

**THE FOUNDATION FOR
CALIFORNIA STATE UNIVERSITY,
SAN BERNARDINO
FINANCIAL STATEMENTS
SUPPLEMENTARY INFORMATION WITH
INDEPENDENT AUDITORS' REPORTS
FOR THE YEAR ENDED JUNE 30, 2009**

**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, 2009

Dr. Albert Karnig Chairman of Board	Administrative Member
Dr. Edward Teyber President of Board	Faculty Member
Vacant Vice President of Board	
Ms. Lois Carson Secretary of Board	Alumni Representative
Mr. Robert Gardner Treasurer of Board	Administrative Member
Dr. William Aguilar	Administrative Member
Dr. Haiwei Chen	Faculty Member
Dr. Dorothy Chen-Maynard	Faculty Member
Dr. Louis Fernandez	Administrative Member
Mr. Howard Friedman	Community Member
Mr. Rex Jackson	Community Member
Dr. Frank Rincon	Administrative Member
Mr. Philip Savage III	Community Member
Mr. Jeremy Vasquez	Student Representative

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statement of financial position of The Foundation for California State University, San Bernardino (The Foundation) as of June 30, 2009, 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'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's financial statements and, in our report dated September 12, 2008, 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'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 as of June 30, 2009, 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 September 23, 2009, on our consideration of The Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on 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.

September 23, 2009

**THE FOUNDATION FOR CALIFORNIA STATE UNIVERSITY,
SAN BERNARDINO
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2009
(WITH COMPARATIVE TOTALS FOR 2008)**

	<u>2009</u>	<u>2008</u>
ASSETS		
Cash	\$ 7,959,738	\$ 6,866,375
Short-term investments	<u>3,422,782</u>	<u>5,994,422</u>
Total cash and cash equivalents	11,382,520	12,860,797
Other receivables	6,658,000	7,071,480
Inventory	-	1,071,260
Prepaid expenses	80,025	146,232
Promises to give	4,226,027	3,399,252
Long-term investments	18,255,713	18,469,194
Construction in progress	13,980,920	12,341,055
Property and equipment, net	<u>20,553,086</u>	<u>21,350,862</u>
Total assets	<u>\$75,136,291</u>	<u>\$76,710,132</u>
LIABILITIES		
Accounts payable	\$ 683,977	\$ 1,925,571
Accrued wages and benefits	872,687	1,012,652
Other accrued liabilities	598,264	1,346,324
Contract advances	-	59,783
Post-retirement medical benefits	4,202,281	4,251,000
Liability to beneficiaries	<u>1,742,882</u>	<u>1,973,526</u>
Total liabilities	8,100,091	10,568,856
NET ASSETS		
Unrestricted net assets	3,556,009	4,518,879
Temporarily restricted net assets	51,351,015	50,503,460
Permanently restricted net assets	<u>12,129,176</u>	<u>11,118,937</u>
Total net assets	<u>67,036,200</u>	<u>66,141,276</u>
 Total liabilities and net assets	 <u>\$75,136,291</u>	 <u>\$76,710,132</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, 2009
(WITH COMPARATIVE TOTALS FOR 2008)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2009 Total</u>	<u>2008 Total</u>
REVENUES					
Contributions	\$ 6,696	\$ 7,572,615	\$ 1,338,219	\$ 8,917,530	\$ 7,778,311
Sales of auxiliary enterprises	131,680	-	-	131,680	11,915,242
Commissions	1,223,713	-	-	1,223,713	227,681
Grants and contracts	24,062,101	-	-	24,062,101	32,555,761
Administrative fees	725,417	-	-	725,417	1,194,623
Special programs	1,264,840	-	-	1,264,840	1,856,191
Parent fees	196,524	-	-	196,524	229,003
Investment income	148,916	813,136	-	962,052	945,807
Unrealized gain(loss) on investments	(4,030,613)	-	-	(4,030,613)	(1,129,749)
Realized gain(loss) on investments	(37,025)	-	-	(37,025)	283
Gain (loss) on disposal of fixed assets	(39,659)	-	-	(39,659)	(888,229)
Miscellaneous income	161,059	-	-	161,059	174,947
Indirect cost recovery	2,135,815	-	-	2,135,815	2,246,546
Contract settlements	42,662	-	-	42,662	(5,559,064)
Restrictions released	<u>7,866,176</u>	<u>(7,538,196)</u>	<u>(327,980)</u>	<u>-</u>	<u>-</u>
 Total revenue	 33,858,302	 847,555	 1,010,239	 35,716,096	 51,547,353
EXPENSES					
Program expenses	30,977,849	-	-	30,977,849	46,797,104
Support services	<u>3,843,323</u>	<u>-</u>	<u>-</u>	<u>3,843,323</u>	<u>3,546,919</u>
	<u>34,821,172</u>	<u>-</u>	<u>-</u>	<u>34,821,172</u>	<u>50,344,023</u>
 CHANGE IN NET ASSETS	 (962,870)	 847,555	 1,010,239	 894,924	 1,203,330
 NET ASSETS - beginning of year	 <u>4,518,879</u>	 <u>50,503,460</u>	 <u>11,118,937</u>	 <u>66,141,276</u>	 <u>64,937,946</u>
 NET ASSETS - end of year	 <u>\$ 3,556,009</u>	 <u>\$ 51,351,015</u>	 <u>\$ 12,129,176</u>	 <u>\$ 67,036,200</u>	 <u>\$ 66,141,276</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, 2009
(WITH COMPARATIVE TOTALS FOR 2008)**

	<u>2009</u>	<u>2008</u>
EXPENSES		
Salaries	\$ 12,637,672	\$ 15,004,846
Employee benefits	3,132,462	3,523,986
Administrative costs	981,661	1,452,787
Bad debts	46,059	71,253
Bank and credit card fees	5,229	235,429
Capital outlay	373,392	294,708
Commissions	2,510	65,664
Conferences and meetings	156,477	146,996
Contract services	3,560,039	4,094,332
Cost of goods sold	490,265	8,670,004
Depreciation	934,479	1,054,065
Direct student services	307,976	360,770
Dues, memberships and subscriptions	20,302	30,283
Food	55,425	47,709
Honoraria	59,843	190,407
Indirect expenses	2,135,815	2,247,018
Insurance	135,796	159,339
Interest expense	-	17,162
Licenses and permits	7,064	9,072
Other expenses	2,217,887	2,675,074
Participant incentives	15,174	38,992
Postage	40,024	138,421
Printing	57,469	83,703
Professional development and training	112,598	150,962
Professional fees	91,825	69,253
Public relations	35,684	108,943
Rental, equipment and space	293,015	329,301
Repairs	65,576	422,038
Scholarships	1,599,557	1,426,313
Stipends, room and board	1,950,171	2,401,152
Student activities	27,871	19,979
Supplies	1,782,356	2,160,266
Transfers	(644,137)	517,577
Travel	1,137,951	975,596
Tuition	712,324	750,675
University reimbursements	75,993	7,053
Utilities and telephone	194,390	332,819
Vehicle expenses	<u>12,978</u>	<u>60,076</u>
 Total expenses	 <u>\$ 34,821,172</u>	 <u>\$ 50,344,023</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, 2009
(WITH COMPARATIVE TOTALS FOR 2008)**

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 894,924	\$ 1,203,330
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities		
Depreciation	934,479	1,054,065
Noncash investment income	4,067,638	1,226,444
(Gain) loss on disposal of fixed assets	39,659	888,229
(Increase) decrease in:		
Other receivables	413,479	1,054,811
Inventory	1,071,260	654,460
Prepaid expenses	66,208	(32,955)
Promises to give	(826,775)	2,336,280
Increase (decrease) in:		
Accounts payable	(1,241,594)	(122,918)
Accrued wages and benefits	(139,965)	56,780
Other accrued liabilities	(748,060)	568,166
Contract advances	(59,783)	(4,284,652)
Post-retirement medical benefits	(48,719)	3,642,340
Other liability to beneficiaries	<u>(230,644)</u>	<u>1,448,326</u>
 Total adjustments	 <u>3,297,183</u>	 <u>8,489,376</u>
 Net Cash Provided (Used) by Operating Activities	 4,192,107	 9,692,706
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from disposal of fixed assets	270	3,512
Payments related to the construction of capital assets	(1,639,865)	(10,397,576)
Payments related to the acquisition of capital assets	(176,632)	(31,612)
Purchase of investments	<u>(3,854,157)</u>	<u>(5,008,277)</u>
 Net Cash Provided (Used) by Investing Activities	 <u>(5,670,384)</u>	 <u>(15,433,953)</u>
 NET INCREASE (DECREASE) IN CASH	 (1,478,277)	 (5,741,247)
 CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	 <u>12,860,797</u>	 <u>18,602,044</u>
 CASH AND CASH EQUIVALENTS AT END OF YEAR	 <u>\$ 11,382,520</u>	 <u>\$ 12,860,797</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, 2009**

1. SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

The Foundation 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 was organized to promote and assist education, administration and related services of the California State University, San Bernardino. The Foundation 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.

The Foundation's major programs include:

Grants and contracts which includes the operation and administration of externally funded projects in support of the instructional, research and public service functions of The University.

Child care consisting of operation of the on-campus Child Care Center.

Auxiliary services which includes oversight of the campus bookstore and on-campus food services, both operated by outside vendors contracting with the Foundation for CSUSB.

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

Special programs which includes the operation and administration of workshops and conferences, institutes, fundraisers and alumni programs.

Designated which consists of various programs undertaken by the Board 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.

**THE FOUNDATION FOR CALIFORNIA STATE UNIVERSITY,
SAN BERNARDINO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009**

1. SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES - Continued

Basis of Accounting and Presentation

The financial statements of The Foundation have been prepared on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles. The financial statements are presented in accordance with Statement of Financial Accounting Standards ("SFAS") No.117, "Financial Statements of Not-for-Profit Organizations." 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 is subject to donor-imposed restrictions that can be fulfilled by actions of The Foundation or that expire by the passage of time, and permanently restricted net assets which are stipulated by donors as investments in perpetuity, the income from which may be expendable by The Foundation.

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 maintains its cash in bank deposit accounts, which, are maintained within insured limits. Accordingly The Foundation 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.

Investment income is reported net of related expenses as increases or decreases in unrestricted net assets unless a donor temporarily or permanently restricts their use.

Promises to Give

The Foundation recognizes a contribution when the donor makes a promise to give that is, in substance, unconditional. Contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

**THE FOUNDATION FOR CALIFORNIA STATE UNIVERSITY,
SAN BERNARDINO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009**

1. SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES - Continued

Grants and Contracts

The Foundation 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.

Donated services are also recognized at fair value when those services require special expertise and The Foundation would have purchased those services had they not been donated.

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'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.

Income Taxes

The Foundation for California State University, San Bernardino 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.

**THE FOUNDATION FOR CALIFORNIA STATE UNIVERSITY,
SAN BERNARDINO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009**

1. SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES - Continued

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's financial statements for the year ended June 30, 2008, from which the summarized information was derived.

Reclassifications

Certain amounts in the 2008 comparative totals have been reclassified to conform with the 2009 reporting format.

2. INVESTMENTS

Investments are summarized below at June 30, 2009:

	<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	\$ 3,375,602	\$ 3,422,782	\$ (47,180)
Long-term investments in securities, at fair value			
External Trusts	\$ 4,420,572	\$ 4,854,251	\$ (433,679)
Endowments (Donor-Restricted)	<u>9,851,708</u>	<u>13,401,462</u>	<u>(3,549,754)</u>
	<u>\$ 14,272,280</u>	<u>\$ 18,255,713</u>	<u>\$ (3,983,433)</u>
		<u>Unrestricted</u>	<u>Temporarily Restricted</u>
Interest and dividends		\$ 148,916	\$ 813,136
Realized and unrealized gains on investments - net		<u>(4,067,638)</u>	<u>-</u>
Investment income (loss)		<u>\$ (3,918,722)</u>	<u>\$ 813,136</u>

**THE FOUNDATION FOR CALIFORNIA STATE UNIVERSITY,
SAN BERNARDINO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009
(CONTINUED)**

3. ENDOWMENT SPENDING POLICY

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

Taking these factors into consideration, the Investment Committee has determined that the pay-out from CSUSB Foundation 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, all spending will be suspended until such time as the endowment regains positive status, unless continued spending is expressly requested by the donor.

As of June 30, 2009 approximately 2/3 of the individual donor restricted endowments are underwater. The resulting amount needed to bring those endowments to a positive status is \$1,254,011.

**THE FOUNDATION FOR CALIFORNIA STATE UNIVERSITY,
SAN BERNARDINO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009
(CONTINUED)**

4. ENDOWMENT INVESTMENT ASSET ALLOCATION

The long-term target asset allocation for the investment portfolio is recommended by the Foundation's investment consultant and approved by the 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's investment consultant who will recommend, when appropriate, that the CSUSB Foundation make changes to the policy.

**THE FOUNDATION FOR CALIFORNIA STATE UNIVERSITY,
SAN BERNARDINO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009
(CONTINUED)**

5. PROMISES TO GIVE

Unconditional promises to give consisted of the following at June 30, 2009:

	Temporarily <u>Restricted</u>
Amounts due in:	
Less than one year	\$ -
One to five years	<u>4,695,586</u>
Total	4,695,586
Less allowance for uncollectible amounts	<u>(469,559)</u>
	<u>\$ 4,226,027</u>

6. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted of the following at June 30, 2009:

Art Collections	\$ 1,061,331
Buildings	23,548,976
Equipment and Patents	1,026,540
Furniture and fixtures	408,842
Land	4,640
Leasehold Improvements	<u>572,540</u>
	26,622,869
Less accumulated depreciation	<u>(6,069,783)</u>
Property, plant and equipment, net	<u>\$ 20,553,086</u>

The buildings are located on land leased from the State of California. Because of the relationship between The Foundation 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, 2009 was \$934,479.

**THE FOUNDATION FOR CALIFORNIA STATE UNIVERSITY,
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009
(CONTINUED)**

7. SPLIT INTEREST AGREEMENTS

The Foundation 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. The Foundation 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 \$4,854,251 at June 30, 2009 and are reported at fair value or cost, depending on the nature of the assets, in the statement of financial position. The Foundation 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.

8. RESTRICTIONS AND LIMITATIONS ON NET ASSETS

Permanently restricted net assets at June 30, 2009 are to be held indefinitely and the income is restricted primarily to support scholarships. The Trustees of The Foundation 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, 2009 were available for the following purposes or periods:

Restricted by donors for the following purposes:

Scholarships	\$ 230,124
Business	616,093
Other	31,739,769

Restricted by donors for use in future periods

Split-interest agreements	2,738,984
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Restricted by donors for the following purposes in future periods:

Capital Projects at CSUSB & the Palm Desert Campus	<u>16,026,045</u>
Total	<u>\$ 51,351,015</u>

**THE FOUNDATION FOR CALIFORNIA STATE UNIVERSITY,
SAN BERNARDINO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009
(CONTINUED)**

9. COMMISSION

The Foundation 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.

10. DEFINED BENEFIT PENSION PLAN

The Foundation 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 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 policies.

Foundation employees are required to contribute five percent of gross earnings over \$513. The Foundation 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, 2009 was \$5,488,490. Total payroll for the year ended June 30, 2009 amounted to \$10,000,055.

Pension expense for the year ended June 30, 2009 was \$577,719 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,
SAN BERNARDINO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009
(CONTINUED)**

11. POST-RETIREMENT BENEFITS

The Foundation 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 currently pays up to \$418 per month for retiree coverage, \$785 per month for coverage with one dependent and \$992 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's past practice and management's intent to manage plan costs. In particular, The Foundation's maximum increase in the capped contribution is assumed to be limited to two percent. Additionally, with the upcoming outsourcing of the Bookstore and Dining Service operations, there will be fewer employees that the Foundation 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.

In September 2006, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (SFAS) No. 158, "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's post retirement health plan in the notes to the financial statements. The Foundation 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 SFAS No. 158 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 SFAS No. 158	\$	-
Funded status of the plan		-
Additional amount recognized due to SFAS No. 158	\$	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 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 SFAS No. 158.

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

**THE FOUNDATION FOR CALIFORNIA STATE UNIVERSITY,
SAN BERNARDINO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009
(CONTINUED)**

12. RELATED PARTIES AND ECONOMIC DEPENDENCY

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

The Foundation leases space for its bookstore operations, the Center for Developmental Activities and the land for The Foundation'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 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 and The University incur costs on behalf of each other for personnel or other operating expenses for which they are reimbursed. At June 30, 2009, there was a net amount receivable to The Foundation by The University of \$97,334 which is expected to be received in the normal course of business.

SUPPLEMENTARY INFORMATION

**THE FOUNDATION FOR CALIFORNIA STATE UNIVERSITY,
SAN BERNARDINO
GASB STATEMENT OF NET ASSETS
JUNE 30, 2009**

Assets:

Current assets:	
Cash and cash equivalents	\$ 7,959,738
Short-term investments	3,422,782
Accounts receivable, net	6,658,000
Leases receivable, current portion	—
Notes receivable, current portion	—
Pledges receivable, net	—
Prepaid expenses and other assets	80,025
Total current assets	<u>18,120,545</u>
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	4,226,027
Endowment investments	13,401,462
Other long-term investments	4,854,251
Capital assets, net	34,534,006
Other assets	—
Total noncurrent assets	<u>57,015,746</u>
Total assets	<u>75,136,291</u>

Liabilities:

Current liabilities:	
Accounts payable	683,977
Accrued salaries and benefits payable	586,868
Accrued compensated absences- current portion	208,675
Deferred revenue	—
Capitalized lease obligations – current portion	—
Long-term debt obligations – current portion	—
Self-insurance claims liability - current portion	—
Other liabilities	598,264
Total current liabilities	<u>2,077,784</u>
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	77,144
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	4,202,281
Other liabilities	1,742,882
Total noncurrent liabilities	<u>6,022,307</u>
Total liabilities	<u>8,100,091</u>

Net assets:

Invested in capital assets, net of related debt	34,534,006
Restricted for:	
Nonexpendable – endowments	13,401,462
Expendable:	
Scholarships and fellowships	230,124
Research	—
Loans	—
Capital projects	13,856,036
Debt service	—
Other	1,458,563
Unrestricted	3,556,009
Total net assets	<u>\$ 67,036,200</u>

See accompanying auditors' reports and
notes to financial statements.

**THE FOUNDATION FOR CALIFORNIA STATE UNIVERSITY,
SAN BERNARDINO
GASB STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2009**

Revenues:

Operating revenues:		
Student tuition and fees (net of scholarship allowances of \$_____)		\$ —
Grants and contracts, noncapital:		
Federal	16,132,040	
State	4,729,732	
Local	—	
Nongovernmental	3,200,329	
Sales and services of educational activities	—	
Sales and services of auxiliary enterprises (net of scholarship allowances of \$_____)	131,680	
Other operating revenues	5,750,030	
	<u>29,943,811</u>	
Total operating revenues		<u>29,943,811</u>

Expenses:

Operating expenses:		
Instruction	514,567	
Research	3,372,785	
Public service	12,927,197	
Academic support	3,886,228	
Student services	6,878,071	
Institutional support	4,184,619	
Operation and maintenance of plant	—	
Student grants and scholarships	1,599,557	
Auxiliary enterprise expenses	523,669	
Depreciation and amortization	934,479	
	<u>34,821,172</u>	
Total operating expenses		<u>34,821,172</u>
Operating income (loss)		<u>(4,877,361)</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	—	
Gifts, noncapital	7,579,311	
Investment income (loss), net	(3,105,586)	
Endowment income	—	
Interest Expenses	—	
Other nonoperating revenues (expenses)	(39,659)	
	<u>4,434,066</u>	
Net nonoperating revenues (expenses)		<u>4,434,066</u>
Income (loss) before other additions		(443,295)

State appropriations, capital	—
Grants and gifts, capital	—
Additions (reductions) to permanent endowments	1,338,219
	<u>894,924</u>
Increase (decrease) in net assets	894,924

Net assets:		
Net assets at beginning of year, as previously reported	66,141,276	
Restatements	—	
Net assets at beginning of year, as restated	<u>66,141,276</u>	
Net assets at end of year	<u>\$ 67,036,200</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, 2009**

1 Restricted cash and cash equivalents at June 30, 2009:

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, 2009
(CONTINUED)**

2.1 Composition of investments at June 30, 2009:

	<u>Current Unrestricted</u>	<u>Current Restricted</u>	<u>Total Current</u>	<u>Noncurrent Unrestricted</u>	<u>Noncurrent Restricted</u>	<u>Total Noncurrent</u>	<u>Total</u>
State of California Surplus Money Investment Fund (SMIF)	\$ —	—	—	—	—	—	—
State of California Local Agency Investment Fund (LAIF)	—	—	—	—	—	—	—
Wachovia Short Term Fund	—	—	—	—	—	—	—
Wachovia Medium Term Fund	—	—	—	—	—	—	—
Wachovia Equity Fund	—	—	—	—	—	—	—
US Bank SWIFT pool	—	—	—	—	—	—	—
Common Fund - Short Term Fund	513,786	—	513,786	—	—	—	513,786
Common Fund - Others	386,841	—	386,841	—	—	—	386,841
Debt securities	—	—	—	—	—	—	—
Equity securities	—	—	—	—	3,948,268	3,948,268	3,948,268
Fixed income securities (Treasury notes, GNMA's)	—	—	—	—	399,495	399,495	399,495
Land and other real estate	—	—	—	—	—	—	—
Certificates of deposit	2,498,000	—	2,498,000	—	—	—	2,498,000
Notes receivable	—	—	—	—	—	—	—
Mutual funds	—	—	—	—	10,878,807	10,878,807	10,878,807
Collateralized mortgage obligations:	—	—	—	—	—	—	—
Inverse floaters	—	—	—	—	—	—	—
Interest-only strips	—	—	—	—	—	—	—
Agency pass-through	—	—	—	—	—	—	—
Private pass-through	—	—	—	—	—	—	—
Other major investments:	—	—	—	—	—	—	—
Money market funds	24,155	—	24,155	—	1,811,779	1,811,779	1,835,934
Hedge fund	—	—	—	—	1,217,364	1,217,364	1,217,364
	—	—	—	—	—	—	—
	—	—	—	—	—	—	—
Total investments	3,422,782	—	3,422,782	—	18,255,713	18,255,713	21,678,495
Less endowment investments (enter as negative number)	—	—	—	—	(13,401,462)	(13,401,462)	(13,401,462)
Total investments	3,422,782	—	3,422,782	—	4,854,251	4,854,251	8,277,033

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, 2009
(CONTINUED)**

2.2 - Investments held by the University under contractual agreements at June 30, 2009 :

Portion of investments in note 2.1 held by the University under contractual agreements at June 30, 2009 :

2.3 - Restricted current investments at June 30, 2009 related to:

	Amount
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Total restricted current investments at June 30, 2009	\$ —

2.4 - Restricted noncurrent investments at June 30, 2009 related to:

	Amount
CRUT investments	4,854,251
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Total restricted noncurrent investments at June 30, 2009	\$ 4,854,251

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, 2009
(CONTINUED)**

3.1 Composition of capital assets at June 30, 2009:

	Balance June 30, 2008	Prior period Adjustments	Reclassifications	Balance June 30, 2008 (restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2009
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
Construction work in progress (CWIP)	12,341,055	—	—	12,341,055	1,639,865	—	—	13,980,920
Total nondepreciable capital assets	12,345,695	—	—	12,345,695	2,701,196	—	—	15,046,891
Depreciable capital assets:								
Buildings and building improvements	23,755,244	—	—	23,755,244	—	(206,268)	—	23,548,976
Improvements, other than buildings	—	—	—	—	—	—	—	—
Infrastructure	—	—	—	—	—	—	—	—
Leasehold improvements	465,334	—	—	465,334	107,206	—	—	572,540
Personal property:								
Equipment	1,877,104	—	—	1,877,104	—	(557,975)	—	1,319,129
Library books and materials	—	—	—	—	—	—	—	—
Intangible assets	—	—	—	—	116,253	—	—	116,253
Total depreciable capital assets	26,097,682	—	—	26,097,682	223,459	(764,243)	—	25,556,898
Total capital assets	38,443,377	—	—	38,443,377	2,924,655	(764,243)	—	40,603,789
Less accumulated depreciation:								
Buildings and building improvements	(4,846,091)	—	—	(4,846,091)	(743,348)	849,500	—	(4,739,939)
Improvements, other than buildings	—	—	—	—	—	—	—	—
Infrastructure	—	—	—	—	—	—	—	—
Leasehold improvements	(300,485)	—	—	(300,485)	(59,860)	14,777	—	(345,568)
Personal property:								
Equipment	(921,896)	—	—	(921,896)	(100,270)	68,891	—	(953,275)
Library books and materials	—	—	—	—	—	—	—	—
Intangible assets	—	—	—	—	(31,001)	—	—	(31,001)
Total accumulated depreciation	(6,068,472)	—	—	(6,068,472)	(934,479)	933,168	—	(6,069,783)
Total capital assets, net	\$ 32,374,905	—	—	32,374,905	1,990,176	168,925	—	34,534,006

3.2 - Detail of depreciation and amortization expense for the year ended June 30, 2009:

Depreciation and amortization expense related to capital assets	\$ 934,479
Amortization expense related to other assets	—
Total depreciation and amortization	\$ 934,479

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, 2009
(CONTINUED)**

4 Long-term liabilities activity schedule:

	Balance June 30, 2008	Prior period adjustments	Reclassifications	Balance June 30, 2008 (restated)	Additions	Reductions	Balance June 30, 2009	Current portion	Long-term portion
Accrued compensated absences	\$ 344,276	—	—	344,276	—	(58,457)	285,819	208,675	77,144
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:									
Description	—	—	—	—	—	—	—	—	—
Description	—	—	—	—	—	—	—	—	—
Description	—	—	—	—	—	—	—	—	—
Description	—	—	—	—	—	—	—	—	—
Description	—	—	—	—	—	—	—	—	—
Description	—	—	—	—	—	—	—	—	—
Total long-term debt obligations	—	—	—	—	—	—	—	—	—
Unamortized bond premium / (discount)	—	—	—	—	—	—	—	—	—
Unamortized loss on refunding	—	—	—	—	—	—	—	—	—
Total long-term debt obligations, net	—	—	—	—	—	—	—	—	—
Total long-term liabilities	\$ 344,276	—	—	344,276	—	(58,457)	285,819	208,675	77,144

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, 2009
(CONTINUED)**

5 Future minimum lease payments - capital lease obligations:

	<u>Principal</u>	<u>Interest</u>	<u>Principal and Interest</u>
Year ending June 30:			
2010	—	—	—
2011	—	—	—
2012	—	—	—
2013	—	—	—
2014	—	—	—
2015 - 2019	—	—	—
2020 - 2024	—	—	—
2025 - 2029	—	—	—
2030 - 2034	—	—	—
2035 - 2039	—	—	—
2040 - 2044	—	—	—
2045 - 2049	—	—	—
2050 - 2054	—	—	—
2055 - 2059	—	—	—
	<hr/>	<hr/>	<hr/>
Total minimum lease payments			—
Less amounts representing interest			<hr/> —
Present value of future minimum lease payments			—
Less: current portion			<hr/> —
Capitalized lease obligation, net of current portion			\$ <hr/> — <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, 2009
(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:									
2010	—	—	—	—	—	—	—	—	—
2011	—	—	—	—	—	—	—	—	—
2012	—	—	—	—	—	—	—	—	—
2013	—	—	—	—	—	—	—	—	—
2014	—	—	—	—	—	—	—	—	—
2015 - 2019	—	—	—	—	—	—	—	—	—
2020 - 2024	—	—	—	—	—	—	—	—	—
2025 - 2029	—	—	—	—	—	—	—	—	—
2030 - 2034	—	—	—	—	—	—	—	—	—
2035 - 2039	—	—	—	—	—	—	—	—	—
2040 - 2044	—	—	—	—	—	—	—	—	—
2045 - 2049	—	—	—	—	—	—	—	—	—
2050 - 2054	—	—	—	—	—	—	—	—	—
2055 - 2059	—	—	—	—	—	—	—	—	—
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, 2009
(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	\$ —	34,534,006	34,534,006
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:			
(description)	—	—	—
(description)	—	—	—
(description)	—	—	—
(description)	—	—	—
(description)	—	—	—
(description)	—	—	—
Net assets - invested in capital assets, net of related debt	\$ —	34,534,006	34,534,006
7.2 Calculation of net assets - Restricted for nonexpendable - endowments			
Portion of restricted cash and cash equivalents related to endowments	\$ —	—	—
Endowment investments	—	13,401,462	13,401,462
Other adjustments: (please list)	—	—	—
	—	—	—
	—	—	—
	—	—	—
	—	—	—
	—	—	—
	—	—	—
	—	—	—
	—	—	—
	—	—	—
Net assets - Restricted for nonexpendable - endowments per SNA	\$ —	13,401,462	13,401,462

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, 2009
(CONTINUED)**

8 Transactions with Related Entities

	Amount
Reimbursements to University for salaries of University personnel working on contracts, grants, and other programs	\$ 561,270
Reimbursements to University for other than salaries of University personnel	—
Payments received from University for services, space, and programs	—
Gifts-in-kind to the University from Auxiliary Organizations	—
Gifts (cash or assets) to the University from recognized Auxiliary Organizations	—
Accounts (payable to) University (enter as negative number)	(267,418)
Other amounts (payable to) University (enter as negative number)	—
Accounts receivable from University	97,334
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, 2009
(CONTINUED)**

9 Other Postemployment Benefits Obligation (OPEB)

Annual required contribution (ARC)	\$	—
Contributions during the year		(48,719)
Increase in net OPEB obligation (NOO)		(48,719)
NOO - beginning of year		4,251,000
NOO - end of year	\$	4,202,281

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, 2009
(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, 2009
(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, 2008, as previously reported		\$ 66,141,276
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, 2008, as restated		\$ 66,141,276

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, 2009
(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	\$ 2,256,609
TRIO Upward Bound	84.047	P047A080969/P047A080976	512,451
U.S. Department of Education - Pass Through			
Improving Teacher Quality State Grants	84.367	Various (see detail schedule)	1,062,275
U.S. Department of Health and Human Services - Pass Through			
Child Welfare Services Training Grants	93.648	Various (see detail schedule)	<u>1,802,879</u>
TOTAL MAJOR PROGRAMS			<u><u>\$ 5,634,214</u></u>

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, 2009
(FEIN: 95-6067343)**

Federal Grantor/Pass-through Grantor Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
RESEARCH PROGRAMS			
U.S. Department of Education - Direct			
Higher Education_Institutional Aid	84.031S	P031S070088	\$ 453,455
U.S. Department of Defense - Direct			
Basic, Applied, and Advanced Research in Science and Engineering	12.630	Various (see detail schedule)	2,526,457
Basic and Applied Scientific Research	12.300	Various (see detail schedule)	263,045
Basic Scientific Research	12.431	W911NF-05-1-0581	85,825
U.S. Department of Defense - Pass Through			
Basic and Applied Scientific Research	12.300	Various (see detail schedule)	1,799,820
U.S. Department of Health and Human Services - Direct			
Biomedical Research and Research Training	93.859	5S06GM073842-02/03/04	612,870
Drug Abuse and Addiction Research Programs	93.279	1R15 DA021667-01	64,042
Minority Health and Health Disparities Research	93.307	IP20MD002722	952,398
U.S. Department of Health and Human Services - Passed Through			
Allergy, Immunology and Transplantation Research	93.855	K22AI074662	136,049
Aging Research	93.866	PO 09713 A3	1
Nursing Workforce Diversity	93.178	0314-7128-01	18,635
U.S. Department of Agriculture - Direct			
Forestry Research	10.652	Various (see detail schedule)	11,322

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**THE FOUNDATION FOR CALIFORNIA STATE UNIVERSITY,
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FOR THE YEAR ENDED JUNE 30, 2009
(FEIN: 95-6067343)**

Federal Grantor/Pass-through Grantor Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
RESEARCH PROGRAMS - Continued			
U.S. National Aeronautics and Space Administration - Direct			
Aerospace Education Services Program	43.001	Various (see detail schedule)	100,095
Astromineralogy of Solar System	43.None	1265380	2,907
Miscellaneous NASA	43.999	1267946	1,603
U.S. National Aeronautics and Space Administration - Pass Through			
Miscellaneous NASA	43.999	PO # Y502701	12,000
U.S. Department of Transportation - Direct			
University Transportation Centers Program	20.701	DTRT06-G0023 MOD 1	262,171
U.S. Department of Transportation - Pass Through			
University Transportation Centers Program	20.701	GT 90903	37
U.S. Department of Interior - Pass Through			
Earthquake Hazards Reduction Program	15.807	PO # 118519	<u>6,742</u>
TOTAL RESEARCH PROGRAMS			\$ 7,309,474

The above schedule was prepared using the accrual basis of accounting.
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**THE FOUNDATION FOR CALIFORNIA STATE UNIVERSITY,
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(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 Homeland Security - Pass Through			
State Homeland Security Program	97.073	X0004107 SBAUX	\$ 35,013
U.S. Department of Health and Human Services - Direct			
Child Health and Human Development Extramural Research	93.865	5G11HD052368	113,569
U.S. Department of Health and Human Services - Pass Through			
Child Care and Development Block Grant	93.575	Various (see detail schedule)	2,993
U.S. Department of Education - Direct			
TRIO_Student Support Services	84.042A	P042A050391	367,338
Bilingual Education Professional Development	84.195N	Various (see detail schedule)	363,600
Rehabilitation Long-Term Training	84.129B	H129B04022	99,406
TRIO_McNair Post-Baccalaureate Achievement	84.217A	P217A30177 / P217A070193	253,718
Fund for the Improvement of Education	84.215	U215K080302	24,019
Child Care Access Means Parents in School	84.335A	P335A050204-07	169,117
Undergraduate International Studies and Foreign Language Programs	84.016	P016A070067	37,621
U.S. Department of Education - Pass Through			
Rehabilitation Services_Vocational Rehabilitation Grants to States	84.126	SSBCMP-0000024389	231,036
Alaska Native Educational Programs	84.356	PO# FP903543	17,312
Higher Education_Institutional Aid	84.031	P031 C080046-2	10,321

The above schedule was prepared using the accrual basis of accounting.
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**THE FOUNDATION FOR CALIFORNIA STATE UNIVERSITY,
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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2009
(FEIN: 95-6067343)**

Federal Grantor/Pass-through Grantor Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
OTHER FEDERAL PROGRAMS - Continued			
National Science Foundation - Direct			
Geosciences	47.050	Various (see detail schedule)	47,706
Mathematical and Physical Sciences	47.049	DMS-0850959	15,822
Computer and Information Science and Engineering	47.070	528058	22,733
Education and Human Resources	47.076	Various (see detail schedule)	231,318
National Science Foundation - Pass Through			
Computer and Information Science and Engineering	47.070	KK5121	22,442
Education and Human Resources	47.076	Various (see detail schedule)	97,318
National Endowment for the Humanities - Direct			
Promotion of the Humanities_Fellowships and Stipends	45.160	HR-50475-09	22,400
U.S. Department of Labor - Pass Through			
WIA Dislocated Workers	17.260	R764666	52,283
U.S. Department of Housing and Urban Development - Pass Through			
Community Development Block Grants/Technical Assistance Program	14.227	Various (see detail schedule)	96,602
U.S. Department of Defense - Pass Through			
Strategic Language Institute	12.CAC	S07-325106-CSUSB	197,816

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, 2009
(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 Agriculture - Pass Through			
Child and Adult Care Food Program	10.558	36-1527-0A	21,697
Summer Food Program for Children	10.559	36-77360V	5,693
U.S. Department of Agriculture - Direct			
Rural Cooperative Development Grants	10.771	None	30,756
Agriculture Research_Basic and Applied Research	10.001	58-6201-6-023	4,800
Hispanic Serving Institutions Education Grants	10.223	Various (see detail schedule)	200,627
Specialty Crop Block Grant Program	10.169	58-6000-7-0062	1,897
U.S. Department of Justice - Pass Through			
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	Z921201-A	89,700
Juvenile Accountability Block Grants	16.523	DJJ07078	26,550
U.S. Small Business Administration - Direct			
Women's Business Ownership Assistance	59.043	Various (see detail schedule)	231,588
U.S. Department of Treasury - Direct			
Tax Counseling for the Elderly	21.006	V90298	<u>33,460</u>
TOTAL OTHER FEDERAL PROGRAMS			<u>\$ 3,178,271</u>
TOTAL FEDERAL EXPENDITURES			<u>\$ 16,121,959</u>

The above schedule was prepared using the accrual basis of accounting.
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**THE FOUNDATION FOR CALIFORNIA STATE UNIVERSITY,
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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2009
(FEIN: 95-6067343)**

Federal Grantor/Pass-through Grantor Program Title	Federal CFDA Number	Agency or Pass-through Number	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	Direct	\$ 2,256,609
U.S. Department of Education - Direct				
Upward Bound - TRIO Program	84.047	P047A080969/P047A080976	Direct	512,451
U.S. Department of Education - Pass Through				
NCLB 2 - RIMS CAP - 9/06	84.367	NCLB 2-TCAP- San Bernardino	Pass Through	454
NCLB 2 - TCAP	84.367	NCLS 2-TCAP-SO	Pass Through	3,080
CMP - STIR-05/08	84.367	1010 G HC104	Pass Through	30,325
NCLB 4-RIMS CAP(F4)-7/08	84.367	NCLB4-TCAP- San Bernardino	Pass Through	5,731
NCLB 4 ICMP	84.367	NCLB4-CMP- San Bernardino	Pass Through	18,188
DREAMS 07/08-9/08(F4)	84.367	ITQ-02-316	Pass Through	52,663
NCLB 07/08 ICMP Supplement-9/08	84.367	NCLBS-CMP- San Bernardino	Pass Through	(82)
NCLB 07/08 RIMS Supplement-9/08	84.367	NCLB-TCAP- San Bernardino	Pass Through	12,419
NCLB 07/08 TCAP Supplement	84.367	NCLB-TCAP-SO	Pass Through	79,225
CMP-STIR 2008/2009-5/09	84.367	1010 G HC104	Pass Through	95,389
DREAMS 08/09-(F4) 9/09	84.367	ITQ-02-316	Pass Through	147,194
ALGERIA! 08/09 (F4) 9/09	84.367	ITQ-08-516	Pass Through	109,826
NCLB S 07/08 TCAP RPI-9/08	84.367	NCLBS-RPI- San Bernardino	Pass Through	19,890
NCLB 5	84.367	CN088144	Pass Through	63,614
NCLB 5 TCAP 08/09-6/09	84.367	NCLB5-TCAP-SO	Pass Through	30,230
NCLB 5 RIMS 08/09-6/09	84.367	NCLB5-TCAP- San Bernardino	Pass Through	50,425
NCLB 5 ICMP 08/09-6/09	84.367	NCLB5-CMP- San Bernardino	Pass Through	65,000
NCLB X-TCAP 08/09-6/09	84.367	NCLBX-TCAP-SO	Pass Through	159,216
NCLB X - RIMS 08/09-06/09	84.367	NCLBX-TCAP- San Bernardino	Pass Through	54,564
NCLB X-ICMP 08/09-6/09	84.367	NCLBX-CMP- San Bernardino	Pass Through	33,128
NCLB-X	84.367	NCLBX-CISP-San Bernardino	Pass Through	31,796
Improving Teacher Quality State Grants	84.367			1,062,275
U.S. Department of Health and Human Services - Pass Through				
Social Work Full Time and Part Time	93.648	5369	Pass Through	1,612,286
Child Welfare Academy	93.648	SA5960-77367	Pass Through	136,579
Worker Factors Project	93.648	6324	Pass Through	54,014
Child Welfare Services Training Grants	93.648			1,802,879
TOTAL MAJOR PROGRAMS				\$ 5,634,214

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 - DETAIL
FOR THE YEAR ENDED JUNE 30, 2009
(FEIN: 95-6067343)**

Federal Grantor/Pass-through Grantor Program Title	Federal CFDA Number	Agency or Pass-through Number	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	Direct	\$ 453,455
U.S. Department of Defense - Direct				
Innovation Policy Project	12.630	W91NF-05-2-003/08-2-0-0049	Direct	944,084
ITTN Program	12.630	W91NF-05-2-003/08-2-0-0049	Direct	816,621
Center of Academic Excellence	12.630	HM1582-06-1-2048	Direct	<u>765,752</u>
Basic, Applied, and Advanced Research in Science and Engineering	12.630			2,526,457
U.S. Department of Defense - Direct				
NAVSEA				
Basic and Applied Scientific Research	12.300	W91QV1-04-P-0277	Direct	263,045
U.S. Department of Defense - Direct				
High Displacement Piezoelectric				
Basic Scientific Research	12.431	W911NF-05-1-0581	Direct	85,825
U.S. Department of Defense - Pass Through				
Office of Technology Transfer and Commercialization	12.300	55170A 7803	Pass Through	1,593,924
Training Models and Tools for Adaptive Learning	12.300	0070 G HC533/JG417	Pass Through	205,895
Strategic Mobility 21	12.300	S07-309005SB	Pass Through	<u>1</u>
Basic and Applied Scientific Research	12.300			1,799,820

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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, 2009
(FEIN: 95-6067343)**

Federal Grantor/Pass-through Grantor Program Title	Federal CFDA Number	Agency or Pass-through Number	Direct Pass Through Federal	Federal Expenditures
RESEARCH PROGRAMS - MAJOR PROGRAM - Continued				
U.S. Department of Health and Human Services - Direct				
SCORE Program				
Biomedical Research and Research Training	93.859	5S06GM073842-02/03/04	Direct	612,870
U.S. Department of Health and Human Services - Direct				
Serotonin and Dopamine Regulation of Behavioral Plan				
Drug Abuse and Addiction Research Programs	93.279	1 R15 DA021667-01	Direct	64,042
U.S. Department of Health and Human Services - Direct				
Minority Health and Health Disparities Research	93.307	1P20MD002722-01/5P20MD002722	Direct	952,398
U.S. Department of Health and Human Services - Pass Through				
Influenza Virus RNA				
Allergy, Immunology and Transplantation Research	93.855	K22AI074662	Pass Through	136,049
U.S. Department of Health and Human Services - Pass Through				
Mitochondrial Inhibition Mimics Corticostriatal Aging				
Aging Research	93.866	PO 09713 A3	Pass Through	1
U.S. Department of Health and Human Services - Pass Through				
Protein Expression PKC Isozyn				
Nursing Workforce Diversity	93.178	0314-7128-01	Pass Through	18,635
U.S. Department of Agriculture - Direct				
Forestry Research-Genetic Info Vertebrate Species				
Forestry Research	10.652	06-CA-11272137-037 / 06CS11051200039	Direct	11,322

The above schedule was prepared using the accrual basis of accounting.
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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, 2009
(FEIN: 95-6067343)**

Federal Grantor/Pass-through Grantor Program Title	Federal CFDA Number	Agency or Pass-through Number	Direct Pass Through Federal	Federal Expenditures
RESEARCH PROGRAMS - MAJOR PROGRAM - Continued				
U.S. National Aeronautic and Space Administration - Direct				
Employing Planetary Astronomy to Inspire Undergraduates	43.001	NNQ04GD54G	Direct	38,872
Spitzer Spectroscopy and Imaging of Oort	43.001	1276035	Direct	5,000
Solar System Comet Astromineralogy	43.001	1276037	Direct	7,395
Multi Wavelength Approach to Gas Dynamics	43.001	NNX06AC74G	Direct	43,767
CO2 Sublimation in Comets (Aerospace Education Services Program)	43.001	1277006	Direct	5,061
Aerospace Education Services Program	43.001			100,095
U.S. National Aeronautic and Space Administration - Direct				
Astromineralogy of Solar System	43.None	1265380	Direct	2,907
U.S. National Aeronautic and Space Administration - Direct				
IRS Observation of Oort Cloud				
Miscellaneous NASA	43.999	1267946	Direct	1,603
U.S. National Aeronautic and Space Administration - Pass Through				
SubCT Research				
Miscellaneous NASA	43.999	PO# Y502701	Pass Through	12,000
U.S. Department of Transportation - Direct				
University Transportation Centers Program	20.701	DTRT06-G0023 MOD 1	Direct	262,171
U.S. Department of Transportation - Pass Through				
University Transportation Centers Program	20.701	GT 90903	Pass Through	37
U.S. Department of Interior - Pass Through				
Slip Rate of the San Andreas Fault	15.807	PO# 118519	Pass Through	6,648
Earthquake Education Outreach	15.807	PO# 118519	Pass Through	94
Earthquake Hazards Reduction Program	15.807			6,742
TOTAL RESEARCH PROGRAMS				\$ 7,309,474

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, 2009
(FEIN: 95-6067343)**

Federal Grantor/Pass-through Grantor Program Title	Federal CFDA Number	Agency or Pass-through Number	Direct Pass Through Federal	Federal Expenditures
OTHER FEDERAL PROGRAMS				
U.S. Department of Homeland Security - Pass Through				
State Homeland Security Program	97.073	X0004107 SBAUX	Pass Through	\$ 35,013
U.S. Department of Health and Human Services - Direct				
EARDA Project				
Child Health and Human Development Extramural Research	93.865	5G11HD052368	Direct	113,569
U.S. Department of Health and Human Services - Pass Through				
School Age Resources	93.575	CSCE8258	Pass Through	2,018
General Child Care- Instructional Materials	93.575	CIMS8484	Pass Through	975
Child Care and Development Block Grant	93.575			<u>2,993</u>
U.S. Department of Education - Direct				
TRIO_Student Support Services	84.042A	P042A050391	Direct	367,338
U.S. Department of Education - Direct				
Preparing Tomorrows Teachers-PT#	84.195N	T195N020187	Direct	13,864
QTQS Project	84.195N	T195N70098	Direct	349,736
Bilingual Education Professional Development	84.195N			<u>363,600</u>
U.S. Department of Education - Direct				
Long Term Training, Rehab Counseling				
Rehabilitation Long-Term Training	84.129B	H129B04022	Direct	99,406
U.S. Department of Education - Direct				
TRIO McNair Post-Baccalaureate Achievement- Ronald E. McNair Program				
TRIO_McNair Post-Baccalaureate Achievement	84.217A	P217A30177 / P217A070193	Direct	253,718

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**THE FOUNDATION FOR CALIFORNIA STATE UNIVERSITY,
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Federal Grantor/Pass-through Grantor Program Title	Federal CFDA Number	Agency or Pass-through Number	Direct Pass Through Federal	Federal Expenditures
OTHER FEDERAL PROGRAMS - Continued				
U.S. Department of Education - Direct				
Fund for the Improvement of Education	84.215	U215K080302	Direct	24,019
U.S. Department of Education - Direct				
C-Campus				
Child Care Access Means Parents in School	84.335A	P335A050204-07	Direct	169,117
U.S. Department of Education - Direct				
Asian Studies At CSUSB				
Undergraduate International Studies and Foreign Language Programs	84.016	P016A070067	Direct	37,621
U.S. Department of Education - Pass Through				
Vocational Rehabilitation-Workability IV Case Services				
Rehabilitation Services_Vocational Rehabilitation Grants to States	84.126	SSBCMP-0000024389	Pass Through	231,036
U.S. Department of Education - Pass Through				
Professional Services Alaska				
Alaska Native Educational Programs	84.356	PO# FP903543	Pass Through	17,312
U.S. Department of Education - Pass Through				
Step Up to Success				
Higher Education_Institutional Aid	84.031	P031 C080046-2	Pass Through	10,321

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**THE FOUNDATION FOR CALIFORNIA STATE UNIVERSITY,
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(FEIN: 95-6067343)**

Federal Grantor/Pass-through Grantor Program Title	Federal CFDA Number	Agency or Pass-through Number	Direct Pass Through Federal	Federal Expenditures
OTHER FEDERAL PROGRAMS - Continued				
National Science Foundation - Direct				
REU Dominica	47.050	EAR-0552591	Direct	18,910
Earthscape	47.050	EAR-0844400	Direct	28,796
Geosciences	47.050			47,706
National Science Foundation - Direct				
Investigation in Combinatorics: Knot Theory				
Mathematical and Physical Sciences	47.049	DMS-0850959	Direct	15,822
National Science Foundation - Direct				
Collaborative Research, Bio-Molecular Imaging Information Discovery				
Computer and Information Science and Engineering	47.070	528058	Direct	22,733
National Science Foundation - Direct				
Mathematics and Science Scholars	47.076	DUE-0631182	Direct	97,823
Noyce Math and Science Scholars	47.076	DUE-0630255	Direct	133,495
Education and Human Resources	47.076			231,318
National Science Foundation - Pass Through				
Bio-Molecular Imaging Information Discovery				
Computer and Information Science and Engineering	47.070	KK5121	Pass Through	22,442
National Science Foundation - Pass Through				
AMP Programs	47.076	HRD-0331537-508081	Pass Through	24,092
AMP Programs	47.076	HRD-0802628-515381	Pass Through	46,571
AMP Programs	47.076	HRD-0802628-515382	Pass Through	4,602
AMP Programs	47.076	HRD-0802628-516091	Pass Through	9,768
Building Locally, Linking Globally Noyce	47.076	70686	Pass Through	1,000
Noyce 08/09 Supplement	47.076	None	Pass Through	11,285
Education and Human Resources	47.076			97,318

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**THE FOUNDATION FOR CALIFORNIA STATE UNIVERSITY,
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FOR THE YEAR ENDED JUNE 30, 2009
(FEIN: 95-6067343)**

Federal Grantor/Pass-through Grantor Program Title	Federal CFDA Number	Agency or Pass-through Number	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	Direct	22,400
U.S. Department of Labor - Pass Through				
Enhancing the Workforce - Nursing				
WIA Dislocated Workers	17.260	R764666	Pass Through	52,283
U.S. Department of Housing and Urban Development - Pass Through				
Community Development Block Grants	14.227	89488	Pass Through	8,887
Community Development Block Grants	14.227	89489431	Pass Through	45,296
Community Development Block Grants	14.227	F023-29000 PO#J2191	Pass Through	42,419
Community Development Block Grants/Technical Assistance Program	14.227			96,602
U.S. Department of Defense - Pass Through				
Strategic Language Institute 07/08	12.CAC	S07-325106-CSUSB	Pass Through	197,816
U.S. Department of Agriculture - Direct				
Southwest Border Regional Initiative				
Rural Cooperative Development Grants	10.771	None	Direct	30,756
U.S. Department of Agriculture - Direct				
Develop USDA Programs and Activities				
Agricultural Research Basic and Applied Research	10.001	58-6201-6-023	Direct	4,800
U.S. Department of Agriculture - Direct				
Recruitment and Retention of Bilingual Pre-Professionals in Environment	10.223	2004-38422-14943	Direct	5,114
Preparing Underrepresented Students for USDA Careers	10.223	207-38422-18075	Direct	158,875
Recruitment and Retention of Students in Conservation Biology	10.223	2003-38422-19133	Direct	36,638
Hispanic Serving Institutions Education Grants	10.223			200,627

The above schedule was prepared using the accrual basis of accounting.
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**THE FOUNDATION FOR CALIFORNIA STATE UNIVERSITY,
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FOR THE YEAR ENDED JUNE 30, 2009
(FEIN: 95-6067343)**

Federal Grantor/Pass-through Grantor Program Title	Federal CFDA Number	Agency or Pass-through Number	Direct Pass Through Federal	Federal Expenditures
OTHER FEDERAL PROGRAMS - Continued				
U.S. Department of Agriculture - Direct				
Specialty Crop Block Grant Program	10.169	58-6000-7-0062	Direct	1,897
U.S. Department of Agriculture - Pass Through				
Child and Adult Care Food Program	10.558	36-1527-0A	Pass Through	21,697
U.S. Department of Agriculture - Pass Through				
Summer Food Service Program for Children	10.559	36-77360V	Pass Through	5,693
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	Pass Through	89,700
U.S. Department of Justice - Pass Through				
Evaluation of AmeriCorps				
Juvenile Accountability Block Grants	16.523	DJJ07078	Pass Through	26,550
U.S. Small Business Administration - Direct				
Women's Business Ownership Assistance	59.043	SBAHQ-03-W-0005 / SBAHQ-06-W-0011	Direct	231,588
U.S. Department of Treasury - Direct				
Vita 08/09				
Tax Counseling for the Elderly	21.006	V90298	Direct	33,460
TOTAL OTHER FEDERAL PROGRAMS				\$ 3,178,271
TOTAL ALL PROGRAMS				\$ 16,121,959

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 FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009**

SUMMARY OF AUDIT RESULTS:

Section I

- 1 The auditors' report expresses an unqualified opinion on the general purpose financial statements of:
The Foundation for California State University, San Bernardino

- 2 No instances of noncompliance were disclosed during the audit which were material to the financial statements of:
The Foundation for California State University, San Bernardino

- 3 The auditors' report on compliance on all major federal programs expresses an unqualified opinion
for the major federal award programs for:
The Foundation for California State University, San Bernardino

- 4 No material weakness(es) identified relating to the audit of the financial statements are reported in the:
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*.

- 5 No significant deficiency(ies) identified that are not considered to be material weaknesses relating to the audit of the
financial statements are reported in the:
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*.

- 6 No material weakness(es) identified relating to the audit of the major federal award programs are reported in the:
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.

- 7 No significant deficiency(ies) identified that are not considered to be material weaknesses relating to the audit of the
major federal award programs are reported in the:
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.

- 8 Audit findings relative to the major federal award programs for:
The Foundation for California State University, San Bernardino
are referenced in this Schedule as follows:

<u>Finding No.</u>	<u>Reference</u>
None	None

- 9 The threshold for distinguishing Types A and B programs was:
\$ 483,659

- 10 The Foundation for California State University, San Bernardino
was determined to be a:
low-risk auditee

- 11 The programs tested as major programs included:
84.334 Gaining Early Awareness and Readiness for Undergraduate Programs
84.047 TRIO Upward Bound
84.367 Improving Teacher Quality State Grants
93.648 Child Welfare Services Training Grants
Research Cluster

Section II - Financial Statement Findings

None Reported

Section III - Federal Award Findings and Questioned Costs

None Reported

**THE FOUNDATION FOR CALIFORNIA STATE UNIVERSITY,
SAN BERNARDINO
FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009**

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***

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

We have audited the financial statements of The Foundation for California State University, San Bernardino (The Foundation) as of and for the year ended June 30, 2009, and have issued our report thereon dated September 23, 2009. 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'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's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of The Foundation's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects an organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of an organization's financial statements that is more than inconsequential will not be prevented or detected by an organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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'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.

Vaccaro, Hagen + Co.

September 23, 2009

**INDEPENDENT AUDITORS' REPORT
ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

We have audited the compliance of The Foundation for California State University, San Bernardino (The Foundation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The Foundation'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's management. Our responsibility is to express an opinion on The Foundation'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, *Audits of States, Local Governments, and Non-Profit Organizations*. 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'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's compliance with those requirements.

In our opinion, The Foundation complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of The Foundation 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's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of The Foundation's internal control over compliance.

A control deficiency in an organization's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects an organization's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by an organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by an organization's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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, Hays + Co.

September 23, 2009

**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)
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) financial statements at June 30, 2009 on which we have rendered our opinion dated September 23, 2009. 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 the year ended June 30, 2009.

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.

September 23, 2009

**THE FOUNDATION FOR CALIFORNIA STATE UNIVERSITY,
SAN BERNARDINO
MANAGEMENT LETTER
FOR THE YEAR ENDED JUNE 30, 2009**

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 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.