subsequent events to report.

New Accounting Standards

In August 2008, the Financial Accounting Standards Board issued FASB ASC 958-20, "Endowments of Not-for-Profit Organizations; Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), and Enhanced Disclosures for all Endowment Funds." The guidance is intended to improve the quality and consistency of financial reporting of endowments held by not-for-profit organizations. The FSP provides guidance on classifying the net assets associated with donor-restricted endowment funds held by organizations that are subject to an enacted version of UPMIFA. UPMIFA, which serves as a model act for states to modernize their laws governing donor-restricted endowment funds was enacted by the State in January 2009. Therefore, the guidance for classifying net assets was effective for the Foundation for CSUSB's fiscal year ending June 30, 2009. The effect of adoption of this FSP's provisions on net asset classification was \$690,146 for the year ended June 30, 2010.

The Foundation for CSUSB measures fair value in accordance with FASB ASC 820-10. FASB ASC 820-10 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels; Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs, other than the quoted prices in active markets, are observable either directly or indirectly, and Level 3 unobservable inputs in which there is little or no market data, which requires the Foundation for CSUSB to develop its own assumptions. The Foundation for CSUSB uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Foundation for CSUSB measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available. Investment assets are classified in Note 2 of these financial statements.

**THE FOUNDATION FOR CALIFORNIA STATE UNIVERSITY,
SAN BERNARDINO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010
(CONTINUED)**

2. INVESTMENTS

Investments are summarized below at June 30, 2010:

| | <u>Cost</u> | <u>Fair Value</u> | <u>Cumulative Unrealized Gains (losses)</u> |
|--|----------------------|----------------------|---|
| Short-term investments, at fair value | | | |
| Common Fund, Money market, and certificate of deposits | \$ 4,386,798 | \$ 4,442,112 | \$ 55,314 |
| Long-term investments in securities, at fair value | | | |
| External Trusts | \$ 4,880,515 | \$ 5,298,661 | \$ 418,146 |
| Endowments (Donor-Restricted) | <u>14,540,416</u> | <u>16,426,507</u> | <u>1,886,091</u> |
| | <u>\$ 19,420,931</u> | <u>\$ 21,725,168</u> | <u>\$ 2,304,237</u> |
| | | <u>Unrestricted</u> | <u>Temporarily Restricted</u> |
| Interest and dividends | | \$ 106,026 | \$ 502,681 |
| Deficit in endowment value | | (690,146) | 690,146 |
| Realized and unrealized gains on investments - net | | <u>56,444</u> | <u>2,304,237</u> |
| Investment income (loss) | | <u>\$ (527,676)</u> | <u>\$ 3,497,064</u> |
| Level 1: | | | |
| Certificates of deposit | | | \$ 4,000,000 |
| Equity securities | | | 3,490,789 |
| Fixed income securities | | | 6,038,261 |
| Money market funds | | | <u>29,100</u> |
| | | | <u>\$ 13,558,150</u> |
| Level 2: | | | |
| Mutual funds | | | \$ 10,042,050 |
| Money market funds | | | 514,246 |
| Common Fund | | | 413,012 |
| Level 3: | | | |
| Alternative investments: | | | |
| Hedge fund of funds | | | <u>1,639,822</u> |
| | | | <u>\$ 12,609,130</u> |

**THE FOUNDATION FOR CALIFORNIA STATE UNIVERSITY,
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010
(CONTINUED)**

3. INVESTMENT POLICY

The 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 for CSUSB 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 for CSUSB 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”).

4. ENDOWMENT

The Foundation for CSUSB’s endowment consists of approximately 185 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 Governors of the Foundation for CSUSB 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 for CSUSB 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 for CSUSB in a manner consistent with the standard of prudence prescribed by UPMIFA.

**THE FOUNDATION FOR CALIFORNIA STATE UNIVERSITY,
SAN BERNARDINO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010
(CONTINUED)**

5. RESTRICTIONS AND LIMITATIONS ON NET ASSETS

Permanently restricted net assets at June 30, 2010 are to be held indefinitely and the income is restricted primarily to support scholarships. The Trustees of the Foundation for CSUSB have chosen to place limitations on unrestricted net assets for the Sports Arena scoreboard, the Art Museum, mini-grants, seed money, disallowance reserves and various operating reserves.

Temporarily restricted net assets at June 30, 2010 were available for the following purposes or periods:

Restricted by donors for the following purposes:

| | |
|---|------------|
| Scholarships | \$ 380,142 |
| College of Business | 1,212,584 |
| College of Natural Sciences | 2,264,746 |
| College of Arts and Letters | 206,034 |
| College of Social & Behavioral Sciences | 215,612 |
| College of Education | 591,422 |
| College of Extended Learning | 25,845 |
| Observatory Building Project | 2,340,875 |
| Palm Dessert Campus | 808,764 |
| Athletics | 85,238 |
| Information Resource & Technology | 19,473 |
| Undergraduate Studies | 73,770 |
| Library | 41,671 |
| Student Services | 489,291 |
| Public Safety/Facility Services | 27,683 |
| University Advancement | 345,250 |
| Pledges receivables | 2,742,507 |
| Donation holding account | 656,439 |
| Temporarily restricted portion of endowment | 1,914,440 |
| Other numerous donor restrictions | 5,041,318 |

Restricted by donors for use in future periods

| | |
|---------------------------|--------------------------|
| Split-interest agreements | <u>1,467,562</u> |
| Total | <u>\$ 20,950,666</u> |

**THE FOUNDATION FOR CALIFORNIA STATE UNIVERSITY,
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

5. RESTRICTIONS AND LIMITATIONS ON NET ASSETS - Continued

Endowment Net Asset Composition consists of the following at June 30, 2010:

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total Endowment Assets</u> |
|----------------------------------|---------------------|-----------------------------------|-----------------------------------|---------------------------------------|
| Donor-restricted endowment funds | \$ (690,146) | \$ 1,914,440 | \$ 15,202,213 | \$ 16,426,507 |
| Board-designated endowment funds | - | - | - | - |
| | <u>\$ (690,146)</u> | <u>\$ 1,914,440</u> | <u>\$ 15,202,213</u> | <u>\$ 16,426,507</u> |

Changes in endowment net assets as of June 30, 2010:

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|---|---------------------|-----------------------------------|-----------------------------------|----------------------|
| Endowment net assets at the beginning of the year | \$ - | \$ 1,272,286 | \$ 12,129,176 | \$ 13,401,462 |
| Change in donor restrictions | - | (2,680,441) | 2,680,441 | - |
| New endowment gifts | - | - | 392,596 | 392,596 |
| Interest and dividends | - | 379,740 | - | 379,740 |
| Investment gain | (690,146) | 2,942,855 | - | 2,252,709 |
| | <u>\$ (690,146)</u> | <u>\$ 1,914,440</u> | <u>\$ 15,202,213</u> | <u>\$ 16,426,507</u> |

Changes in donor designated gift restrictions resulted in funds being directed to permanently restricted endowments.

**THE FOUNDATION FOR CALIFORNIA STATE UNIVERSITY,
SAN BERNARDINO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010
(CONTINUED)**

6. ENDOWMENT SPENDING POLICY

The spending policy should meet current operating needs and protect the future purchasing power of the Foundation for CSUSB. 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 CSUSB for spending.

Taking these factors into consideration, the Investment Committee has determined that the pay-out from the Foundation for CSUSB endowment accounts, which approximates 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 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 | 5% of the market value at the end of Year One |
| 2-3 Years | 5% of the average of the market values at the end of Years One and Two |
| Over 3 Years | 5% of the average of the market values of the prior three years |

This policy pertains solely to endowments with values above the original gift amount with which they were created (historic gift value). In the instance of an endowment dropping below its historic gift value (“Underwater”), all spending will be suspended until such time as the endowment regains positive status, unless continued spending is expressly requested in writing by the donor.

As of June 30, 2010 approximately two-thirds of the individual donor restricted endowments are underwater. The resulting amount needed to bring those endowments to a positive status was \$690,146 and is reflected in the financial statements at June 30, 2010.

**THE FOUNDATION FOR CALIFORNIA STATE UNIVERSITY,
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010
(CONTINUED)**

7. ENDOWMENT INVESTMENT ASSET ALLOCATION

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

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:

| | Maximum % | Minimum % | Target % |
|-------------------------|-----------|-----------|----------|
| Large Cap Equity | 33% | 17% | 25% |
| Small (Mid) Cap Equity | 13% | 7% | 10% |
| Developed Int'l. Equity | 26% | 14% | 20% |
| Emerging Markets | 7% | 0% | 5.0% |
| Real Estate (Public) | 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 for CSUSB's investment consultant who will recommend, when appropriate, that the CSUSB Foundation make changes to the policy.

8. PROMISES TO GIVE

Unconditional promises to give consisted of the following at June 30, 2010:

| | Temporarily <u>Restricted</u> |
|--|----------------------------------|
| Amounts due in: | |
| Less than one year | \$ - |
| One to five years | <u>3,047,230</u> |
| Total | 3,047,230 |
| Less allowance for uncollectible amounts | <u>(304,723)</u> |
| | <u>\$ 2,742,507</u> |

Pledges receivable were recognized at the promised amount because the difference between the promised amount and the fair value of the promise is immaterial.

**THE FOUNDATION FOR CALIFORNIA STATE UNIVERSITY,
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010
(CONTINUED)**

9. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted of the following at June 30, 2010:

| | |
|------------------------------------|---------------------|
| Art Collection | \$ 1,061,331 |
| Buildings | 4,045,752 |
| Equipment | 1,951,513 |
| Land | 4,640 |
| Leasehold Improvements | 441,733 |
| Patents | <u>116,253</u> |
| | 7,621,222 |
| Less accumulated depreciation | <u>(3,215,624)</u> |
| Property, plant and equipment, net | <u>\$ 4,405,598</u> |

The buildings are located on land leased from the State of California. Because of the relationship between the Foundation for CSUSB and The University, the building is being depreciated over its estimated useful life rather than the term of the lease which expires in December 31, 2010.

Depreciation expense for the year ended June 30, 2010 was \$1,033,631.

10. FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs, fund-raising and other activities consisted of the following at June 30, 2010:

| | |
|---|----------------------|
| Programs expenses: | |
| Grants and contracts | \$ 28,506,558 |
| Scholarships | 1,381,083 |
| Miscellaneous support services | 6,185,629 |
| Contributions of Palm Desert Campus to University | 30,170,199 |
| Management and general | <u>2,265,055</u> |
| Total education and general expenses | <u>\$ 68,508,524</u> |

11. COMMISSION

The Foundation for CSUSB receives a percentage of proceeds derived from Bookstore and Food Services operations as well as vending machines and copy machines. The contractor of the Bookstore operation provides a guaranteed commission for the life of the contract. The Food Services commission is based on a percentage of the gross sales.

**THE FOUNDATION FOR CALIFORNIA STATE UNIVERSITY,
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010
(CONTINUED)**

12. SPLIT INTEREST AGREEMENTS

The Foundation for CSUSB is the beneficiary of various charitable remainder trusts which provide for the payment of distributions to the grantor or other designated beneficiary over the trust's term (generally the designated beneficiary's lifetime). At the end of the trust's term, the remaining assets are available to the Foundation for CSUSB. The Foundation for CSUSB recognizes the fair value of its interest in the trust at the time the trust is established as a contribution. Fair value is based on the present value of the estimated future benefits to be received using discount rates ranging from 8.2 percent to 9.4 percent. Assets held in the charitable remainder trusts totaled \$5,298,661 at June 30, 2010 and are reported at fair value or cost, depending on the nature of the assets, in the statement of financial position. The Foundation for CSUSB revalues its liability to make distributions to the other designated beneficiaries annually based on mortality tables and other applicable factors. The revision of this liability together with the amortization of the discount associated with the contribution is reported as changes in the value of split-interest agreements in the statement of activities.

13. DEFINED BENEFIT PENSION PLAN

The Foundation for CSUSB of the California State University, San Bernardino contributes to the California Public Employees' Retirement System (PERS), an agent multiemployer public employee retirement system that acts as a common investment and administrative agent for participating public entities within the State of California.

All employees who are current members of PERS or employed for more than six months or accumulate 1,000 hours of paid employment are eligible to participate in PERS. Benefits vest after five years of PERS credited service, usually five years of full-time service. Foundation for CSUSB employees who retire at or after age 50 with five years of credited service are entitled to an annual retirement benefit, payable for life, in an amount equal to a percent of pay, on a scale based on age and years of service, of the average monthly pay rate for the highest consecutive 12 months of compensation. PERS also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute and Foundation for CSUSB policies.

Foundation for CSUB employees are required to contribute five percent of gross earnings over \$513. The Foundation for CSUSB is required to contribute the remaining amounts necessary to fund the benefits for its members, using the actuarial basis recommended by the PERS actuaries and actuarial consultants and adopted by the Board of Administration. The payroll for employees covered by PERS for the year ended June 30, 2010 was \$5,626,102. Total payroll for the year ended June 30, 2010 amounted to \$10,028,457.

Pension expense for the year ended June 30, 2010 was \$629,448 based on amounts required to be contributed. Under U.S. generally accepted accounting principles, pension expense is to be determined on certain specified criteria, rather than based on the amount contributed to the plan. Furthermore, under U.S. generally accepted accounting principles, information concerning the projected and accumulated benefit obligation, information regarding net assets in the plan, and information pertaining to the determination of pension cost is required to be reported. However, this information is not available. Management does not believe that the effects of these departures from U.S. generally accepted accounting principles are significant to these financial statements.

**THE FOUNDATION FOR CALIFORNIA STATE UNIVERSITY,
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010
(CONTINUED)**

14. POST-RETIREMENT BENEFITS

The Foundation for CSUSB has one retiree health plan that offers active and retired employees the option of enrolling in certain HMO or indemnity plans available through the PERS program. The Foundation for CSUSB currently pays up to \$427 per month for retiree coverage, \$801 per month for coverage with one dependent and \$1,012 for coverage with two or more dependents of retirees. Retiree contributions are to fund the cost of coverage that exceeds these amounts. Disbursements exceed retiree contributions and the plan currently has no assets. The accounting for the health care plan anticipates future cost-sharing changes to the written plan that are consistent with the Foundation for CSUSB's past practice and management's intent to manage plan costs. In particular, the Foundation for CSUSB's maximum increase in the capped contribution is assumed to be limited to two percent. Additionally, with the outsourcing of the Bookstore and Dining Service operations, there will be fewer employees that the Foundation for CSUSB will need to cover. The most recent actuarial report was done prior to the decision to outsource the operations and will need to be adjusted to reflect that change. The Foundation for CSUSB will no longer offer retiree medical benefits to employees hired after September 11, 2009.

In September 2006, the Financial Accounting Standards Board issued FASB ASC 715 & 958 "Employers' Accounting for Defined Benefit Pension and Other Retirement Plans." This statement requires an employer to recognize the funded status of a defined benefit retirement plan, measured as the difference between plan assets at fair value and the benefit obligation, in its statement of financial position; to recognize within the change in net assets, the gains, losses and prior service costs that arise during the period but are not recognized as components of net periodic benefit cost; to measure the assets and obligations as of the date of the employer's fiscal year end; and to disclose additional information about net periodic benefit costs for the Foundation for CSUSB's post retirement health plan in the notes to the financial statements. The Foundation for CSUSB adopted the recognition and measurement provisions of this standard in the year ended June 30, 2008.

The incremental effect of applying the recognition provisions of FASB ASC 715 & 958 in the statement of financial position for the post retirement health plan obligation as of June 30, 2008 is as follows:

| | | |
|--|----|-----------|
| Amount recognized prior to the application of FASB ASC 715 & 958 | \$ | - |
| Funded status of the plan | | - |
| Additional amount recognized due to FASB ASC 715 & 958 | \$ | 3,598,556 |

As a result of this implementation, accrued liabilities increased \$3,598,556 and unrestricted net assets decreased \$3,598,556.

As the Foundation for CSUSB has historically measured its plan assets and obligations as of the end of its fiscal year there are no changes in its financial statement presentation as a result of this provision of FASB ASC 715 & 958.

The discount rate used in determining the accumulated post-retirement benefit obligation was 8.0 percent.

The 2010 accrued medical benefits of \$4,305,510 represent the accrued amount since, and including, adoption and before termination of future benefits in September of 2009.

**THE FOUNDATION FOR CALIFORNIA STATE UNIVERSITY,
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010
(CONTINUED)**

15. RELATED PARTIES AND ECONOMIC DEPENDENCY

As discussed in Note 1, The Foundation for CSUSB 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.

The Foundation for CSUSB leases space for its bookstore operations, the Center for Developmental Activities and the land for the Foundation for CSUSB's offices for nominal rent from the State of California. U.S. generally accepted accounting principles require that contribution revenue and rent expense be recorded for the difference between a fair market rent and the amount actually charged under these leases. However, The Foundation for CSUSB has not determined a fair market rent and, accordingly, these amounts are not recorded in the financial statements.

Furthermore, there have been numerous and substantial transactions whereby the Foundation for CSUSB and The University incur costs on behalf of each other for personnel or other operating expenses for which they are reimbursed. At June 30, 2010, there was a net amount receivable to the Foundation for CSUSB by The University of \$49,119 which is expected to be received in the normal course of business.

16. FAIR VALUE MEASUREMENTS

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

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

17. PALM DESERT CAMPUS

During the year ended June 30, 2010, the Foundation for CSUSB and California State University, San Bernardino (Campus) completed a transaction which provides for the transfer of ownership of the Palm Desert Campus buildings from the Foundation for CSUSB to the Campus. The cost of the related property at the time of transfer, net of depreciation, is \$30,130,277.

Additionally, the Foundation transferred \$39,922 out of construction work in progress to cover expenses related to the construction of the Palm Desert Health Sciences building after the notice of completion was received.

SUPPLEMENTARY INFORMATION

**THE FOUNDATION FOR CALIFORNIA STATE UNIVERSITY,
SAN BERNARDINO
GASB STATEMENT OF NET ASSETS
JUNE 30, 2010**

Assets:

| | |
|---|--------------|
| Current assets: | |
| Cash and cash equivalents | \$ 7,805,248 |
| Short-term investments | 4,442,112 |
| Accounts receivable, net | 5,261,520 |
| Leases receivable, current portion | — |
| Notes receivable, current portion | — |
| Pledges receivable, net | — |
| Prepaid expenses and other assets | 9,748 |
| | <hr/> |
| Total current assets | 17,518,628 |
| Noncurrent assets: | |
| Restricted cash and cash equivalents | — |
| Accounts receivable, net | — |
| Leases receivable, net of current portion | — |
| Notes receivable, net of current portion | — |
| Student loans receivable, net | — |
| Pledges receivable, net | 2,742,507 |
| Endowment investments | 16,426,507 |
| Other long-term investments | 5,298,661 |
| Capital assets, net | 4,789,174 |
| Other assets | — |
| | <hr/> |
| Total noncurrent assets | 29,256,849 |
| | <hr/> |
| Total assets | 46,775,477 |

Liabilities:

| | |
|---|-----------|
| Current liabilities: | |
| Accounts payable | 1,345,209 |
| Accrued salaries and benefits payable | 625,453 |
| Accrued compensated absences— current portion | 195,267 |
| Deferred revenue | — |
| Capitalized lease obligations – current portion | — |
| Long-term debt obligations – current portion | — |
| Self-insurance claims liability - current portion | — |
| Depository accounts | — |
| Other liabilities | 1,046,151 |
| | <hr/> |
| Total current liabilities | 3,212,080 |
| Noncurrent liabilities: | |
| Accrued compensated absences, net of current portion | 59,162 |
| Deferred revenue | — |
| Grants refundable | — |
| Capitalized lease obligations, net of current portion | — |
| Long-term debt obligations, net of current portion | — |
| Self-insurance claims liabilities, net of current portion | — |
| Depository accounts | — |
| Other postemployment benefits obligation | 4,305,510 |
| Other liabilities | 1,758,731 |
| | <hr/> |
| Total noncurrent liabilities | 6,123,403 |
| | <hr/> |
| Total liabilities | 9,335,483 |

Net assets:

| | |
|---|---------------|
| Invested in capital assets, net of related debt | 4,789,174 |
| Restricted for: | |
| Nonexpendable – endowments | 15,202,213 |
| Expendable: | |
| Scholarships and fellowships | 2,294,582 |
| Research | — |
| Loans | — |
| Capital projects | 2,736,080 |
| Debt service | — |
| Other | 11,130,830 |
| Unrestricted | 1,287,115 |
| | <hr/> |
| Total net assets | \$ 37,439,994 |

See accompanying auditors' reports and
notes to financial statements.

**THE FOUNDATION FOR CALIFORNIA STATE UNIVERSITY,
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GASB STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010**

Revenues:

| | | |
|--|----|-------------------|
| Operating revenues: | | |
| Student tuition and fees (net of scholarship allowances of \$_____) | \$ | — |
| Grants and contracts, noncapital: | | |
| Federal | | 19,415,169 |
| State | | 3,897,761 |
| Local | | — |
| Nongovernmental | | 3,856,577 |
| Sales and services of educational activities | | — |
| Sales and services of auxiliary enterprises (net of scholarship allowances of \$_____) | | 12,522 |
| Other operating revenues | | 5,826,162 |
| | | <u>33,008,191</u> |
| Total operating revenues | | <u>33,008,191</u> |

Expenses:

| | | |
|------------------------------------|--|---------------------|
| Operating expenses: | | |
| Instruction | | 426,003 |
| Research | | 4,626,387 |
| Public service | | 15,285,416 |
| Academic support | | 632,654 |
| Student services | | 6,855,376 |
| Institutional support | | 22,227,317 |
| Operation and maintenance of plant | | — |
| Student grants and scholarships | | 1,381,083 |
| Auxiliary enterprise expenses | | — |
| Depreciation and amortization | | 1,033,631 |
| | | <u>52,467,867</u> |
| Total operating expenses | | <u>52,467,867</u> |
| Operating income (loss) | | <u>(19,459,676)</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 | | 2,731,390 |
| Investment income (loss), net | | 2,969,387 |
| Endowment income (loss), net | | — |
| Interest Expenses | | — |
| Other nonoperating revenues (expenses) | | (16,229,903) |
| | | <u>(10,529,126)</u> |
| Net nonoperating revenues (expenses) | | <u>(10,529,126)</u> |
| Income (loss) before other additions | | (29,988,802) |

| | | |
|--|--|---------------------|
| State appropriations, capital | | — |
| Grants and gifts, capital | | — |
| Additions (reductions) to permanent endowments | | 392,596 |
| | | <u>(29,596,206)</u> |
| Increase (decrease) in net assets | | <u>(29,596,206)</u> |

Net assets:

| | | |
|---|---|----------------------|
| Net assets at beginning of year, as previously reported | | 67,036,200 |
| Restatements | | — |
| Net assets at beginning of year, as restated | | <u>67,036,200</u> |
| Net assets at end of year | See accompanying auditors' reports and notes to financial statements. | <u>\$ 37,439,994</u> |

**THE FOUNDATION FOR CALIFORNIA STATE UNIVERSITY,
SAN BERNARDINO
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2010**

| | | | |
|----------|---|----|-------|
| 1 | Restricted cash and cash equivalents at June 30, 2010: | | |
| | Portion of restricted cash and cash equivalents related to endowments | \$ | - |
| | All other restricted cash and cash equivalents | | - |
| | | | <hr/> |
| | Total restricted cash and cash equivalents | \$ | - |
| | | | <hr/> |

See accompanying auditors' reports and
notes to financial statements.

**THE FOUNDATION FOR CALIFORNIA STATE UNIVERSITY,
SAN BERNARDINO
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2010
(CONTINUED)**

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

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

- - - - -

2.3 Restricted current investments at June 30, 2010 related to:

| | Amount | |
|--|---------------------|-----------|
| Temporarily restricted gifts | \$ 4,000,000 | |
| Add description | — | |
| Add description | — | |
| Add description | — | |
| Add description | — | |
| Add description | — | |
| Add description | — | |
| Add description | — | |
| Add description | — | |
| Total restricted current investments at June 30, 2010 | \$ 4,000,000 | OK |

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

| | Amount | |
|---|----------------------|-----------|
| Endowment investment | \$ 16,426,507 | OK |
| CRIT investments | 5,298,661 | |
| Add description | — | |
| Add description | — | |
| Add description | — | |
| Add description | — | |
| Add description | — | |
| Add description | — | |
| Add description | — | |
| Total restricted noncurrent investments at June 30, 2010 | \$ 21,725,168 | OK |

See accompanying auditors' reports and notes to financial statements.

**THE FOUNDATION FOR CALIFORNIA STATE UNIVERSITY,
SAN BERNARDINO
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2010
(CONTINUED)**

3.1 Composition of capital assets at June 30, 2010:

| | Balance June 30, 2009 | Prior period Adjustments | Reclassifications | Balance June 30, 2009 (restated) | Additions | Reductions | Transfers of Completed CWIP | Balance June 30, 2010 |
|---------------------------------------|--------------------------|-----------------------------|-------------------|--|-------------|--------------|-----------------------------------|--------------------------|
| Nondepreciable capital assets: | | | | | | | | |
| Land and land improvements | \$ 4,640 | - | - | 4,640 | - | - | - | 4,640 |
| Works of art and historical treasures | 1,061,331 | - | - | 1,061,331 | - | - | - | 1,061,331 |
| Construction work in progress (CWIP) | 13,980,920 | - | - | 13,980,920 | 549,473 | - | (14,146,817) | 383,576 |
| Intangible assets | - | - | - | - | - | - | - | - |
| Total nondepreciable capital assets | 15,046,891 | - | - | 15,046,891 | 549,473 | - | (14,146,817) | 1,449,547 |
| Depreciable capital assets: | | | | | | | | |
| Buildings and building improvements | 23,548,976 | - | - | 23,548,976 | 569,140 | (34,219,181) | 14,146,817 | 4,045,752 |
| Improvements, other than buildings | - | - | - | - | - | - | - | - |
| Infrastructure | - | - | - | - | - | - | - | - |
| Leasehold improvements | 572,540 | - | - | 572,540 | - | (130,807) | - | 441,733 |
| Personal property: | | | | | | | | |
| Equipment | 1,319,129 | - | - | 1,319,129 | 632,894 | (510) | - | 1,951,513 |
| Library books and materials | - | - | - | - | - | - | - | - |
| Intangible assets | 116,253 | - | - | 116,253 | - | - | - | 116,253 |
| Total depreciable capital assets | 25,556,898 | - | - | 25,556,898 | 1,202,034 | (34,350,498) | 14,146,817 | 6,555,251 |
| Total capital assets | 40,603,789 | - | - | 40,603,789 | 1,751,507 | (34,350,498) | - | 8,004,798 |
| Less accumulated depreciation: | | | | | | | | |
| Buildings and building improvements | (4,739,939) | - | - | (4,739,939) | (795,487) | 3,754,883 | - | (1,780,543) |
| Improvements, other than buildings | - | - | - | - | - | - | - | - |
| Infrastructure | - | - | - | - | - | - | - | - |
| Leasehold improvements | (345,568) | - | - | (345,568) | (45,383) | 130,830 | - | (260,121) |
| Personal property: | | | | | | | | |
| Equipment | (953,275) | - | - | (953,275) | (185,011) | 2,077 | - | (1,136,209) |
| Library books and materials | - | - | - | - | - | - | - | - |
| Intangible assets | (31,001) | - | - | (31,001) | (7,750) | - | - | (38,751) |
| Total accumulated depreciation | (6,069,783) | - | - | (6,069,783) | (1,033,631) | 3,887,790 | - | (3,215,624) |
| Total capital assets, net | \$ 34,534,006 | - | - | 34,534,006 | 717,876 | (30,462,708) | - | 4,789,174 |

See accompanying auditors' reports and
notes to financial statements.

**THE FOUNDATION FOR CALIFORNIA STATE UNIVERSITY,
SAN BERNARDINO
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2010
(CONTINUED)**

4 Long-term liabilities activity schedule:

| | Balance June 30, 2009 | Prior period adjustments | Reclassifications | Balance June 30, 2009 (restated) | Additions | Reductions | Balance June 30, 2010 | Current portion | Long-term portion |
|---|--------------------------|-----------------------------|-------------------|--|-----------|------------|--------------------------|--------------------|----------------------|
| Accrued compensated absences | \$ 285,819 | — | — | 285,819 | - | (31,390) | 254,429 | 195,267 | 59,162 |
| Capitalized lease obligations: | | | | | | | | | |
| Gross balance | — | — | — | — | - | - | — | — | — |
| Unamortized premium / (discount) on capitalized lease obligations | — | — | — | — | - | - | — | — | — |
| Total capitalized lease obligations | — | — | — | — | - | - | — | — | — |
| Long-term debt obligations: | | | | | | | | | |
| Revenue Bonds | — | — | — | — | - | - | — | — | — |
| Other bonds (non-Revenue Bonds) | — | — | — | — | - | - | — | — | — |
| Commercial Paper | — | — | — | — | - | - | — | — | — |
| Other: | | | | | | | | | |
| Add description | — | — | — | — | - | - | — | — | — |
| Add description | — | — | — | — | - | - | — | — | — |
| Add description | — | — | — | — | - | - | — | — | — |
| Add description | — | — | — | — | - | - | — | — | — |
| Add description | — | — | — | — | - | - | — | — | — |
| Add description | — | — | — | — | - | - | — | — | — |
| Total long-term debt obligations | — | — | — | — | - | - | — | — | — |
| Unamortized bond premium / (discount) | — | — | — | — | - | - | — | — | — |
| Unamortized loss on refunding | — | — | — | — | - | - | — | — | — |
| Total long-term debt obligations, net | — | — | — | — | — | — | — | — | — |
| Total long-term liabilities | \$ 285,819 | — | — | 285,819 | — | (31,390) | 254,429 | 195,267 | 59,162 |

See accompanying auditors' reports and
notes to financial statements.

**THE FOUNDATION FOR CALIFORNIA STATE UNIVERSITY,
SAN BERNARDINO
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2010
(CONTINUED)**

5 Future minimum lease payments - capital lease obligations:

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

See accompanying auditors' reports and
notes to financial statements.

**THE FOUNDATION FOR CALIFORNIA STATE UNIVERSITY,
SAN BERNARDINO
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2010
(CONTINUED)**

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: | | | | | | | | | |
| 2011 | \$ - | - | - | - | - | - | - | - | - |
| 2012 | - | - | - | - | - | - | - | - | - |
| 2013 | - | - | - | - | - | - | - | - | - |
| 2014 | - | - | - | - | - | - | - | - | - |
| 2015 | - | - | - | - | - | - | - | - | - |
| 2016 - 2020 | - | - | - | - | - | - | - | - | - |
| 2021 - 2025 | - | - | - | - | - | - | - | - | - |
| 2026 - 2030 | - | - | - | - | - | - | - | - | - |
| 2031 - 2035 | - | - | - | - | - | - | - | - | - |
| 2036 - 2040 | - | - | - | - | - | - | - | - | - |
| 2041 - 2045 | - | - | - | - | - | - | - | - | - |
| 2046 - 2050 | - | - | - | - | - | - | - | - | - |
| 2051 - 2055 | - | - | - | - | - | - | - | - | - |
| 2056 - 2060 | - | - | - | - | - | - | - | - | - |
| Total | \$ - | - | - | - | - | - | - | - | - |

See accompanying auditors' reports and notes to financial statements.

**THE FOUNDATION FOR CALIFORNIA STATE UNIVERSITY,
SAN BERNARDINO
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2010
(CONTINUED)**

7 Calculation of net assets

| | <u>Auxiliary Organizations</u> | | <u>Total</u> |
|--|--------------------------------|-------------------|--------------------|
| | <u>GASB</u> | <u>FASB</u> | <u>Auxiliaries</u> |
| 7.1 Calculation of net assets - Invested in capital assets, net of related debt | | | |
| Capital assets, net of accumulated depreciation | \$ — | 4,789,174 | 4,789,174 |
| 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 | — | — | — |
| Net assets - invested in capital assets, net of related debt | <u>\$ —</u> | <u>4,789,174</u> | <u>4,789,174</u> |
| | | | OK |
| 7.2 Calculation of net assets - Restricted for nonexpendable - endowments | | | |
| Portion of restricted cash and cash equivalents related to endowments | \$ — | — | — |
| Endowment investments | — | 16,426,507 | 16,426,507 |
| Other adjustments: (please list) | | | |
| Deficit in endowment value | — | 690,146 | 690,146 |
| Temporarily restricted portion of endowment | — | (1,914,440) | (1,914,440) |
| Add description | — | — | — |
| Add description | — | — | — |
| Add description | — | — | — |
| Add description | — | — | — |
| Add description | — | — | — |
| Add description | — | — | — |
| Add description | — | — | — |
| Add description | — | — | — |
| Net assets - Restricted for nonexpendable - endowments per SNA | <u>\$ —</u> | <u>15,202,213</u> | <u>15,202,213</u> |

See accompanying auditors' reports and
notes to financial statements.

**THE FOUNDATION FOR CALIFORNIA STATE UNIVERSITY,
SAN BERNARDINO
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2010
(CONTINUED)**

8 Transactions with Related Entities

| | Amount |
|--|---------------|
| Payments to University for salaries of University personnel working on contracts, grants, and other programs | \$ 4,312,422 |
| Payments to University for other than salaries of University personnel | 4,241,324 |
| Payments received from University for services, space, and programs | 986,417 |
| Gifts-in-kind to the University from Auxiliary Organizations | 30,130,277 |
| Gifts (cash or assets) to the University from recognized Auxiliary Organizations | — |
| Accounts (payable to) University (enter as negative number) | (741,317) |
| Other amounts (payable to) University (enter as negative number) | — |
| Accounts receivable from University | 49,119 |
| Other amounts receivable from University | — |

See accompanying auditors' reports and
notes to financial statements.

**THE FOUNDATION FOR CALIFORNIA STATE UNIVERSITY,
SAN BERNARDINO
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2010
(CONTINUED)**

9 Other Postemployment Benefits Obligation (OPEB)

| | | |
|--|----|-------------------------|
| Annual required contribution (ARC) | \$ | 206,460 |
| Contributions during the year | | <u>(103,230)</u> |
| Increase (decrease) in net OPEB obligation (NOO) | | 103,230 |
| NOO - beginning of year | | <u>4,202,281</u> |
| NOO - end of year | \$ | <u><u>4,305,511</u></u> |

See accompanying auditors' reports and
notes to financial statements.

**THE FOUNDATION FOR CALIFORNIA STATE UNIVERSITY,
SAN BERNARDINO
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2010
(CONTINUED)**

10 Pollution remediation liabilities under GASB Statement No. 49:

| Description | Amount |
|---|---------------|
| Add description | \$ — |
| Add description | — |
| Add description | — |
| Add description | — |
| Add description | — |
| Add description | — |
| Add description | — |
| Add description | — |
| Add description | — |
| Add description | — |
| Total pollution remediation liabilities | \$ — |
| Less: current portion | — |
| Pollution remediation liabilities, net of current portion | — |

See accompanying auditors' reports and
notes to financial statements.

**THE FOUNDATION FOR CALIFORNIA STATE UNIVERSITY,
SAN BERNARDINO
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2010
(CONTINUED)**

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

| | Net Asset Class | Amount | |
|--|--------------------|------------|-----------|
| | | Dr. (Cr.) | |
| Net assets as of June 30, 2009, as previously reported | \$ | 67,036,200 | OK |
| Prior period adjustments: | | | |
| 1 (list description of each adjustment) | | — | |
| 2 (list description of each adjustment) | | — | |
| 3 (list description of each adjustment) | | — | |
| 4 (list description of each adjustment) | | — | |
| 5 (list description of each adjustment) | | — | |
| 6 (list description of each adjustment) | | — | |
| 7 (list description of each adjustment) | | — | |
| 8 (list description of each adjustment) | | — | |
| 9 (list description of each adjustment) | | — | |
| 10 (list description of each adjustment) | | — | |
| Net assets as of June 30, 2009, as restated | \$ | 67,036,200 | |
| | | OK | |

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

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

See accompanying auditors' reports and
notes to financial statements.

SINGLE AUDIT INFORMATION

**THE FOUNDATION FOR CALIFORNIA STATE UNIVERSITY,
SAN BERNARDINO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010
(FEIN: 95-6067343)**

| Federal Grantor/Pass-through Grantor Program Title | Federal CFDA Number | Agency or Pass-through Number | Federal Expenditures |
|--|------------------------------------|--|---------------------------------|
| MAJOR PROGRAMS | | | |
| U.S. Department of Education - Direct | | | |
| Gaining Early Awareness and Readiness for Undergraduate Programs | 84.334 | P334A050185 | 2,222,775 |
| TRIO - Upward Bound | 84.047 | P047A080969/P047A080976 | 501,752 |
| TRIO_McNair Post-Baccalaureate Achievement | 84.217A | P217A30177 / P217A070193 | 268,999 |
| TRIO_Student Support Services | 84.042A | P042A050391 | 388,386 |
| U.S. Department of Education - Pass Through | | | |
| Gaining Early Awareness and Readiness for Undergraduate Programs-RTI | 84.334 | 0209234.002.016-26 | 3,281 |
| Rehabilitation Services_Vocational Rehabilitation Grants to States | 84.126 | SSBCMP-0000024389/PO SBCMP 27437 | 233,808 |
| Rehabilitation Services-Vocational Rehabilitation Grants to States, Recovery Act | 84.390 | CSU PO SBCMP27524 | 16,842 |
| Improving Teacher Quality State Grants | 84.367 | Various (see detail schedule) | 932,942 |
| U.S. Department of Health and Human Services - Direct | | | |
| ARRA - Trans-NIH Recovery Act Research Support | 93.701 | Various(see detail schedule) | 301,849 |
| U.S. Department of Health and Human Services - Pass Through | | | |
| Child Welfare Research Training or Demonstration | 93.648 | Various(see detail schedule) | 1,760,753 |
| ARRA-Community Services Block Grant | 93.710 | Various(see detail schedule) | <u>192,061</u> |
| TOTAL MAJOR PROGRAMS | | | \$ 6,823,448 |

The above schedule was prepared using the accrual basis of accounting.
See accompanying auditors' reports and notes to basic financial statements.

**THE FOUNDATION FOR CALIFORNIA STATE UNIVERSITY,
SAN BERNARDINO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010
(FEIN: 95-6067343)**

| Federal Grantor/Pass-through Grantor Program Title | Federal CFDA Number | Agency or Pass-through Number | Federal Expenditures |
|---|---------------------------|-------------------------------------|-------------------------|
| RESEARCH PROGRAMS - MAJOR PROGRAM | | | |
| U.S. Department of Education - Direct | | | |
| Higher Education_Institutional Aid | 84.031S | P031S070088 | 367,814 |
| U.S. Department of Defense - Direct | | | |
| Basic, Applied, and Advanced Research in Science and Engineering | 12.630 | Various (see detail schedule) | 3,792,472 |
| Basic and Applied Scientific Research | 12.300 | W91QV1-04-P-0277 | 550,497 |
| Basic Scientific Research | 12.431 | W911NF-05-1-0581 | 106,687 |
| U.S. Department of Defense - Pass Through | | | |
| Basic, Applied, and Advanced Research in Science and Engineering | 12.630 | GT - | 17,663 |
| Basic and Applied Scientific Research | 12.300 | 55170A 7803 | 1,271,738 |
| U.S. Department of Agriculture - Direct | | | |
| Agriculture & Food Research Initiative (AFRI) | 10.310 | 2009-65106-05644 | 68,904 |
| U.S. Department of Agriculture - Pass through | | | |
| Grants for Agricultural Research_Competitive Research Grants | 10.206 | Q01229 | 65,214 |
| U.S. Department of Health and Human Services - Direct | | | |
| Biomedical Research and Research Training | 93.859 | Various (see detail schedule) | 215,777 |
| Drug Abuse and Addiction Research Programs | 93.279 | Various (see detail schedule) | 305,619 |
| Minority Health and Health Disparities Research | 93.307 | 1P20MD002722-01/5P20MD002722 | 925,668 |
| Occupational Safety and Health Program | 93.262 | 1 R21 0H009327-01A2 | 174,326 |
| Drug Abuse Scientist Development Awards, Research Scientist Development Awards, and Research Scientist Awards | 93.277 | 1SC1DA027985-01 | 189,922 |
| Nursing Research | 93.361 | 1R15NR010630 | 35,758 |
| U.S. Department of Health and Human Services - Pass Through | | | |
| Allergy, Immunology and Transplantation Research | 93.855 | K22AI074662 | 65,738 |
| Cardiovascular Diseases Research | 93.837 | LLU R01 HL089012 | 28,847 |
| Nursing Workforce Diversity | 93.178 | 0314-7128-01 | 8,964 |
| Miscellaneous HHS - Research Program with No Assigned CFDA | 93.RDN0CDEA | SUBCT 2009-2302 | 74,123 |

The above schedule was prepared using the accrual basis of accounting.
See accompanying auditors' reports and notes to basic financial statements.

**THE FOUNDATION FOR CALIFORNIA STATE UNIVERSITY,
SAN BERNARDINO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010
(FEIN: 95-6067343)**

| Federal Grantor/Pass-through Grantor Program Title | Federal CFDA Number | Agency or Pass-through Number | Federal Expenditures |
|---|------------------------------------|--|---------------------------------|
| RESEARCH PROGRAMS - MAJOR PROGRAM - Continued | | | |
| U.S. National Aeronautic and Space Administration - Direct | | | |
| Aerospace Education Services Program | 43.001 | Various (see detail schedule) | 60,954 |
| Miscellaneous NASA - Research Program with No Assigned CFDA | 43.999 | 1265380 | 126 |
| U.S. National Aeronautic and Space Administration - Pass Through | | | |
| Miscellaneous NASA - Research Program with No Assigned CFDA | 43.999 | PO# Y502701 | 24,000 |
| Aerospace Education Services Program | 43.001 | 02153-02 | 27,199 |
| National Endowment for the Arts - Direct | | | |
| Promotion of the Arts_Grants to Organizations and Individuals | 45.024 | A09-906809 | 9,500 |
| U.S. Department of Transportation - Direct | | | |
| University Transportation Centers Program | 20.701 | DTRT06-G0023 MOD 1-4 | 431,490 |
| U.S. Department of Transportation - Pass Through | | | |
| University Transportation Centers Program | 20.701 | GT 90903/90902/10136/10137/10144 | 111,819 |
| National Science Foundation - Direct | | | |
| Biological Sciences | 47.074 | Various (see detail schedule) | 5,197 |
| U.S. Department of Interior - Pass Through | | | |
| Earthquake Hazards Reduction Program | 15.807 | Various (see detail schedule) | <u>9,987</u> |
| TOTAL RESEARCH PROGRAMS | | | \$ 8,946,003 |

The above schedule was prepared using the accrual basis of accounting.
See accompanying auditors' reports and notes to basic financial statements.

**THE FOUNDATION FOR CALIFORNIA STATE UNIVERSITY,
SAN BERNARDINO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010
(FEIN: 95-6067343)**

| Federal Grantor/Pass-through Grantor Program Title | Federal CFDA Number | Agency or Pass-through Number | Federal Expenditures |
|--|---------------------------|-------------------------------------|-------------------------|
| OTHER FEDERAL PROGRAMS | | | |
| U.S. Department of Health and Human Services - Direct | | | |
| Child Health and Human Development Extramural Research | 93.865 | 5G11HD052368 | \$ 96,683 |
| Advanced Education Nursing Traineeships | 93.358 | A10HP1217 | 14,718 |
| U.S. Department of Health and Human Services - Pass Through | | | |
| Child Care and Development Block Grant | 93.575 | Various (see detail schedule) | 16,091 |
| U.S. Department of Education - Direct | | | |
| Funds for the Improvement of Postsecondary Educ. | 84.116 | P116Z090019 | 188,592 |
| Rehabilitation Long-Term Training | 84.129B | H129B04022 | 39,498 |
| Bilingual Education Professional Development | 84.195N | T195N70098 | 313,558 |
| Fund for the Improvement of Education | 84.215 | U215K080302 | 143,563 |
| Child Care Access Means Parents in School | 84.335A | P335A050204/P335A090094 | 220,820 |
| Undergraduate International Studies and Foreign Language Programs | 84.016 | P016A070067 | 36,151 |
| Women's Educational Equity Act Program | 84.083A | UO83A090079 | 70,060 |
| U.S. Department of Education - Pass Through | | | |
| Alaska Native Educational Programs | 84.356 | PO# FP903543 | 777 |
| Higher Education_Institutional Aid | 84.031 | Various (see detail schedule) | 333,765 |
| National Science Foundation - Direct | | | |
| Geosciences | 47.050 | EAR-0844400 | 60,304 |
| Mathematical and Physical Sciences | 47.049 | DMS-0850959 | 53,901 |
| Computer and Information Science and Engineering | 47.070 | Various (see detail Schedule) | 134,371 |
| Education and Human Resources | 47.076 | Various (see detail Schedule) | 533,817 |
| National Science Foundation - Pass Through | | | |
| Geosciences | 47.050 | Various (see detail Schedule) | 1,227 |
| Mathematical and Physical Sciences | 47.049 | MOU | 12,640 |
| Education and Human Resources | 47.076 | Various (see detail Schedule) | 100,315 |
| National Endowment for the Humanities - Direct | | | |
| Promotion of the Humanities_Fellowships and Stipends | 45.160 | HR-50475-09 | 28,000 |
| U.S. Department of Housing and Urban Development - Pass Through | | | |
| Community Development Block Grants/Technical Assistance Program | 14.227 | Various (see detail Schedule) | 117,519 |

The above schedule was prepared using the accrual basis of accounting.
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**THE FOUNDATION FOR CALIFORNIA STATE UNIVERSITY,
SAN BERNARDINO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010
(FEIN: 95-6067343)**

| Federal Grantor/Pass-through Grantor Program Title | Federal CFDA Number | Agency or Pass-through Number | Federal Expenditures |
|--|---------------------------|-------------------------------------|-------------------------|
| OTHER FEDERAL PROGRAMS - Continued | | | |
| U.S. Department of Defense - Direct | | | |
| Mathematical Sciences Grants Program | 12.901 | Various (see detail Schedule) | 83,900 |
| Information Security Grant Program | 12.902 | H98230-09-1-0371 | 67,654 |
| U.S. Department of Defense - Pass Through | | | |
| Strategic Language Institute | 12.CAC | S07-325106-CSUSB | 232,166 |
| National Flagship Language Program Grants To U.S. Institutions Of Higher Education | 12.550 | HG 0034-08-2-0024 | 41,122 |
| U.S. Department of Agriculture - Direct | | | |
| Agricultural Research_Basic and Applied Research | 10.001 | 58-6201-6-023 | 6,535 |
| Hispanic Serving Institutions Education Grants | 10.223 | Various (see detail Schedule) | 124,845 |
| U.S. Department of Agriculture - Pass Through | | | |
| Child and Adult Care Food Program | 10.558 | 36-1527-0A | 18,681 |
| Summer Food Service Program for Children | 10.559 | 36-77360V | 8,123 |
| U.S. Department of Energy - Direct | | | |
| Office of Science Financial Assistance Programs | 81.049 | DE-SC0001938 | 554,915 |
| U.S. Department of Justice - Pass Through | | | |
| National Institute of Justice Research, Evaluation, and Development Project Grants | 16.560 | Z921201-A | 28,929 |
| Juvenile Accountability Block Grants | 16.523 | DJJ07078 | 74,316 |
| U.S. Small Business Administration - Direct | | | |
| Women's Business Ownership Assistance | 59.043 | Various (see detail schedule) | 257,028 |
| U.S. Department of Treasury - Direct | | | |
| Volunteer Income Tax Assistance (VITA) Matching Grant Program | 21.009 | V10112 | 41,876 |
| TOTAL OTHER FEDERAL PROGRAMS | | | \$ 4,056,460 |
| TOTAL FEDERAL EXPENDITURES | | | \$ 19,825,911 |

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**THE FOUNDATION FOR CALIFORNIA STATE UNIVERSITY,
SAN BERNARDINO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - DETAIL
FOR THE YEAR ENDED JUNE 30, 2010
(FEIN: 95-6067343)**

| Federal Grantor/Pass-through Grantor Program Title | Federal CFDA Number | Agency or Pass-through Number | Contracting Agency | Direct Pass Through Federal | Federal Expenditures |
|--|---------------------------|-------------------------------------|--|-----------------------------------|-------------------------|
| MAJOR PROGRAMS | | | | | |
| U.S. Department of Education - Direct | | | | | |
| Gaining Early Awareness and Readiness for Undergraduate Programs | 84.334 | P334A050185 | U.S. Department of Education | Direct | \$ 2,222,775 |
| TRIO Cluster | | | | | |
| TRIO_Upward Bound | 84.047 | P047A080969/P047A080976 | U.S. Department of Education | Direct | 501,752 |
| TRIO McNair Post-Baccalaureate Achievement- Ronald E. McNair Program | | | | | |
| TRIO_McNair Post-Baccalaureate Achievement | 84.217A | P217A30177 / P217A070193 | U.S. Department of Education | Direct | 268,999 |
| U.S. Department of Education - Direct | | | | | |
| TRIO_Student Support Services | 84.042A | P042A050391 | U.S. Department of Education | Direct | 388,386 |
| Total TRIO Cluster | | | | | 1,159,137 |
| U.S. Department of Education - Pass Through | | | | | |
| RTI International GEAR UP Planning | 84.334 | 0209234.002.016-26 | RTI International | Pass Through | 3,281 |
| Vocational Rehabilitation-Workability IV Case Services | | | | | |
| Rehabilitation Services_Vocational Rehabilitation Grants to States | 84.126 | SSBCMP-0000024389/PO SBCMP 27437 | CSUSB sub of California Department of Rehabilitation | Pass Through | 233,808 |
| Service Leading to Employment | | | | | |
| Rehabilitation Services-Vocational Rehabilitation Grants to States, Recovery Act | 84.390 | CSU PO SBCMP27524 | CSUSB | Pass Through | 16,842 |
| DREAMS 07/08(F4)-9/08 | 84.367 | ITQ-02-316 | California Postsecondary Education Commission | Pass Through | 60 |
| NCLB 07/08 TCAP Supplement | 84.367 | NCLB-TCAP-SO | University of California Office of the President | Pass Through | 192 |
| DREAMS 08/09-(F4) 9/09 | 84.367 | ITQ-02-316 | California Postsecondary Education Commission | Pass Through | 34,623 |
| ALEGRIA! - (F4) 9/09 | 84.367 | ITQ-08-516 | California Postsecondary Education Commission | Pass Through | 130,578 |
| NCLB 5 6/30/09 | 84.367 | CN088144 | Regents University of California | Pass Through | 982 |
| NCLB 5 RIMS 08/09-6/09 | 84.367 | NCLB5-TCAP-SANBERNAR | University of California Office of the President | Pass Through | 24,295 |
| NCLB X-TCAP 08/09-8/09 | 84.367 | NCLBX-TCAP-SO | University of California Office of the President | Pass Through | 228,292 |
| NCLB X-RIMS 08/09-8/09 | 84.367 | NCLBX-TCAP-SANBERNAR | University of California Office of the President | Pass Through | 17,436 |
| NCLB X-ICMP 08/09-6/09 | 84.367 | NCLBX-CMP-SANBERNARD | University of California Office of the President | Pass Through | 2,872 |
| NCLB-X | 84.367 | NO ID | University of California Office of the President | Pass Through | 7,929 |
| NCLB-6 | 84.367 | NCLB6-CISP-San Bernardino | University of California Office of the President | Pass Through | 66,492 |
| 2009/2010 CMP STIR-5/2010 | 84.367 | 1010 G HC 104 | University of California Office of the President | Pass Through | 82,402 |
| NCLB 6 ICMP 2009/2010-6/10 | 84.367 | NCLB-CMP-SAN BERNARD | University of California Office of the President | Pass Through | 57,000 |
| NCLB 6 RIMS 2009/2010-6/10 | 84.367 | NCLB6-TCAP-SB RIMS | University of California Office of the President | Pass Through | 61,517 |
| NCLB 6 LA Basin 2009/2010-6/10 | 84.367 | NCLB-TCAP-SB LA BASI | University of California Office of the President | Pass Through | 64,080 |
| ALEGRIA! 09/10-(F4)9/2010 | 84.367 | ITQ-08-516 | California Postsecondary Education Commission | Pass Through | 154,192 |
| Improving Teacher Quality State Grants | 84.367 | | | | 932,942 |

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**THE FOUNDATION FOR CALIFORNIA STATE UNIVERSITY,
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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - DETAIL
FOR THE YEAR ENDED JUNE 30, 2010
(FEIN: 95-6067343)**

| Federal Grantor/Pass-through Grantor Program Title | Federal CFDA Number | Agency or Pass-through Number | Contracting Agency | Direct Pass Through Federal | Federal Expenditures |
|--|---------------------------|-------------------------------------|---|-----------------------------------|-------------------------|
| MAJOR PROGRAMS - Continued | | | | | |
| U.S. Department of Health and Human Services - Direct | | | | | |
| CSUSB MIDARP 7/2011 | 93.701 | 1R24DA025319-01A1 | National Institute of Health | Direct | 203,582 |
| SCORE Supplement 3/2010 | 93.701 | 3S06GM073842-04S1 | National Institute of Health | Direct | 98,267 |
| ARRA - Trans-NIH Recovery Act Research Support | 93.701 | | | | 301,849 |
| U.S. Department of Health and Human Services - Pass Through | | | | | |
| Social Work Full Time and Part Time | 93.648 | 6683 | U.C. Berkeley, Social Work Department | Pass Through | 1,644,804 |
| Social Work Full Time and Part Time | 93.648 | 6324 | U.C. Berkeley, Social Work Department | Pass Through | 4,707 |
| Child Welfare Academy | 93.648 | E0006566 | San Diego State University Foundation | Pass Through | 184 |
| Child Welfare Academy | 93.648 | E0006837 | San Diego State University Foundation | Pass Through | 111,058 |
| Child Welfare Services Training Grants | 93.648 | | | | 1,760,753 |
| CAP Riverside 9/2010 | 93.710 | CAP-09-038 A#1 | Community Action Partnership of Riverside County | Pass Through | 94,725 |
| Workplace Training 9/2010 F4 | 93.710 | CAP-09-056 A#2 | Community Action Partnership of Riverside County | Pass Through | 16,981 |
| YES-Youth Employment&Srv9/10 | 93.710 | CAPSBC-09012 | Community Action Partnership of San Bernardino County | Pass Through | 36,818 |
| IEWBV Small Suness Job Creation 9/2010 | 93.710 | CAPSBC-09002 | Community Action Partnership of San Bernardino County | Pass Through | 24,809 |
| Job Dev Coordinator 09/10 | 93.710 | CAPSBC-09017 A! | Community Action Partnership of San Bernardino County | Pass Through | 18,728 |
| ARRA-Community Services Block Grant | 93.710 | | | | 192,061 |
| TOTAL MAJOR PROGRAMS | | | | | \$ 6,823,448 |

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**THE FOUNDATION FOR CALIFORNIA STATE UNIVERSITY,
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FOR THE YEAR ENDED JUNE 30, 2010
(FEIN: 95-6067343)**

| Federal Grantor/Pass-through Grantor Program Title | Federal CFDA Number | Agency or Pass-through Number | Contracting Agency | Direct Pass Through Federal | Federal Expenditures |
|---|---------------------------|-------------------------------------|--|-----------------------------------|-------------------------|
| RESEARCH PROGRAMS - MAJOR PROGRAM | | | | | |
| U.S. Department of Education - Direct | | | | | |
| BE Smart - Community Networking | | | | | |
| Higher Education_Institutional Aid | 84.031S | P031S070088 | U.S. Department of Education | Direct | \$ 367,814 |
| U.S. Department of Defense - Direct | | | | | |
| Innovation Policy Project | 12.630 | W91NF-08-2-00-0049P3 | Office of Navel Research | Direct | 1,261,753 |
| ITTN Program | 12.630 | W911NF-08-2-0049 P3 | Office of Navel Research | Direct | 1,775,463 |
| Center of Academic Excellence | 12.630 | HM1582-06-1-2048 | National Geospatial-Intelligence Agency | Direct | 755,256 |
| Basic, Applied, and Advanced Research in Science and Engineering | 12.630 | | | | <u>3,792,472</u> |
| NAVSEA | | | | | |
| Basic and Applied Scientific Research | 12.300 | W91QV1-04-P-0277 | U.S. Army Contracting | Direct | 550,497 |
| High Displacement Piezoelectric | | | | | |
| Basic Scientific Research | 12.431 | W911NF-05-1-0581 | U.S. Army | Direct | 106,687 |
| U.S. Department of Defense - Pass Through | | | | | |
| IITPAR 2010 | | | | | |
| Basic, Applied, and Advanced Research in Science and Engineering | 12.630 | GT - | Foundation for CSUSB | Pass Through | 17,663 |
| Office of Technology Transfer and Commercialization | | | | | |
| Basic and Applied Scientific Research | 12.300 | 55170A 7803 | San Diego State University Research Foundation | Pass Through | 1,271,738 |
| US. Department of Agriculture - Direct | | | | | |
| Nematode Bio Control | | | | | |
| Agriculture & Food Research Initiative(AFRI) | 10.310 | 2009-65106-05644 | USDA | Direct | 68,904 |
| US. Department of Agriculture - Pass through | | | | | |
| Preventing Obesity | | | | | |
| Grants for Agricultural Research_Competitive Research Grants | 10.206 | Q01229 | New Mexico State University | Pass Through | 65,214 |

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**THE FOUNDATION FOR CALIFORNIA STATE UNIVERSITY,
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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - DETAIL
FOR THE YEAR ENDED JUNE 30, 2010
(FEIN: 95-6067343)**

| Federal Grantor/Pass-through Grantor Program Title | Federal CFDA Number | Agency or Pass-through Number | Contracting Agency | Direct Pass Through Federal | Federal Expenditures |
|--|---------------------------|-------------------------------------|---|-----------------------------------|-------------------------|
| RESEARCH PROGRAMS - MAJOR PROGRAM | | | | | |
| U.S. Department of Health and Human Services - Direct | | | | | |
| SCORE Program | 93.859 | 5S06GM073842 | U.S. Department of Health and Human Services | Direct | 63,174 |
| SCORE Program | 93.859 | 1T34GM083883 | U.S. Department of Health and Human Services | Direct | 134,788 |
| SCORE Program | 93.859 | 1SC3GM089597 | U.S. Department of Health and Human Services | Direct | 10,600 |
| Analysis of Surface Behavior | 93.859 | 1R15GM090242-01 | U.S. Department of Health and Human Services | Direct | 7,215 |
| Biomedical Research and Research Training | 93.859 | | | | 215,777 |
| Serotonin and Dopamine Regulation of Behavioral Plan | 93.279 | 1 R15 DA021667-01 | National Institute of Health | Direct | 24,754 |
| Effects of Early Meth | 93.279 | 1ACIDA027683 | National Institute of Health | Direct | 280,865 |
| Drug Abuse and Addiction Research Programs | 93.279 | | | Direct | 305,619 |
| Minority Health and Health Disparities Research | 93.307 | 1P20MD002722-01/5P20MD002722 | National Institute of Health | Direct | 925,668 |
| Whole Glove Integrity | | | | | |
| Occupational Safety and Health Program | 93.262 | 1 R21 0H009327-01A2 | HHS Center for Disease Control and Prevention | Direct | 174,326 |
| Ontogeny of Behavioral Sensitization | | | | | |
| Drug Abuse Scientist Development Awards, Research Scientist Development Awards, and Research Scientist Awards | 93.277 | 1SC1DA027985-01 | National Institute of Health | Direct | 189,922 |
| Applied Linguistics and Limited English Proficiency | | | | | |
| Nursing Research | 93.361 | 1R15NR010630 | Health and Human Services | Direct | 35,758 |
| U.S. Department of Health and Human Services - Pass Through | | | | | |
| Influenza Virus RNA | | | | | |
| Allergy, Immunology and Transplantation Research | 93.855 | K22AI074662 | San Diego State University Foundation | Pass Through | 65,738 |
| Protein Expression/PKC#2 | | | | | |
| Cardiovascular Diseases Research | 93.837 | LLU R01 HL089012 | Loma Linda University | Pass Through | 28,847 |
| Protein Expression PKC Isozyn | | | | | |
| Nursing Workforce Diversity | 93.178 | 0314-7128-01 | Loma Linda University | Pass Through | 8,964 |
| National Children's Study | | | | | |
| Miscellaneous HHS - Research Program with No Assigned CFDA | 93.RDN0CDEA | SUBCT 2009-2302 | University of California, Irvine | Pass Through | 74,123 |

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**THE FOUNDATION FOR CALIFORNIA STATE UNIVERSITY,
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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - DETAIL
FOR THE YEAR ENDED JUNE 30, 2010
(FEIN: 95-6067343)**

| Federal Grantor/Pass-through Grantor Program Title | Federal CFDA Number | Agency or Pass-through Number | Contracting Agency | Direct Pass Through Federal | Federal Expenditures |
|---|---------------------------|-------------------------------------|--|-----------------------------------|-------------------------|
| RESEARCH PROGRAMS - MAJOR PROGRAM - Continued | | | | | |
| U.S. National Aeronautic and Space Administration - Direct | | | | | |
| Multi Wavelength Approach to Gas Dynamics | 43.001 | NNX06AC74G | National Aeronautic and Space Administration | Direct | 20,446 |
| Coma Gas Dynamics | 43.001 | NNX09AB71G | Jet Propulsion Laboratory | Direct | 40,508 |
| Aerospace Education Services Program | 43.001 | | | | 60,954 |
| | | | | | |
| Astrominerology of Solar System | | | | | |
| Miscellaneous NASA - Research Program with No Assigned CFDA | 43.999 | 1265380 | Jet Propulsion Laboratory | Direct | 126 |
| | | | | | |
| U.S. National Aeronautic and Space Administration - Pass Through | | | | | |
| SubCT Research | | | | | |
| Miscellaneous NASA - Research Program with No Assigned CFDA | 43.999 | PO# Y502701 | Arizona Board of Regents | Pass Through | 24,000 |
| | | | | | |
| Sabbatical, S. Lederer | | | | | |
| Aerospace Education Services Program | 43.001 | 02153-02 | Universities Space Research Association | Pass through | 27,199 |
| | | | | | |
| National Endowment for the Arts - Direct | | | | | |
| Retelling the Ring | | | | | |
| Promotion of the Arts_Grants to Organizations and Individuals | 45.024 | A09-906809 | National Endowment for the Arts | Direct | 9,500 |
| | | | | | |
| U.S. Department of Transportation - Direct | | | | | |
| University Transportation Centers Program | 20.701 | DTRT06-G0023 MOD 1-4 | Department of Transportation | Direct | 431,490 |
| | | | | | |
| U.S. Department of Transportation - Pass Through | | | | | |
| University Transportation Centers Program | 20.701 | GT 90903/90902/10136/10137/10144 | Foundation for CSUSB | Pass Through | 111,819 |
| | | | | | |
| National Science Foundation - Direct | | | | | |
| Alligator Research | 47.074 | IOS-0922576 | National Science Foundation | Direct | 4,866 |
| Wings to Flippers | 47.074 | DEB-0949945 | National Science Foundation | Direct | 331 |
| Biological Sciences | 47.074 | | | | 5,197 |
| | | | | | |
| U.S. Department of Interior - Pass Through | | | | | |
| Slip Rate of the San Andreas Fault | 15.807 | PO# 118519 | University of Southern California | Pass Through | 2,171 |
| Slip Rate of San Jacinto Fault | 15.807 | PO# 118519 | University of Southern California | Pass Through | 7,816 |
| Earthquake Hazards Reduction Program | 15.807 | | | | 9,987 |
| | | | | | |
| TOTAL RESEARCH PROGRAMS | | | | | \$ 8,946,003 |
| TOTAL MAJOR & RESEARCH PROGRAMS | | | | | \$ 15,769,451 |

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**THE FOUNDATION FOR CALIFORNIA STATE UNIVERSITY,
SAN BERNARDINO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - DETAIL
FOR THE YEAR ENDED JUNE 30, 2010
(FEIN: 95-6067343)**

| Federal Grantor/Pass-through Grantor Program Title | Federal CFDA Number | Agency or Pass-through Number | Contracting Agency | Direct Pass Through Federal | Federal Expenditures |
|--|---------------------------|-------------------------------------|--|-----------------------------------|-------------------------|
| OTHER FEDERAL PROGRAMS | | | | | |
| U.S. Department of Health and Human Services - Direct | | | | | |
| EARDA Project | | | | | |
| Child Health and Human Development Extramural Research | 93.865 | 5G11HD052368 | U.S. Department of Health and Human Services | Direct | \$ 96,683 |
| Advanced Education Nursing Traineeships | | | | | |
| Advanced Education Nursing Traineeships | 93.358 | A10HP1217 | U.S. Department of Health and Human Services | Direct | 14,718 |
| U.S. Department of Health and Human Services - Pass Through | | | | | |
| Facilities Renovation and Repair | 93.575 | CRPM-7044 | California Department of Education | Pass Through | 15,591 |
| General Child Care- Instructional Materials | 93.575 | CIMS-9489 | California Department of Education | Pass Through | <u>500</u> |
| Child Care and Development Block Grant | 93.575 | | | | 16,091 |
| U.S. Department of Education - Direct | | | | | |
| Ed Lab Equipment PDC | | | | | |
| Funds for the Improvement of Postsecondary Educ. | 84.116 | P116Z090019 | U.S. Department of Education | Direct | 188,592 |
| Long Term Training, Rehab Counseling | | | | | |
| Rehabilitation Long-Term Training | 84.129B | H129B04022 | U.S. Department of Education | Direct | 39,498 |
| QTQS Project | | | | | |
| Bilingual Education Professional Development | 84.195N | T195N70098 | U.S. Department of Education | Direct | 313,558 |
| Fund for the Improvement of Education | 84.215 | U215K080302 | U.S. Department of Education | Direct | 143,563 |
| CCAMPIS | | | | | |
| Child Care Access Means Parents in School | 84.335A | P335A050204/P335A090094 | U.S. Department of Education | Direct | 220,820 |
| Asian Studies At CSUSB | | | | | |
| Undergraduate International Studies and Foreign Language Programs | 84.016 | P016A070067 | U.S. Department of Education | Direct | 36,151 |
| Project Win | | | | | |
| Women's Educational Equity Act Program | 84.083A | UO83A090079 | U.S. Department of Education | Direct | 70,060 |

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**THE FOUNDATION FOR CALIFORNIA STATE UNIVERSITY,
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FOR THE YEAR ENDED JUNE 30, 2010
(FEIN: 95-6067343)**

| Federal Grantor/Pass-through Grantor Program Title | Federal CFDA Number | Agency or Pass-through Number | Contracting Agency | Direct Pass Through Federal | Federal Expenditures |
|---|---------------------------|-------------------------------------|---|-----------------------------------|-------------------------|
| OTHER FEDERAL PROGRAMS - Continued | | | | | |
| U.S. Department of Education - Pass Through | | | | | |
| Professional Services Alaska | | | | | |
| Alaska Native Educational Programs | 84.356 | PO# FP903543 | University of Alaska, Fairbanks | Pass Through | 777 |
| Step Up to Success | 84.031 | P031 C080046-2 | Riverside Community College | Pass Through | 212,586 |
| Cooperative Grant Linking COD | 84.031 | None | Desert Community College District | Pass Through | 121,179 |
| Higher Education Institutional Aid | 84.031 | | | | 333,765 |
| National Science Foundation - Direct | | | | | |
| Earthscope | 47.050 | EAR-0844400 | National Science Foundation | Direct | 58,863 |
| Acquisitions of X-Ray Analyzer | 47.050 | EAR-0941106 | National Science Foundation | Direct | 1,441 |
| Geosciences | 47.050 | | | | 60,304 |
| Investigation in Combinatorics: Knot Theory | | | | | |
| Mathematical and Physical Sciences | 47.049 | DMS-0850959 | National Science Foundation | Direct | 53,901 |
| Collaborative Research, Bio-Molecular Imaging Information Discovery | 47.070 | 528058 | National Science Foundation | Direct | 26,861 |
| CPATH-1 | 47.070 | 938964 | National Science Foundation | Direct | 107,510 |
| Computer and Information Science and Engineering | 47.070 | | | | 134,371 |
| Mathematics and Science Scholars | 47.076 | DUE-0631182 | National Science Foundation | Direct | 129,800 |
| Noyce Math and Science Scholars | 47.076 | DUE-0630255 | National Science Foundation | Direct | 64,779 |
| CSUSB Noyce Math Teaching Fellows | 47.076 | DUE 0934761 | National Science Foundation | Direct | 29,604 |
| Mathematical ACES 2010 | 47.076 | DUE-0962778 | National Science Foundation | Direct | 5,590 |
| IAEP, SFS Scholarships | 47.076 | DUE 0912068 | National Science Foundation | Direct | 304,044 |
| Education and Human Resources | 47.076 | | | | 533,817 |
| National Science Foundation - Pass Through | | | | | |
| Breaking the Science Barriers | 47.050 | 033209 | San Bernardino Valley College | Pass Through | 290 |
| Slip Rate Garlock Fault 1/10 | 47.050 | PO# 118519 AMD #3 | USC - Southern California Earthquake Center | Pass Through | 937 |
| Geosciences | 47.050 | | | | 1,227 |
| MAA Std Research Program 9/10 | | | | | |
| Mathematical and Physical Sciences | 47.049 | MOU | Mathematical Association of America | Pass Through | 12,640 |
| AMP Programs | 47.076 | HRD-0802628-508091 | Sacramento State University Foundation | Pass Through | 200 |
| AMP Programs | 47.076 | HRD-0802628-515381 | Sacramento State University Foundation | Pass Through | 200 |
| AMP Programs | 47.076 | HRD-0802628-515382 | Sacramento State University Foundation | Pass Through | 53,398 |
| AMP Programs | 47.076 | HRD-0802628-516731 | Sacramento State University Foundation | Pass Through | 9,637 |
| Education & Human Resources | 47.076 | TUL-598 | Tulane University | Pass Through | 8,938 |
| CSU-LSAMP Sr. Alliance | 47.076 | AMENDMENT 515383 | University Enterprises Inc. | Pass Through | 3,051 |
| Building Locally, Linking Globally Noyce | 47.076 | X0001107-SBAUX | Trustee Cal State University | Pass Through | 24,891 |
| Education and Human Resources | 47.076 | | | | 100,315 |

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FOR THE YEAR ENDED JUNE 30, 2010
(FEIN: 95-6067343)**

| Federal Grantor/Pass-through Grantor Program Title | Federal CFDA Number | Agency or Pass-through Number | Contracting Agency | Direct Pass Through Federal | Federal Expenditures |
|---|---------------------------|-------------------------------------|---|-----------------------------------|-------------------------|
| OTHER FEDERAL PROGRAMS - Continued | | | | | |
| National Endowment for the Humanities - Direct | | | | | |
| Deals with the Devil | | | | | |
| Promotion of the Humanities Fellowships and Stipends | 45.160 | HR-50475-09 | National Endowment for the Humanities | Direct | 28,000 |
| U.S. Department of Housing and Urban Development - Pass Through | | | | | |
| Community Development Block Grants | 14.227 | 89489431 | City of Corona | Pass Through | 4,704 |
| Community Development Block Grants | 14.227 | 89480431 | City of Corona | Pass Through | 46,716 |
| Community Development Block Grants | 14.227 | F023-29000 PO#1872 | San Bernardino Dept of Comm House Dev | Pass Through | 66,099 |
| Community Development Block Grants/Technical Assistance Program | 14.227 | | | | 117,519 |
| U.S. Department of Defense - Direct | | | | | |
| High School Strand-STARTALK 2/2010 | 12.901 | H98230-09-1-0259 | National Security Agency (NSA) | Direct | 72,791 |
| HS Strand - STARTALK 2/2011 | 12.901 | H98230-10-1-0050 | National Security Agency (NSA) | Direct | 11,109 |
| Mathematical Sciences Grants Program | 12.901 | | | | 83,900 |
| DOD Info - Annex I & II | | | | | |
| Information Security Grant Program | 12.902 | H98230-09-1-0371 | National Security Agency (NSA) | Direct | 67,654 |
| U.S. Department of Defense - Pass Through | | | | | |
| Strategic Language Institute 07/08 | | | | | |
| Strategic Language Institute | 12.CAC | S07-325106-CSUSB | California State University Long Beach Foundation | Pass Through | 232,166 |
| Project GO/ROTC | | | | | |
| National Flagship Language Program Grants To U.S. Institutions Of Higher Education | 12.550 | HG 0034-08-2-0024 | Institute of International Education, Inc. | Pass through | 41,122 |
| U.S. Department of Agriculture - Direct | | | | | |
| Develop USDA Programs and Activities | | | | | |
| Agricultural Research_Basic and Applied Research | 10.001 | 58-6201-6-023 | U.S. Department of Agriculture | Direct | 6,535 |
| USDA Natural Resource Careers with Multi Disciplinary | 10.223 | 2009-38422-19782 | USDA, CSREES | Direct | 16,651 |
| Preparing Underrepresented Students for USDA Careers | 10.223 | 207-38422-18075 | USDA, CSREES | Direct | 50,601 |
| Recruitment and Retention of Students in Conservation Biology | 10.223 | 2003-38422-19133 | USDA, CSREES | Direct | 57,593 |
| Hispanic Serving Institutions Education Grants | 10.223 | | | | 124,845 |

The above schedule was prepared using the accrual basis of accounting.
See accompanying auditors' reports and notes to basic financial statements.

**THE FOUNDATION FOR CALIFORNIA STATE UNIVERSITY,
SAN BERNARDINO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - DETAIL
FOR THE YEAR ENDED JUNE 30, 2010
(FEIN: 95-6067343)**

| Federal Grantor/Pass-through Grantor Program Title | Federal CFDA Number | Agency or Pass-through Number | Contracting Agency | Direct Pass Through Federal | Federal Expenditures |
|---|---------------------------|-------------------------------------|---|-----------------------------------|-------------------------|
| OTHER FEDERAL PROGRAMS - Continued | | | | | |
| U.S. Department of Agriculture - Pass Through | | | | | |
| Child and Adult Care Food Program | 10.558 | 36-1527-0A | California Department of Education | Pass Through | 18,681 |
| Summer Food Service Program for Children | 10.559 | 36-77360V | California Department of Education | Pass Through | 8,123 |
| U.S. Department of Energy - Direct | | | | | |
| CSUSB Observatory Project | | | | | |
| Office of Science Financial Assistance Programs | 81.049 | DE-SC0001938 | U.S. Department of Energy | Direct | 554,915 |
| U.S. Department of Justice - Pass Through | | | | | |
| Broken Window Policing Experiment | | | | | |
| National Institute of Justice Research, Evaluation, and Development Project Grants | 16.560 | Z921201-A | University of Maryland | Pass Through | 28,929 |
| Evaluation of AmeriCorps | | | | | |
| Juvenile Accountability Block Grants | 16.523 | DJJ07078 | California Department of Corrections & Rehabilitation | Pass Through | 74,316 |
| U.S. Small Business Administration - Direct | | | | | |
| WBC Program 9/2009 | 59.043 | 8202400Z0001-01 M#2 | Small Business Administration | Direct | 22,759 |
| CV Women's Bus Ctr 9/09 F4 | 59.043 | SBAHQ06-W0011-04 | Small Business Administration | Direct | 22,229 |
| IEWBC Program 9/2010 F4 | 59.043 | 9202400Z0018-01 | Small Business Administration | Direct | 108,565 |
| CV Womens Bus Ctr 9/10 F4 | 59.043 | SBAHQ-06-W-011 | Small Business Administration | Direct | 103,475 |
| Women's Business Ownership Assistance | 59.043 | | | | 257,028 |
| U.S. Department of Treasury - Direct | | | | | |
| Vita 09/10 | | | | | |
| Volunteer Income Tax Assistance (VITA) Matching Grant Program | 21.009 | V10112 | Internal Revenue Service | Direct | 41,876 |
| TOTAL OTHER FEDERAL PROGRAMS | | | | | \$ 4,056,460 |
| TOTAL ALL PROGRAMS | | | | | 19,825,911 |

The above schedule was prepared using the accrual basis of accounting.
See accompanying auditors' reports and notes to basic financial statements.

**THE FOUNDATION FOR CALIFORNIA STATE UNIVERSITY,
SAN BERNARDINO
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010**

1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Foundation for CSUSB under programs of the federal government for the year ended June 30, 2010. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of the Foundation for CSUSB, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Foundation for CSUSB.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

**THE FOUNDATION FOR CALIFORNIA STATE UNIVERSITY,
SAN BERNARDINO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified.

Internal control over financial reporting:

• Material weakness(es) identified? _____ Yes X No

• Significant deficiency(ies) identified? _____ Yes X No

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

• Material weakness(es) identified? _____ Yes X No

• Significant deficiency(ies) identified? _____ Yes X No

Type of auditors' report issued on compliance for major programs: Unqualified.

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? _____ Yes X No

Identification of major programs:

| <u>CFDA Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|-----------------------|--|
| 84.334 | Gaining Early Awareness and Readiness for Undergraduate Programs |
| 84.047 | TRIO - Upward Bound |
| 84.217A | TRIO_McNair Post-Baccalaureate Achievement |
| 84.042A | TRIO_Student Support Services |
| 84.126 | Rehabilitation Services_Vocational Rehabilitation Grants to States |
| 84.390 | Rehabilitation Services-Vocational Rehabilitation Grants to States, Recovery Act |
| 84.367 | Improving Teacher Quality State Grants |
| 93.701 | ARRA - Trans-NIH Recovery Act Research Support |
| 93.648 | Child Welfare Research Training or Demonstration |
| 93.710 | ARRA-Community Services Block Grant Research Cluster |

Dollar threshold used to distinguish between type A and type B programs: \$ 594,777

Auditee qualified as low-risk auditee? X Yes _____ No

Section II - Financial Statement Findings

No matters were reported.

Section III - Federal Award Findings and Questioned Costs

No matters were reported.

**THE FOUNDATION FOR CALIFORNIA STATE UNIVERSITY,
SAN BERNARDINO
FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010**

CURRENT YEAR FINDINGS:

NONE

CURRENT YEAR QUESTIONED COSTS:

NONE

PRIOR YEAR FINDINGS:

NONE

PRIOR YEAR QUESTIONED COSTS:

NONE

**FOUNDATION FOR CALIFORNIA STATE UNIVERSITY,
SAN BERNARDINO**

OMB CIRCULAR A-133 REPORT SECTION

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*
(*NO MATERIAL WEAKNESSES IDENTIFIED, NO SIGNIFICANT DEFICIENCIES IDENTIFIED, NO*
***REPORTABLE INSTANCES OF NONCOMPLIANCE OR OTHER MATTERS IDENTIFIED*)**

To the Board of Directors of
The Foundation for California State University,
San Bernardino (The Foundation for CSUSB)
San Bernardino, California

We have audited the financial statements of The Foundation for California State University, San Bernardino (The Foundation for CSUSB) as of and for the year ended June 30, 2010, and have issued our report thereon dated October 14, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Foundation for CSUSB's internal control over financial reporting as a basis for designing our auditing procedures 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 Foundation for CSUSB's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Foundation for CSUSB's internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation for CSUSB's financial statements are free of 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*.

This report is intended for the information of the audit committee, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Vorwin, Hagen + Co.

October 14, 2010

**INDEPENDENT AUDITORS' REPORT
ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133
(UNQUALIFIED OPINION ON COMPLIANCE; NO MATERIAL WEAKNESSES OR SIGNIFICANT
DEFICIENCIES IN INTERNAL CONTROL OVER COMPLIANCE IDENTIFIED)**

To the Board of Directors of
The Foundation for California State University,
San Bernardino (The Foundation for CSUSB)
San Bernardino, California

Compliance

We have audited The Foundation for California State University, San Bernardino's (The Foundation for CSUSB) (A California Non-Profit Corporation) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Foundation for CSUSB major federal programs for the year ended June 30, 2010. The Foundation for CSUSB's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Foundation for CSUSB's management. Our responsibility is to express an opinion on the Foundation for CSUSB's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Foundation for CSUSB's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Foundation for CSUSB's compliance with those requirements.

In our opinion, the Foundation for CSUSB complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

Management of the Foundation for CSUSB is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Foundation for CSUSB's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Foundation for CSUSB's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

This report is intended solely for the information and use of the audit committee, management, Board of Directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Vorwin, Hagen + Co.

October 14, 2010

**FOUNDATION FOR CALIFORNIA STATE UNIVERSITY,
SAN BERNARDINO**

MANAGEMENT LETTER

To the Board of Directors of
The Foundation for California State University,
San Bernardino (The Foundation for CSUSB)
San Bernardino, California

We are pleased to submit to you our Report to Management containing our findings and recommendations concerning administrative controls and other accounting, financial and general matters resulting from our audit of The Foundation for California State University, San Bernardino (The Foundation for CSUSB) financial statements at June 30, 2010 on which we have rendered our opinion dated October 14, 2010. We have not performed any auditing procedures beyond such date and, accordingly, the matters herein are based on our knowledge as of that time.

The purpose of our examination was not to make an intensive study of the matters commented upon and, accordingly, additional information may be required before acting upon these suggestions. We were able to satisfy ourselves that any indicated weaknesses in internal controls did not have a significant effect upon the financial statements of the Foundation for CSUSB for the year ended June 30, 2010.

We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control structures or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized in the attached Report to Management.

This report is intended solely for the information and use of the Board of Directors, management, others within the organization, and applicable funding agencies.

Vasin, Heyn + Co.

October 14, 2010

**THE FOUNDATION FOR CALIFORNIA STATE UNIVERSITY,
SAN BERNARDINO
MANAGEMENT LETTER
FOR THE YEAR ENDED JUNE 30, 2010**

I. CURRENT YEAR OBSERVATIONS

NONE

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

NONE

II. PRIOR YEAR OBSERVATIONS

Risk Related Events

Our risk assessment interviews and document review revealed that written procedures were in place which provided guidelines for managing risk-related events, but that such documentation was not integrated or comprehensive of all risks reasonably faced by the Foundation for CSUSB primarily climate related risks.

We recommend that the risk assessment materials be periodically reviewed and updated in writing in order to maintain a constant organization-wide awareness of actions required to properly respond to risk-events.

2008 Management Response:

Management concurs with this recommendation.

2009 Auditors Comment:

The above recommendation was implemented as of June 30, 2009.