



(a Component Unit of San Diego State University)

Financial Statements, Schedule of Expenditures of Federal
Awards and Auditors' Reports Required under Office of
Management and Budget Circular A-133

Year ended June 30, 2015

(With Independent Auditors' Report Thereon)

Contents

	Page
Report of Independent Certified Public Accountants	1-2
Management's Discussion and Analysis	3-11
Basic Financial Statements:	
Statements of Net Position	12
Statements of Revenues, Expenses and Changes in Net Position	13
Statements of Cash Flows	14-15
Notes to Financial Statements	16-36
Required Supplementary Information:	
Schedule of Post-Employment Health Care Benefits Funding Progress	37
Report Of Independent Certified Public Accountants On Internal Control Over Financial Reporting And On Compliance And Other Matters Required By <i>Government Auditing Standards</i>	38-39
Report Of Independent Certified Public Accountants On Compliance For Each Major Federal Program And On Internal Control Over Compliance Required By OMB Circular A-133	40-42
Schedule of Expenditures of Federal Awards	43-55
Notes to Schedule of Expenditures of Federal Awards	56-58
Schedule of Findings and Questioned Costs	59-60
Schedule of Prior Year Findings	61-62



REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
San Diego State University Research Foundation

Audit • Tax • Advisory

Grant Thornton LLP
12220 El Camino Real, Suite 300
San Diego, CA 92130-3079

T 858.704.8000
F 858.704.8099
www.GrantThornton.com

Report on the financial statements

We have audited the accompanying financial statements of the business-type activities, of San Diego State University Research Foundation (a California State University Auxiliary Organization and Component Unit of San Diego State University) (the “SDSU Research Foundation”) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the SDSU Research Foundation’s basic financial statements as listed in the table of contents.

Management’s responsibility for the financial statements

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

Auditor’s responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the SDSU Research Foundation’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the SDSU Research Foundation’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of SDSU Research Foundation, as of June 30, 2015, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other matters

The financial statements of SDSU Research Foundation as of and for the year ended June 30, 2014 were audited by other auditors. Those auditors expressed an unmodified opinion on those 2014 financial statements in their report dated September 19, 2014.

Required supplementary information

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis on pages 3 – 11 and the Schedule of Post-Employment Health Care Benefits Funding Progress as of December 31, 2014 on page 37 be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. This required supplementary information is the responsibility of management. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America. These limited procedures consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other reporting required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report, dated September 18, 2015, on our consideration of the SDSU Research 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 effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the SDSU Research Foundation's internal control over financial reporting and compliance.

Grant Thornton LLP

San Diego, CA
September 18, 2015

SAN DIEGO STATE UNIVERSITY RESEARCH FOUNDATION

Management's Discussion and Analysis

(unaudited)

June 30, 2015 and 2014

Management's Discussion and Analysis (unaudited)

This section of the San Diego State University Foundation (dba San Diego State University (SDSU) Research Foundation) annual financial report includes management's discussion and analysis of the financial performance of SDSU Research Foundation for fiscal years ended June 30, 2015 and 2014. This discussion should be read in conjunction with the financial statements and notes.

Introduction to the Financial Statements

SDSU Research Foundation's financial statements include the Statements of Net Position; the Statements of Revenues, Expenses and Changes in Net Position; and the Statements of Cash Flows. These statements are supported by notes to the financial statements and Management's Discussion and Analysis. All sections must be considered together to obtain a complete understanding of the financial picture of SDSU Research Foundation.

Statements of Net Position: The Statements of Net Position include all assets, deferred outflows and inflows of resources, liabilities, and net position of the SDSU Research Foundation. All amounts are reported on an accrual basis as of the statement date. This statement also identifies major categories of restrictions on the net position of SDSU Research Foundation.

Statements of Revenues, Expenses and Changes in Net Position: The Statements of Revenues, Expenses and Changes in Net Position present the revenues earned and expenses incurred during the years on an accrual basis.

Statements of Cash Flows: The Statements of Cash Flows present the inflows and outflows of cash for the years and are summarized by operating, capital and related financing, noncapital financing, and investing activities. These statements are prepared using the direct method of cash flows and therefore present gross rather than net amounts for the years' activities.

Financial Overview

Summary

The following discussion highlights management's understanding of the key financial aspects of SDSU Research Foundation's financial activities as of and for the years ended June 30, 2015 and 2014. Included are comparative analyses of current year and prior year activities and balances; a discussion of restrictions of SDSU Research Foundation net position; and a discussion of capital assets and long-term debt.

Significant Events – Year Ended June 30, 2015

In January 2015, SDSU Research Foundation transferred certain endowments and gift annuities to The Campanile Foundation. In May 2015, properties adjacent to SDSU (College Square and College Strip) were transferred to Aztec Shops, Ltd. in exchange for cash and unsecured notes to SDSU Research Foundation.

Significant Events – Year Ended June 30, 2014

In January 2014, a student housing project adjacent to SDSU (Sanctuary Suites) was transferred to Aztec Shops, Ltd. in exchange for an unsecured note to SDSU Research Foundation.

SAN DIEGO STATE UNIVERSITY RESEARCH FOUNDATION

Management's Discussion and Analysis

(unaudited)

June 30, 2015 and 2014

SDSU Research Foundation's condensed summary of net position as of June 30, 2015, 2014 and 2013 follows:

Condensed Summary of Net Position

	June 30		
	2015	2014	2013
Assets:			
Current assets	\$ 47,367,145	\$ 41,903,090	\$ 40,241,874
Capital assets, net	49,086,814	57,346,915	63,503,109
Other noncurrent assets	54,010,347	55,483,377	73,532,686
Total assets	150,464,306	154,733,382	177,277,669
Deferred Outflows of Resources:			
Deferred loss on bond refunding	606,220	634,450	663,056
Liabilities:			
Current liabilities	31,843,466	30,505,664	60,018,725
Noncurrent liabilities	33,449,278	37,080,971	37,772,294
Total liabilities	65,292,744	67,586,635	97,791,019
Net Position:			
Net investment in capital assets	18,386,404	22,976,432	28,211,667
Restricted – nonexpendable	3,453,377	5,309,953	4,761,303
Restricted – expendable	10,612,196	13,480,783	12,166,583
Unrestricted	53,325,805	46,014,029	35,010,153
Total net position	\$ 85,777,782	\$ 87,781,197	\$ 80,149,706

Assets

Total assets decreased \$4.3 million from fiscal year (FY) 2014 to FY 2015 primarily because of property sales to Aztec Shops, Ltd. and transfer of endowments to The Campanile Foundation. Total assets decreased \$22.5 million from FY 2013 to FY 2014 primarily because \$30.0 million of cash and investments held by SDSU Research Foundation for The Campanile Foundation was disbursed to The Campanile Foundation.

Current assets increased \$5.5 million from FY 2014 to FY 2015 primarily because of the timing of cash receipts related to sponsored programs. Current assets increased \$1.7 million from FY 2013 to FY 2014 primarily because of a temporary increase in accounts receivable.

Capital assets decreased \$8.3 million from FY 2014 to FY 2015 primarily because of property sales and a transfer of property to Aztec Shops, Ltd. Capital assets decreased \$6.2 million from FY 2013 to FY 2014 primarily because student housing apartments were transferred to Aztec Shops, Ltd.

Other noncurrent assets decreased \$1.5 million from FY 2014 to FY 2015 primarily because endowment assets were transferred to The Campanile Foundation. Other noncurrent assets decreased \$18.0 million from FY 2013 to FY 2014 primarily because investments were sold to disburse \$30.0 million to The Campanile Foundation.

SAN DIEGO STATE UNIVERSITY RESEARCH FOUNDATION

Management's Discussion and Analysis

(unaudited)

June 30, 2015 and 2014

Deferred Outflows of Resources

Deferred outflows of resources decreased \$28,230 and \$28,606 from FY 2014 to FY 2015 and from FY 2013 to FY 2014, respectively, due to the amortization of the deferred loss on bond refunding.

Liabilities

Current liabilities increased by \$1.3 million from FY 2014 to FY 2015 primarily because of the timing related to the payment of accounts payable. Current liabilities decreased by \$29.5 million from FY 2013 to FY 2014 primarily because \$30.0 million was disbursed to The Campanile Foundation.

Noncurrent liabilities decreased \$3.6 million from FY 2014 to FY 2015 primarily due to the paydown of long-term debt during the transfer of property to Aztec Shops, Ltd. Noncurrent liabilities decreased \$0.7 million from FY 2013 to FY 2014 primarily due to scheduled bond payments.

Net Position

SDSU Research Foundation's net position decreased \$2.0 million from FY 2014 to FY 2015 primarily because of the net effect from the transfer of endowments to The Campanile Foundation. The total net position increased \$7.6 million from FY 2013 to FY 2014 because net operating income totaled \$5.8 million and net nonoperating income totaled \$1.8 million.

Restricted Resources

The net position of SDSU Research Foundation includes funds that are restricted by donor or law. The following table summarizes which funds are restricted, the type of restriction and the amount:

Restricted Net Position

	<u>June 30</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Nonexpendable	\$ 3,453,377	\$ 5,309,953	\$ 4,761,303
Expendable:			
Campus programs and projects	\$ 9,750,771	\$ 11,585,360	\$ 10,391,543
KPBS capital campaign	720,242	750,639	780,986
Student aid	141,183	151,610	124,970
Annuity trust agreements	—	993,174	869,084
Total restricted expendable net position	\$ 10,612,196	\$ 13,480,783	\$ 12,166,583

Nonexpendable restricted net position decreased \$1.9 million from FY 2014 to FY 2015 due to the transfer of endowments to The Campanile Foundation and increased \$0.5 million from FY 2013 to FY 2014 because of the receipt of new restricted gifts.

The decrease in expendable restricted net position of \$2.8 million from FY 2014 to FY 2015 was due to the transfer of gift annuities to The Campanile Foundation. The increase of \$1.3 million from FY 2013 to FY 2014 was due primarily to fluctuations in the market value of the underlying endowment assets. Annuity trust agreements fluctuate as a result of payments to annuitants, the receipt of new funds, and market value fluctuations.

SAN DIEGO STATE UNIVERSITY RESEARCH FOUNDATION

Management's Discussion and Analysis

(unaudited)

June 30, 2015 and 2014

SDSU Research Foundation's condensed summary of revenues, expenses and changes in net position for the years ended June 30, 2015, 2014 and 2013 follows:

Condensed Summary of Revenues, Expenses and Changes in Net Position

	Year Ended June 30		
	2015	2014	2013
Operating revenues:			
Sponsored programs support	\$ 106,339,953	\$ 106,609,049	\$ 108,364,049
Community and campus programs	33,640,262	33,518,244	36,950,590
Contributions	19,287,577	17,116,304	17,686,904
Other operating revenues	7,995,732	9,289,055	12,211,632
Total operating revenues	167,263,524	166,532,652	175,213,175
Operating expenses:			
Sponsored programs	94,708,295	94,962,056	96,555,853
Community and campus programs, including fundraising	46,829,397	42,615,518	49,256,012
Other operating expenses	22,620,736	23,133,040	24,418,406
Total operating expenses	164,158,428	160,710,614	170,230,271
Operating income	3,105,096	5,822,038	4,982,904
Nonoperating revenues (expenses):			
Interest expense	(1,379,790)	(1,416,592)	(1,791,331)
Investment income, net	1,337,521	740,267	1,744,173
Net (Decrease) increase in fair value of investments	(955,583)	2,605,767	475,859
Gain (Loss) on dispositions of property and equipment	1,144,437	(103,579)	(69,058)
Net effect from transfer of assets to Aztec Shops, Ltd.	185,922	29,910	414,072
Transfers to The Campanile Foundation	(5,460,614)	-	-
Net nonoperating (expenses) revenues	(5,128,107)	1,855,773	773,715
(Loss) Income before changes to permanent endowments	(2,023,011)	7,677,811	5,756,619
Increase (Decrease) in permanent endowments	19,596	(46,320)	(25,935)
Net (loss) income	(2,003,415)	7,631,491	5,730,684
Net position at beginning of year	87,781,197	80,149,706	74,419,022
Net position at end of year	\$ 85,777,782	\$ 87,781,197	\$ 80,149,706
Total revenues	\$ 169,951,000	\$ 167,152,930	\$ 177,276,427
Total expenses	171,954,415	159,521,439	171,545,743
Net (loss) income	\$ (2,003,415)	\$ 7,631,491	\$ 5,730,684

SAN DIEGO STATE UNIVERSITY RESEARCH FOUNDATION

Management's Discussion and Analysis

(unaudited)

June 30, 2015 and 2014

Operating Revenues and Expenses

Operating revenues and expenses come from sources that are connected directly to SDSU Research Foundation's primary business functions.

Operating Revenues

Sponsored programs support decreased slightly by \$0.3 million from FY 2014 to FY 2015 primarily due to timing of sponsored programs spending. Sponsored programs support decreased \$1.8 million from FY 2013 to FY 2014 primarily due to a reduction in American Recovery and Reinvestment Act (ARRA) revenue. Sponsored programs support included \$0.1 million, \$1.1 million and \$3.1 million in ARRA revenue in FY 2015, FY 2014 and FY 2013, respectively.

Community and campus programs include revenues generated by the College of Extended Studies, KPBS, and various academic college and department gift accounts. These revenues increased slightly by \$0.1 million from FY 2014 to FY 2015. Community and campus programs revenue decreased \$3.4 million from FY 2013 to FY 2014 primarily because course fees that were previously collected by the College of Extended Studies are now paid directly to San Diego State University (the University).

Contributions, primarily to KPBS, increased \$2.2 million from FY 2014 to FY 2015 because of two large individual gifts received. Contributions decreased \$0.6 million from FY 2013 to FY 2014 because major gifts to support construction costs for new broadcasting equipment and the broadcasting station offices were received in FY 2013.

Other operating revenues decreased \$1.3 million from FY 2014 to FY 2015 primarily due to the loss of rental income from properties transferred to Aztec Shops, Ltd. and a significant decrease in royalty revenue because of a large royalty distribution paid out in FY 2014. Other operating revenues decreased \$2.9 million from FY 2013 to FY 2014 primarily because student housing apartments were transferred to Aztec Shops, Ltd.

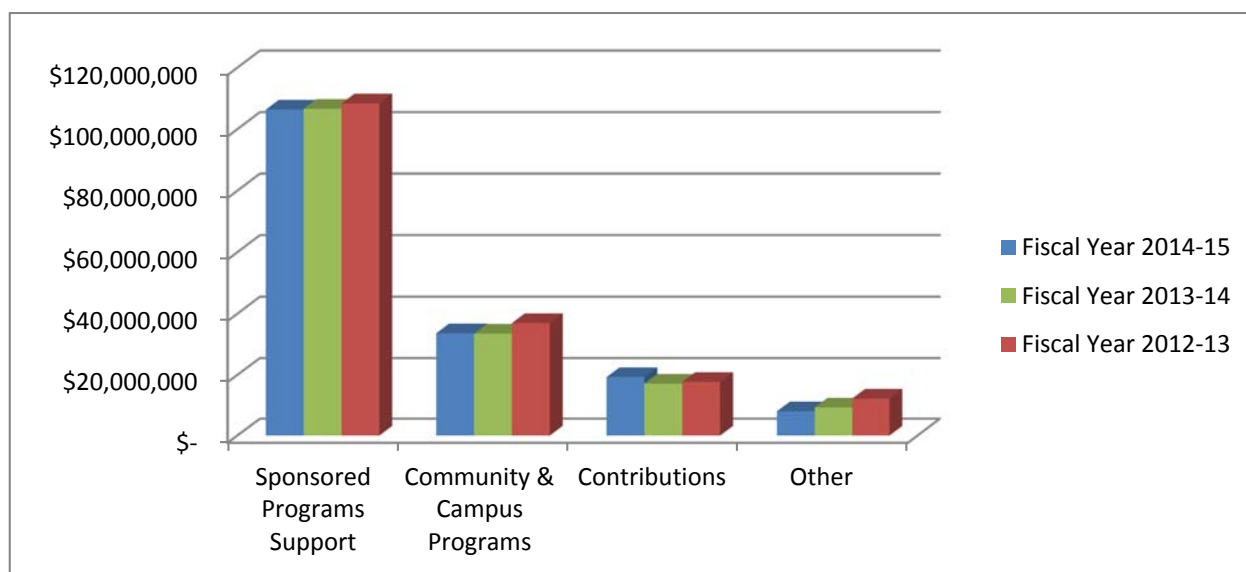
SAN DIEGO STATE UNIVERSITY RESEARCH FOUNDATION

Management's Discussion and Analysis

(unaudited)

June 30, 2015 and 2014

The following chart presents the dollar amount that each category of operating revenue contributed to total revenues for the years ended June 30, 2015, 2014 and 2013:



The sources of sponsored programs support revenues for the years ended June 30, 2015, 2014 and 2013 are as follows:

	Year Ended June 30					
	2015		2014		2013	
	\$	%	\$	%	\$	%
Federal:						
Department of Health & Human Services	40,107,477	37.7	39,288,362	36.9	40,697,413	37.6
Department of Education	10,165,256	9.6	8,652,972	8.1	10,131,584	9.3
National Science Foundation	8,327,433	7.8	9,572,257	9.0	8,936,528	8.2
Department of Defense	7,731,747	7.3	9,413,200	8.8	10,070,899	9.3
Department of Agriculture	6,414,030	6.0	6,422,060	6.1	6,163,351	5.8
Other	5,651,874	5.3	6,662,526	6.2	7,856,327	7.2
	<u>78,397,817</u>	<u>73.7</u>	<u>80,011,377</u>	<u>75.1</u>	<u>83,856,102</u>	<u>77.4</u>
State and Local	10,682,922	10.1	11,664,047	10.9	9,848,016	9.1
Other	17,259,214	16.2	14,933,625	14.0	14,659,931	13.5
	<u><u>106,339,953</u></u>	<u><u>100.0</u></u>	<u><u>106,609,049</u></u>	<u><u>100.0</u></u>	<u><u>108,364,049</u></u>	<u><u>100.0</u></u>

SAN DIEGO STATE UNIVERSITY RESEARCH FOUNDATION

Management's Discussion and Analysis

(unaudited)

June 30, 2015 and 2014

The following chart presents the amount (in thousands) that each sponsor type contributed to total sponsored programs support revenues for the years ended June 30, 2015, 2014 and 2013:



Includes \$0.1 million, \$1.1 million and \$3.1 million in American Recovery and Reinvestment Act revenue in FY 2015, FY 2014 and FY 2013, respectively.

Operating Expenses

Sponsored programs expenses decreased slightly by \$0.3 million from FY 2014 to FY 2015 and decreased \$1.6 million from FY 2013 to FY 2014. These changes follow the related decreases in sponsored programs support revenues.

Community and campus programs expenses (including fundraising) increased \$4.2 million from FY 2014 to FY 2015 primarily due to increases in salaries and benefits and facilities rent. Community and campus programs expenses (including fundraising) decreased \$6.6 million from FY 2013 to FY 2014 primarily due to normal fluctuations in expenditures of the funds and because course fees that were previously collected by the College of Extended Studies and remitted to the University are now paid directly to the University.

Other operating expenses decreased \$0.5 million from FY 2014 to FY 2015 and decreased \$1.3 million from FY 2013 to FY 2014 due to the transfer of rental properties to Aztec Shops, Ltd.

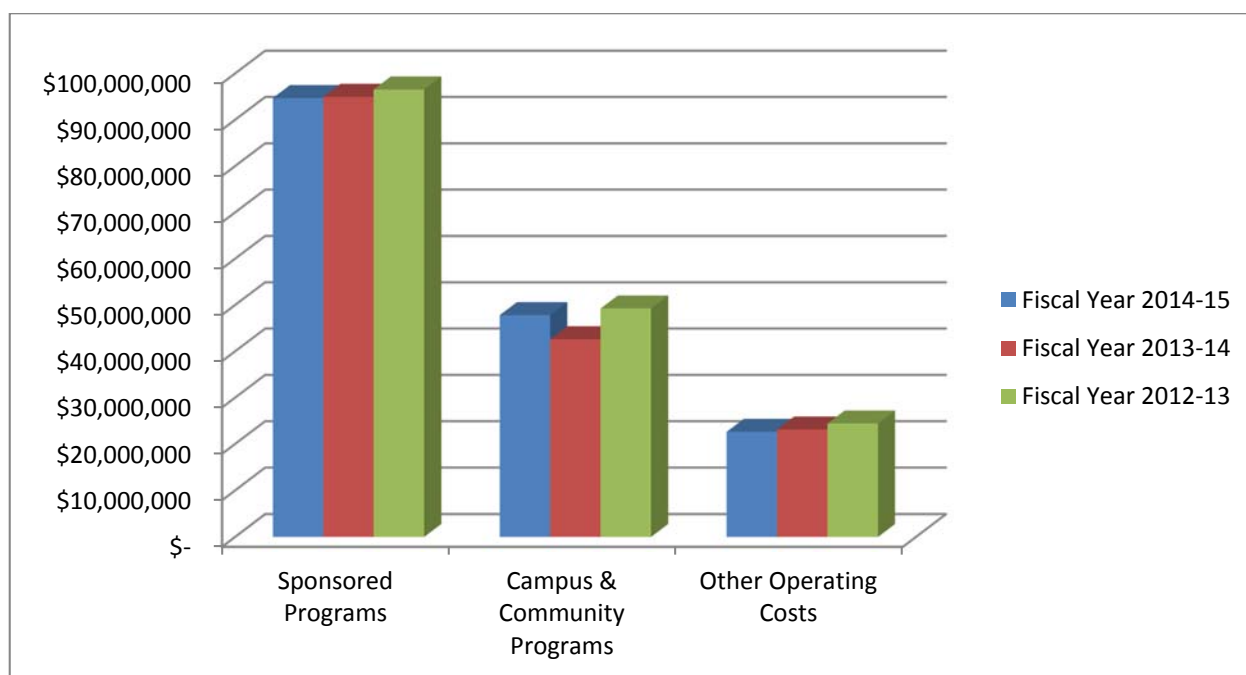
SAN DIEGO STATE UNIVERSITY RESEARCH FOUNDATION

Management's Discussion and Analysis

(unaudited)

June 30, 2015 and 2014

The following chart presents the distribution of resources in support of SDSU Research Foundation's mission for the years ended June 30, 2015, 2014 and 2013:



Nonoperating Revenues (Expenses)

Nonoperating revenues (expenses) come from sources that are not part of SDSU Research Foundation's primary business functions. Included in this classification are interest expense, investment income, changes in the fair value of investments, and gains and losses from the sale of equipment.

Interest expense remained fairly constant from FY 2014 to FY 2015. Interest expense decreased \$0.4 million from 2013 to 2014 due to the full year's effect of the August 2012 bond refunding and the June 2013 transfer of the student housing apartments to Aztec Shops, Ltd.

Investment income increased \$0.6 million from FY 2014 to FY 2015 due to ongoing fluctuations in the market. Investment income decreased \$1.0 million from FY 2013 to FY 2014 primarily due to changes in the banking and service agreement with The Campanile Foundation. The agreement now allows The Campanile Foundation to receive more of the income generated from cash held by SDSU Research Foundation. This reduction was partially offset by an increase of \$507,500 in the administrative fee charged by SDSU Research Foundation to The Campanile Foundation.

Net (decrease) increase in fair value of investments decreased \$3.6 million from FY 2014 to FY 2015 and increased \$2.1 million from FY 2013 to FY 2014 due to ongoing fluctuations in the market.

Gain (loss) on dispositions of property and equipment increased \$1.2 million from FY 2014 to FY 2015 primarily due to the sale of certain properties and remained fairly constant from FY 2013 to FY 2014.

SAN DIEGO STATE UNIVERSITY RESEARCH FOUNDATION

Management's Discussion and Analysis

(unaudited)

June 30, 2015 and 2014

Capital Assets

Capital assets, net of accumulated depreciation, are shown below:

	June 30		
	2015	2014	2013
Land, land improvements and construction-in-progress	\$ 15,594,057	\$ 17,769,327	\$ 18,948,404
Buildings and improvements	28,403,933	32,875,690	37,985,713
Furniture, fixtures and equipment	5,088,824	6,701,898	6,568,992
Capital assets, net of accumulated depreciation	<u>\$ 49,086,814</u>	<u>\$ 57,346,915</u>	<u>\$ 63,503,109</u>

Capital assets decreased \$8.3 million from FY 2014 to FY 2015 primarily because of property sales and the transfer of property to Aztec Shops, Ltd. Capital assets decreased \$6.2 million from FY 2013 to FY 2014 primarily because student housing apartments were transferred to Aztec Shops, Ltd. and because the annual depreciation of property and equipment exceeded capital additions.

Long-Term Debt Obligations

Debt outstanding at June 30, 2015, 2014 and 2013 is summarized below by the type of debt instrument:

	June 30		
	2015	2014	2013
Revenue bonds	\$ 29,785,000	\$ 30,620,000	\$ 31,430,000
Note payable	-	2,768,584	2,813,053
Total	29,785,000	33,388,584	34,243,053
Unamortized bond premium	1,521,627	1,616,537	1,711,445
Total long-term debt	31,306,627	35,005,121	35,954,498
Less current portion	(865,000)	(882,637)	(854,480)
Long-term debt, net of current portion	<u>\$ 30,441,627</u>	<u>\$ 34,122,484</u>	<u>\$ 35,100,018</u>

Long-term debt, net of current portion, decreased \$3.7 million from FY 2014 to FY 2015 due to scheduled bond payments and paying off the long-term debts related to assets transferred to Aztec Shops, Ltd. and decreased \$1.0 million from FY 2013 to FY 2014 due to scheduled bond payments.

SAN DIEGO STATE UNIVERSITY RESEARCH FOUNDATION

Statements of Net Position

June 30, 2015 and 2014

Assets	2015	2014
Current assets:		
Cash and cash equivalents (note 3)	\$ 7,567,882	\$ 4,219,844
Short-term investments (note 3)	15,734,076	13,652,979
Accounts receivable (note 4)	23,872,742	23,905,224
Prepaid expenses and other assets	<u>192,445</u>	<u>125,043</u>
Total current assets	<u>47,367,145</u>	<u>41,903,090</u>
Noncurrent assets:		
Accounts receivable (note 4)	910,557	600,171
Long-term investments (note 3)	28,716,852	27,509,276
Restricted assets – investments (note 3)	12,212,041	16,937,204
Restricted assets – land	1,853,532	1,853,532
Notes receivable – Aztec Shops, Ltd. (note 5)	8,371,991	6,901,991
Capital assets, net (notes 5, 6 and 8)	49,086,814	57,346,915
Other assets	<u>1,945,374</u>	<u>1,681,203</u>
Total noncurrent assets	<u>103,097,161</u>	<u>112,830,292</u>
Total assets	<u>\$ 150,464,306</u>	<u>\$ 154,733,382</u>
Deferred Outflows of Resources		
Deferred loss on bond refunding (note 8)	<u>\$ 606,220</u>	<u>\$ 634,450</u>
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses (note 7)	\$ 14,888,239	\$ 12,682,860
Sponsored programs receipts over expenditures	8,529,373	3,852,988
Long-term debt obligations – current portion (notes 5 and 8)	865,000	882,637
Due to The Campanile Foundation (note 7)	<u>7,560,854</u>	<u>13,087,179</u>
Total current liabilities	<u>31,843,466</u>	<u>30,505,664</u>
Noncurrent liabilities:		
Long-term debt obligations, net of current portion (notes 5 and 8)	30,441,627	34,122,484
Liabilities for amounts held for others	619,091	1,056,085
Other liabilities (note 10)	<u>2,388,560</u>	<u>1,902,402</u>
Total noncurrent liabilities	<u>33,449,278</u>	<u>37,080,971</u>
Total liabilities	<u>\$ 65,292,744</u>	<u>\$ 67,586,635</u>
Commitments and Contingencies (notes 9, 10, 11 and 12)		
Net Position		
Net investment in capital assets	\$ 18,386,404	\$ 22,976,432
Restricted for:		
Nonexpendable – endowments and property	3,453,377	5,309,953
Expendable:		
Campus programs and projects	9,750,771	11,585,360
KPBS capital campaign	720,242	750,639
Student aid	141,183	151,610
Annuity trust agreements	—	993,174
Unrestricted	<u>53,325,805</u>	<u>46,014,029</u>
Total net position	<u>\$ 85,777,782</u>	<u>\$ 87,781,197</u>

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

SAN DIEGO STATE UNIVERSITY RESEARCH FOUNDATION

Statements of Revenues, Expenses and Changes in Net Position

Years ended June 30, 2015 and 2014

	2015	2014
Operating revenues:		
Sponsored programs support	\$ 106,339,953	\$ 106,609,049
Community and campus programs	33,640,262	33,518,244
Contributions	19,287,577	17,116,304
Rental income	5,801,769	6,752,867
Other operating revenues (note 7)	2,193,963	2,536,188
Total operating revenues	167,263,524	166,532,652
Operating expenses (notes 9, 10 and 11):		
Sponsored programs (note 6)	94,708,295	94,962,056
Community and campus programs (note 6)	41,324,225	37,695,090
Fundraising – broadcasting	5,505,172	4,920,428
Property management (note 6)	8,394,205	8,849,615
General administration	14,226,531	14,283,425
Total operating expenses	164,158,428	160,710,614
Operating income	3,105,096	5,822,038
Nonoperating revenues (expenses):		
Interest expense (note 8)	(1,379,790)	(1,416,592)
Investment income, net	1,337,521	740,267
Net (Decrease) increase in fair value of investments (note 3)	(955,583)	2,605,767
Gain (Loss) on dispositions of property and equipment	1,144,437	(103,579)
Net effect from transfer of assets to Aztec Shops, Ltd. (note 5)	185,922	29,910
Transfers to The Campanile Foundation	(5,460,614)	—
Net nonoperating (expenses) revenues	(5,128,107)	1,855,773
(Loss) Income before changes to permanent endowments	(2,023,011)	7,677,811
Increase (Decrease) in permanent endowments	19,596	(46,320)
Net (loss) income	(2,003,415)	7,631,491
Net position:		
Net position at beginning of year	87,781,197	80,149,706
Net position at end of year	\$ 85,777,782	\$ 87,781,197

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

SAN DIEGO STATE UNIVERSITY RESEARCH FOUNDATION

Statements of Cash Flows

Years ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Sponsored programs receipts	\$ 112,567,871	\$ 102,708,566
Community and campus programs receipts	33,403,820	33,418,815
Contributions	18,569,398	17,536,292
Rents received	5,827,028	6,808,819
Payments to suppliers	(67,933,261)	(66,928,120)
Payments to employees	(90,711,932)	(90,822,003)
Monies (disbursed) received on behalf of The Campanile Foundation, net	(65,711)	2,388,612
Monies disbursed to The Campanile Foundation	(5,460,614)	(30,000,000)
Monies (disbursed) collected on behalf of others, net	(436,994)	658,262
Other receipts	2,438,530	2,353,486
Net cash provided by (used in) operating activities	<u>8,198,135</u>	<u>(21,877,271)</u>
Cash flows from capital and related financing activities:		
Principal payments on long-term debt	(3,603,573)	(854,480)
Interest paid	(1,466,927)	(1,580,985)
Purchase of property and equipment	(1,881,408)	(2,975,742)
Proceeds from sale of property and equipment	5,749,177	11,132
Net cash used in capital and related financing activities	<u>(1,202,731)</u>	<u>(5,400,075)</u>
Cash flows from investing activities:		
Investment income	1,312,745	736,751
Proceeds from sale of investments	10,323,149	40,442,499
Purchase of investments	(15,283,260)	(13,778,602)
Net cash (used in) provided by investing activities	<u>(3,647,366)</u>	<u>27,400,648</u>
Net increase in cash and cash equivalents	3,348,038	123,302
Cash and cash equivalents, beginning of year	<u>4,219,844</u>	<u>4,096,542</u>
Cash and cash equivalents, end of year	\$ <u><u>7,567,882</u></u>	\$ <u><u>4,219,844</u></u>

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

SAN DIEGO STATE UNIVERSITY RESEARCH FOUNDATION

Statements of Cash Flows (Continued)

Years ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:		
Operating income	\$ 3,105,096	\$ 5,822,038
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	4,252,691	4,329,144
Increase in assets:		
Accounts receivable	(253,128)	(2,162,173)
Prepaid expenses and other assets	(331,573)	(709,187)
Increase (Decrease) in liabilities:		
Accounts payable	1,465,575	(703,444)
Accrued expenses	760,250	436,057
Sponsored programs receipts over expenses	4,676,385	(1,564,540)
Due to The Campanile Foundation	(5,526,325)	(27,611,388)
Liabilities for amounts held for others	(436,994)	658,262
Other liabilities	486,158	(372,040)
Net cash provided by (used in) operating activities	<u>\$ 8,198,135</u>	<u>\$ (21,877,271)</u>
Supplemental disclosure of noncash investing activity:		
(Decrease) Increase in fair value of investments	\$ (955,583)	\$ 2,605,767
Increase (Decrease) in permanent endowments	19,596	(46,320)
Real property transferred for notes receivable	1,470,000	4,717,991

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

SAN DIEGO STATE UNIVERSITY RESEARCH FOUNDATION

Notes to the Financial Statements

June 30, 2015 and 2014

NOTE 1 - DESCRIPTION OF ORGANIZATION

San Diego State University Foundation (dba San Diego State University (SDSU) Research Foundation) was formed on February 11, 1943. It is an auxiliary organization of San Diego State University (the University), and is organized and operated in accordance with the Education Code of the State of California and the California Code of Regulations. It is a nonprofit corporation chartered to provide and augment programs that are an integral part of the educational and community service mission of the University. While SDSU Research Foundation is organized to function as a separate corporation, it is integrated into the goals and programs of the University. SDSU Research Foundation reports as a special-purpose government entity engaged only in business-type activities.

SDSU Research Foundation is responsible for the accomplishment of certain University objectives that require financial support not provided by the state. These activities occur in all aspects of university life, including the development and administration of sponsored grants and contracts for faculty and staff research and educational projects; the administration of community and campus-related programs; the financial administration of certain gifts and donations; and the investment of certain endowments and other funds. SDSU Research Foundation's financial statements are included as a component unit of the University's annual financial statements as required by the Government Accounting Standards Board (GASB).

Affiliated Organizations

SDSU Research Foundation is related to the three other auxiliaries of the University; Associated Students of San Diego State University, Aztec Shops, Ltd. and The Campanile Foundation (TCF). The auxiliaries and the University periodically provide various services for one another and collaborate on projects.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies utilized by SDSU Research Foundation follows:

Basis of Accounting

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, as prescribed by the GASB. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Classification of Current and Noncurrent Assets and Liabilities

SDSU Research Foundation considers assets to be current that can be reasonably expected, as a part of its normal business operations, to be converted to cash and be available for liquidation of current liabilities within 12 months of the statement of net position date. Liabilities that can be reasonably expected, as part of normal operations, to be liquidated within 12 months of the statement of net position date are considered to be current. All other assets and liabilities are considered to be noncurrent.

SAN DIEGO STATE UNIVERSITY RESEARCH FOUNDATION

Notes to the Financial Statements

June 30, 2015 and 2014

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Cash Equivalents

SDSU Research Foundation considers all highly liquid investments with original maturity dates of three months or less to be cash equivalents.

Investments

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Property is reported at the appraised value.

Accounts Receivable

Accounts receivable are recorded at the actual amounts expected to be collected and include both billed and unbilled amounts.

Other Assets

Other assets consist primarily of deposits held by others.

Capital Assets

Capital assets in excess of \$5,000 are recorded at cost, if purchased, or at estimated fair value, if donated. Certain equipment acquired through grants is subject to restrictions on use and disposition subsequent to the conclusion of the related grants.

Depreciation is computed by using the straight-line method over the useful life of the buildings and building improvements, and furniture, fixtures and equipment, generally 40 and 5 years, respectively. Improvements to leased property are amortized over the lesser of the term of the lease or the life of the improvement.

Asset Impairment

SDSU Research Foundation annually evaluates capital assets held for investment. The carrying values of such assets that are considered to be impaired are adjusted accordingly. Management has determined that there were no such impairments at June 30, 2015 and 2014.

Deferred Outflow of Resources

Losses on bond refundings are deferred and amortized on the straight-line method over the life of the refunded bonds.

SAN DIEGO STATE UNIVERSITY RESEARCH FOUNDATION

Notes to the Financial Statements

June 30, 2015 and 2014

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Compensated Absences

SDSU Research Foundation accrues vacation benefits for eligible employees at various rates depending upon length of service and employee classification. Eligible full-time employees accrue sick leave at the rate of four hours per pay period; however, except in limited cases on retirement, employees are not paid for unused sick leave at the end of employment. Liabilities for compensated absences of approximately \$2,412,000 and \$2,312,000 as of June 30, 2015 and 2014, respectively, are included in accrued expenses.

Revenue Recognition

Revenue from sponsored programs is recognized as sponsored programs support in the fiscal year in which all eligibility requirements have been satisfied. Sponsored programs revenue received prior to satisfaction of eligibility requirements and incurrence of the related expenses have been deferred and are reflected as Sponsored Programs Receipts over Expenditures in the accompanying statements of net position.

SDSU Research Foundation received 46.9% and 48.0% of its total operating revenue from federal sources during the years ended June 30, 2015 and 2014, respectively. The Department of Health and Human Services provided 24.0% and 23.6% of the total operating revenue for the years ended June 30, 2015 and 2014, respectively.

Revenue from community and campus programs is recognized as earned. It includes the revenue related to KPBS and the College of Extended Studies.

Revenue from contributions is recognized in the fiscal year in which all eligibility requirements have been satisfied. Contributions received prior to satisfaction of eligibility requirements are deferred.

Net Position

SDSU Research Foundation's net position is classified into the following categories:

Net investment in capital assets

Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

Restricted – nonexpendable

Assets, net of related liabilities that are subject to externally imposed conditions that SDSU Research Foundation retains in perpetuity. Assets in this category consist of endowments and property held by SDSU Research Foundation.

SAN DIEGO STATE UNIVERSITY RESEARCH FOUNDATION

Notes to the Financial Statements

June 30, 2015 and 2014

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Restricted – expendable

Assets, net of related liabilities that are subject to externally imposed conditions that can be fulfilled by the actions of SDSU Research Foundation's Board of Directors.

Unrestricted

All other categories of assets, net of related liabilities. In addition, unrestricted assets may be designated for specific purposes by the SDSU Research Foundation's Board of Directors.

Restricted resources are used in accordance with SDSU Research Foundation policies. When both restricted and unrestricted resources are available for use, the determination to use restricted or unrestricted resources is made on a case-by-case basis.

Classification of Revenues and Expenses

SDSU Research Foundation considers operating revenues and expenses to be those revenues and expenses that results from exchange transactions or from activities that are connected directly to SDSU Research Foundation's primary functions. Certain other transactions are reported as nonoperating revenues and expenses, including interest expense, investment income and changes in the fair value of investments.

Functional Expense Allocations

Expenses that can be identified with a specific program or supporting service are charged directly to the related program or support services. Expenses applicable to more than one activity, such as facilities-related depreciation, are allocated amongst sponsored programs, community and campus programs, and plant fund based on an evaluation from management.

Interfund Eliminations

According to SDSU Research Foundation policy, all interfund transactions have been eliminated in the accompanying financial statements.

Income Taxes

SDSU Research Foundation is an organization exempt from taxation under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code. Accordingly, SDSU Research Foundation has only nominal amounts that are subject to income taxes. Therefore, no provision for income taxes has been included in the accompanying financial statements.

SAN DIEGO STATE UNIVERSITY RESEARCH FOUNDATION

Notes to the Financial Statements

June 30, 2015 and 2014

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Liabilities for Amounts Held for Others

SDSU Research Foundation serves as trustee and administrator for various types of trust arrangements, including split-interest agreements whereby the beneficial interest is shared with one or more parties. The arrangements generally require payments of annual trust income to the income beneficiary or beneficiaries over the term of the trust with the remainder portion of the assets reverting to SDSU Research Foundation. The liability for amounts held for others on the statements of net position represents the present value of the estimated future payments to be distributed to these beneficiaries.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue, gains, expenses and losses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain reclassifications have been made to the June 30, 2014 financial statements in order to conform to the presentation as of June 30, 2015. These reclassifications had no effect on results of operations.

Pronouncements Issued

For the year ended June 30, 2015, SDSU Research Foundation implemented the following GASB statements early:

- GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68 (effective for the year ending June 30, 2016).
- GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments (effective for the year ending June 30, 2016).
- GASB Statement No. 77, Tax Abatement (effective for the year ending June 30, 2016).

Implementation of GASB statements 73, 76 and 77 did not have a significant impact on the financial statements.

For the year ended June 30, 2014, SDSU Research Foundation implemented the following GASB statements early:

- GASB Statement No. 68, Accounting and Reporting for Pensions-an amendment of GASB Statement No. 27 (effective for the year ending June 30, 2015)
- GASB Statement No. 69, Government Combinations and Disposals of Government Operations (effective for the year ending June 30, 2015)

SAN DIEGO STATE UNIVERSITY RESEARCH FOUNDATION

Notes to the Financial Statements

June 30, 2015 and 2014

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

- GASB Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees (effective for the year ending June 30, 2015)
- GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68 (effective for the year ending June 30, 2015).

Implementation of GASB statements 68, 69, 70 and 71 did not have a significant impact on the financial statements.

The GASB has issued the following statements:

- GASB Statement No. 72, Fair Value Measurement and Application (effective for the year ending June 30, 2016)
- GASB Statement No. 74, Financial Reporting for Postemployment Government Combinations and Disposals of Government Operations (effective for the year ending June 30, 2017)
- GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (effective for the year ending June 30, 2018)

Management has not currently determined what, if any, impact implementation may have on the financial statements of SDSU Research Foundation.

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash, cash equivalents and investments as of June 30 consisted of the following:

	<u>2015</u>	<u>2014</u>
Cash and cash equivalents	\$ 7,567,882	\$ 4,219,844
Short-term investments	15,734,076	13,652,979
Long-term investments	28,716,852	27,509,276
Long-term restricted investments	12,212,041	16,937,204
	<u>\$ 64,230,851</u>	<u>\$ 62,319,303</u>

SAN DIEGO STATE UNIVERSITY RESEARCH FOUNDATION

Notes to the Financial Statements

June 30, 2015 and 2014

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS – Continued

The amounts above consist of the following as of June 30:

	<u>2015</u>	<u>2014</u>
Cash and cash equivalents	\$ 7,567,882	\$ 4,219,844
Federally sponsored enterprises - interest bearing	1,713,754	3,311,306
Federally sponsored enterprises - zero coupon	-	1,044,310
Intermediate Term Fund (Commonfund)	455,001	451,177
Money market funds	1,793,065	2,070,770
Nonmarketable certificates of deposit	262,226	259,651
Marketable certificates of deposit	1,487,572	1,485,501
Corporate bonds	32,592,630	26,769,492
The Campanile Foundation Endowment Pool	14,360,743	17,530,791
Real property	1,031,821	1,031,821
Other investments	2,966,157	4,144,640
	<u>\$ 64,230,851</u>	<u>\$ 62,319,303</u>

Investment Policy

The primary objective of the investment policy of SDSU Research Foundation is to protect the underlying assets so that the funds are available when needed by various projects and programs. A secondary objective is to maximize investment income on available investments. Various policies have been adopted to meet these objectives at the same time. Specific references are included below under various risk categories. In general, operating funds are limited in maturity ranges and type of debt instrument.

The Campanile Foundation Endowment Pool

SDSU Research Foundation invests in the TCF Endowment Pool, a unitized pool managed by TCF, another SDSU auxiliary organization. The market value of SDSU Research Foundation's share of the TCF Endowment Pool as of June 30, 2015 and 2014 were \$14,360,743 and \$17,530,791, respectively.

The TCF Endowment Pool has significant investments in various mutual funds and third-party investment pools. The primary investment categories as of June 30, 2015 and 2014, respectively, were stocks (56% and 57%), fixed income (24% and 23%), and alternative investments, real estate and cash equivalents (20% and 20%); therefore, it is subject to concentrations of credit risk. Investment decisions are made by investment managers engaged by TCF, and the investments are monitored for TCF by an investment advisor.

SDSU Research Foundation recognized unrealized losses of \$359,426 and unrealized gains of \$2,390,122 for the years ended June 30, 2015 and 2014, respectively, from its investment in the TCF Endowment Pool.

SAN DIEGO STATE UNIVERSITY RESEARCH FOUNDATION

Notes to the Financial Statements

June 30, 2015 and 2014

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS – Continued

The investments of the TCF Endowment Pool are exposed to both interest rate and market risk. Economic conditions can impact these risks, and resulting market values can be either positively or adversely affected. If the level of risk increases in the near term, it is possible that the investment balances, and thus SDSU Research Foundation's portion of those investments, could be materially affected. Although the market value of the investment in the TCF Endowment Pool is subject to fluctuations on a year-to-year basis, management believes the investment policies of TCF are prudent for the long-term welfare of SDSU Research Foundation.

In accordance with the Uniform Prudent Management of Institutional Funds Act, SDSU Research Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to SDSU Research Foundation's programs and operations supported by its endowment while also seeking to maintain the long-term purchasing power of the endowment assets.

Endowment distributions are performed in accordance with SDSU Research Foundation's investment policy statement. For the fiscal years ended June 30, 2015 and 2014, the distribution rate was 4% of the endowment principal market value using a three-year moving average.

Other Investments

Other investments consist primarily of mutual funds held in trust as annuity securities that name SDSU Research Foundation as beneficiary.

Other investments also include real property held as an investment purchased with a donor's funds to benefit specific research programs. The property may be sold should the needs of the programs change.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of a fixed income investment. In order to reduce interest rate risk exposure, SDSU Research Foundation's investment policy states that individually held working capital and debt reserve fixed income investments are limited to a five-year maturity and should be staggered over various maturity dates. The longer maturities in the portfolios are investments for deferred gifts, where assets need to correlate with the life expectancies of beneficiaries.

SAN DIEGO STATE UNIVERSITY RESEARCH FOUNDATION

Notes to the Financial Statements

June 30, 2015 and 2014

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS - Continued

Maturities as of June 30, 2015 are as follows:

	Market Value	< 1 Year	< 2 Years	< 3 Years	< 4 Years	< 5 Years
Federally Sponsored Enterprises Pooled	\$ 1,713,754	\$ 1,082,239	\$ -	\$ 500,575	\$ -	\$ 130,940
Certificates of Deposit Pooled	1,749,798	1,502,902	246,896	-	-	-
Corporate Bonds Pooled	32,592,630	11,254,139	7,141,294	7,455,224	4,523,660	2,218,313
Intermediate Term Fund (Commonfund) Pooled	455,001	-	455,001	-	-	-
	<u>\$36,511,183</u>	<u>\$ 13,839,280</u>	<u>\$ 7,843,191</u>	<u>\$ 7,955,799</u>	<u>\$ 4,523,660</u>	<u>\$ 2,349,253</u>

Maturities as of June 30, 2014 are as follows:

	Market Value	< 1 Year	< 2 Years	< 3 Years	< 4 Years	< 5 Years
Federally Sponsored Enterprises Pooled	\$ 3,311,306	\$ 1,720,130	\$ 1,094,596	\$ -	\$ 496,580	\$ -
Federally Sponsored Enterprises - zero coupon Pooled	952,312	952,312	-	-	-	-
Deferred gifts	91,998	91,998	-	-	-	-
Certificates of Deposit Pooled	1,745,152	1,000,960	497,563	246,629	-	-
Corporate Bonds Pooled	26,769,492	7,785,933	6,990,118	3,863,778	6,820,100	1,309,563
Intermediate Term Fund (Commonfund) Pooled	451,177	-	451,177	-	-	-
	<u>\$ 33,321,437</u>	<u>\$ 11,551,333</u>	<u>\$ 9,033,454</u>	<u>\$ 4,110,407</u>	<u>\$ 7,316,680</u>	<u>\$ 1,309,563</u>

SAN DIEGO STATE UNIVERSITY RESEARCH FOUNDATION

Notes to the Financial Statements

June 30, 2015 and 2014

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS - Continued

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to repay the debt security when due. The SDSU Research Foundation's investment policy requires that fixed income investments must be rated as "Investment Grade," which is BBB or higher. Credit ratings by nationally recognized institutions are used to assess the creditworthiness of specific investments. The Commonfund, repurchase agreements and money market funds do not have a rating provided by a nationally recognized statistical rating organization. The table below summarizes the range of ratings of fixed income investments of SDSU Research Foundation:

Federally sponsored enterprises – interest bearing	AA to AAA
Federally sponsored enterprises – zero coupon	AA to AAA
Corporate bonds	BBB to AAA

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the investment in a single issuer. Securities issued by federally sponsored enterprises are purchased to reduce the possibility of a loss due to a concentration of credit. SDSU Research Foundation's investment policy contains no limitations as to how much can be invested with any one issuer. SDSU Research Foundation had approximately \$3.3 million, or 9% of fixed income investments, invested in Citigroup bonds as of June 30, 2015 and no single issuer accounted for more than 5% of the total investments as of June 30, 2014.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that SDSU Research Foundation will not be able to recover its deposits in the event of a failure of a depository institution. In the ordinary course of SDSU Research Foundation's operations, deposit balances in checking accounts can exceed the Federal Deposit Insurance Corporation (FDIC) insured limits; however, the depository bank has agreed to maintain collateral of at least 110% of the balance on deposit. In accordance with SDSU Research Foundation's investment policy, all certificates of deposit are FDIC insured and limited to \$250,000 at any one institution.

Custodial credit risk for investments is the risk that if the counterparty to an investment transaction were to fail, SDSU Research Foundation would not be able to recover its investment. With respect to investments, custodial credit risk generally applied only to direct investments in marketable securities. Custodial credit risk does not apply to indirect investment in securities through the use of mutual funds, government investment pools and the Commonfund. U.S. Treasury issues and Federally Sponsored Enterprise Issues are held by Securities Investor Protection Corporation (SIPC) insured brokers and are not registered with the issuer in SDSU Research Foundation's name.

SAN DIEGO STATE UNIVERSITY RESEARCH FOUNDATION

Notes to the Financial Statements

June 30, 2015 and 2014

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2015 and 2014 consisted of the following:

	2015		
	Current	Noncurrent	Total
Accounts receivable - sponsored programs	\$ 19,198,283	\$ —	\$ 19,198,283
Other receivables	4,674,459	910,557	5,585,016
	<u>\$ 23,872,742</u>	<u>\$ 910,557</u>	<u>\$ 24,783,299</u>
	2014		
	Current	Noncurrent	Total
Accounts receivable - sponsored programs	\$ 19,626,830	\$ —	\$ 19,626,830
Other receivables	4,278,394	600,171	4,878,565
	<u>\$ 23,905,224</u>	<u>\$ 600,171</u>	<u>\$ 24,505,395</u>

NOTE 5 - NOTES RECEIVABLE – AZTEC SHOPS, LTD.

In May 2015, SDSU Research Foundation transferred properties adjacent to SDSU (College Square and College Strip) to Aztec Shops, Ltd. in exchange for cash of \$2,725,000 used to pay off a mortgage note and unsecured notes in the amount of \$1,470,000. Payments of interest only at 4.0% are payable semi-annually until October 15, 2020, at which time fixed principal payments of \$73,500 plus accrued interest are payable semi-annually. The sales price of the property was \$4,195,000 and the net book value of the property at the time of transfer was \$4,009,078, so the effect of the transfer on the June 30, 2015 statement of net position was \$185,922.

In January 2014, SDSU Research Foundation transferred a property adjacent to the University (Sanctuary building) to Aztec Shops, Ltd. in exchange for an unsecured note in the amount of \$4,717,991. Payments of interest only at 4% are payable semi-annually until April 15, 2019, at which time fixed principal payments of \$235,900 plus accrued interest are payable semi-annually. The net book value of the property at the time of the transfer was \$4,688,081, so the effect of the transfer on the June 30, 2014 statement of net position was \$29,910.

SAN DIEGO STATE UNIVERSITY RESEARCH FOUNDATION

Notes to the Financial Statements

June 30, 2015 and 2014

NOTE 6 – CAPITAL ASSETS

Capital assets activity for the years ended June 30, 2015 and 2014 consisted of the following:

	<u>Balance</u>		<u>Additions</u>		<u>Reductions</u>		<u>Balance</u>
	<u>June 30, 2014</u>						<u>June 30, 2015</u>
Nondepreciable capital assets:							
Land and land improvements	\$ 17,444,481	\$	—	\$	(2,513,247)	\$	\$ 14,931,234
Construction-in-progress	324,846		662,823		(324,846)		662,823
Total nondepreciable capital assets	<u>17,769,327</u>		<u>662,823</u>		<u>(2,838,093)</u>		<u>15,594,057</u>
Depreciable capital assets:							
Buildings and improvements	65,400,340		927,781		(4,838,864)		61,489,257
Furniture, fixtures and equipment	25,297,762		615,650		(2,252,994)		23,660,418
Total depreciable capital assets	<u>90,698,102</u>		<u>1,543,431</u>		<u>(7,091,858)</u>		<u>85,149,675</u>
Less accumulated depreciation:							
Buildings and improvements	32,524,650		2,281,386		(1,720,712)		33,085,324
Furniture, fixtures and equipment	18,595,864		1,971,305		(1,995,575)		18,571,594
Total accumulated depreciation	<u>51,120,514</u>		<u>4,252,691</u>		<u>(3,716,287)</u>		<u>51,656,918</u>
Depreciable capital assets, net	<u>39,577,588</u>		<u>(2,709,260)</u>		<u>(3,375,571)</u>		<u>33,492,757</u>
Total capital assets, net	\$ <u>57,346,915</u>	\$	\$ <u>(2,046,437)</u>	\$	\$ <u>(6,213,664)</u>	\$	\$ <u>49,086,814</u>
	<u>Balance</u>		<u>Additions</u>		<u>Reductions</u>		<u>Balance</u>
	<u>June 30, 2013</u>						<u>June 30, 2014</u>
Nondepreciable capital assets:							
Land and land improvements	\$ 18,948,404	\$	—	\$	(1,503,923)	\$	\$ 17,444,481
Construction-in-progress	—		324,846		—		324,846
Total nondepreciable capital assets	<u>18,948,404</u>		<u>324,846</u>		<u>(1,503,923)</u>		<u>17,769,327</u>
Depreciable capital assets:							
Buildings and improvements	68,405,384		536,852		(3,541,896)		65,400,340
Furniture, fixtures and equipment	24,529,607		2,114,044		(1,345,889)		25,297,762
Total depreciable capital assets	<u>92,934,991</u>		<u>2,650,896</u>		<u>(4,887,785)</u>		<u>90,698,102</u>
Less accumulated depreciation:							
Buildings and improvements	30,419,671		2,441,081		(336,102)		32,524,650
Furniture, fixtures and equipment	17,960,615		1,888,063		(1,252,814)		18,595,864
Total accumulated depreciation	<u>48,380,286</u>		<u>4,329,144</u>		<u>(1,588,916)</u>		<u>51,120,514</u>
Depreciable capital assets, net	<u>44,554,705</u>		<u>(1,678,248)</u>		<u>(3,298,869)</u>		<u>39,577,588</u>
Total capital assets, net	\$ <u>63,503,109</u>	\$	\$ <u>(1,353,402)</u>	\$	\$ <u>(4,802,792)</u>	\$	\$ <u>57,346,915</u>

SAN DIEGO STATE UNIVERSITY RESEARCH FOUNDATION

Notes to the Financial Statements

June 30, 2015 and 2014

NOTE 6 – CAPITAL ASSETS – Continued

Depreciation expense totaled \$4,252,691 and \$4,329,144 for the years ended June 30, 2015 and 2014, respectively, and was allocated among program operating expense in the accompanying statements of revenues, expenses and changes in net position as follows:

	<u>2015</u>	<u>2014</u>
Sponsored programs	\$ 1,536,990	\$ 1,379,248
Community and campus programs	316,660	358,951
Property management	<u>2,399,041</u>	<u>2,590,945</u>
Total depreciation	<u>\$ 4,252,691</u>	<u>\$ 4,329,144</u>

NOTE 7 – AFFILIATED ORGANIZATIONS

The Campanile Foundation

The Campanile Foundation is the philanthropic auxiliary organization for the University. The amounts shown in the statements of net position as *Due to The Campanile Foundation* represent The Campanile Foundation's claim on the cash and investments of SDSU Research Foundation.

Pursuant to an agreement with The Campanile Foundation effective through June 30, 2017, SDSU Research Foundation shall provide administrative services that include cash management processes, gift account administration, and accounting and financial reporting assistance. SDSU Research Foundation charges an administrative fee for all non-student aid funds at the time that The Campanile Foundation expends the funds. Amounts received under this agreement for the years ended June 30, 2015 and 2014 totaled \$900,000 and \$963,215, respectively, and is included in other operating revenues in the accompanying statements of revenues, expenses and changes in net position.

Other

Included in accounts payable and accrued expenses were payables to the affiliated organizations in the approximate amounts of \$1,048,000 and \$603,000 at June 30, 2015 and 2014, respectively. Included in accounts receivable were receivables from the affiliated organizations in the approximate amounts of \$1,674,000 and \$495,000 at June 30, 2015 and 2014, respectively. These amounts occurred in the normal course of business among the affiliated organizations.

SAN DIEGO STATE UNIVERSITY RESEARCH FOUNDATION

Notes to the Financial Statements

June 30, 2015 and 2014

NOTE 8 – LONG-TERM DEBT OBLIGATIONS

Long-term debt obligations consisted of the following as of June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
CSU Systemwide Revenue Bonds, Series 2010A		
Refunding previous 1999 revenue bonds (a)	\$ 3,615,000	\$ 3,980,000
CSU Systemwide Revenue Bonds, Series 2012 A & B		
Refunding insured 2002 revenue bonds (b)	26,170,000	26,640,000
Note payable (c)	—	2,768,584
	<u>29,785,000</u>	<u>33,388,584</u>
Unamortized bond premium (a and b)	1,521,627	1,616,537
	31,306,627	35,005,121
Less current portion	(865,000)	(882,637)
	<u>\$ 30,441,627</u>	<u>\$ 34,122,484</u>

- (a) In April 2010, the California State University (CSU) System issued systemwide revenue bonds (SRB 2010A). Part of this reissuance (\$11,020,000) was allocated to SDSU Research Foundation to replace the 1998 certificates of participation and the 1999 insured revenue refunding bonds. The SRB 2010A bonds bear interest at rates ranging from 1.0% to 5.0%, and are due in semi-annual principal and interest payments consistent with the terms of the original bonds. The portion related to the 1998 issue (\$6,030,000) matures in 2030. The portion related to the 1999 issue (\$4,990,000) matures in 2023 and the payments are secured by pledged revenues, including indirect cost recovery payments.

In June 2013, two student housing projects with a net book value of \$15.8 million were transferred to Aztec Shops, Ltd. Aztec Shops, Ltd. assumed \$5.2 million of bond debt related to the Series 2010A bonds.

The SRB 2010A bonds sold at amounts greater than par. The resulting bond premium of \$938,009 is being amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. A portion of the unamortized bond premium amounting to \$363,828 was transferred to Aztec Shops, Ltd. with the related debt. The amount amortized was \$38,085 for each of the years ended June 30, 2015 and 2014.

- (b) In August 2012, the CSU System issued systemwide revenue bonds (SRB 2012A and SRB 2012B). Part of this reissuance (\$27,100,000) was allocated to SDSU Research Foundation to replace the 2002 SDSU Research Foundation insured revenue bonds. The SRB 2012A and 2012B bonds bear interest at rates ranging from 0.4% to 5.0%, and are due in semi-annual principal and interest payments consistent with the terms of the original bonds. The bonds mature in 2037.

SAN DIEGO STATE UNIVERSITY RESEARCH FOUNDATION

Notes to the Financial Statements

June 30, 2015 and 2014

NOTE 8 – LONG-TERM DEBT OBLIGATIONS – Continued

The SRB 2012 bonds sold at amounts greater than par. The resulting bond premium of \$1,377,948 is being amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. The amount amortized was \$56,823 for each of the years ended June 30, 2015 and 2014.

A loss of \$686,737 was incurred on the refunding of the SRB 2012A bonds. The loss was deferred and is included on the statement of net position under the caption *Deferred Outflows of Resources*. The loss is being recognized over the life of the bonds using the straight-line method, which approximates the effective interest method. The loss recognized was \$28,418 for each of the years ended June 30, 2015 and 2014.

- (c) The note payable balance as of June 30, 2014 was a mortgage note, secured by a first deed of trust and assignment of rents on real property, fully amortized over 30 years at a variable interest rate that was originally fixed at 6.875% until November 1, 2015. This mortgage note was paid in full in May 2015 with the transfer of properties to Aztec Shops, Ltd.

SDSU Research Foundation has a revolving loan agreement with a bank. The loan is secured by two parcels of real property. The loan agreement is available for short-term cash needs, with a maximum amount available of \$12,000,000. The agreement calls for certain restrictive and financial covenants to be maintained. The agreement requires monthly interest-only payments at a variable interest rate of 1% above the current LIBOR rate. The loan agreement expires on June 30, 2016. There were no amounts outstanding on the loan as of June 30, 2015 and 2014.

Total interest incurred on all borrowings was approximately \$1,380,000 and \$1,417,000 for the years ended June 30, 2015 and 2014, respectively.

Future maturities on long-term debt are as follows:

	Principal	Interest	Total
Year ending June 30:			
2016	\$ 865,000	\$ 1,243,326	\$ 2,108,326
2017	885,000	1,211,071	2,096,071
2018	925,000	1,176,433	2,101,433
2019	960,000	1,140,252	2,100,252
2020	1,005,000	1,102,128	2,107,128
2021-2025	5,625,000	4,858,604	10,483,604
2026-2030	6,955,000	3,497,784	10,452,784
2031-2035	8,575,000	1,868,310	10,443,310
2036-2040	3,990,000	128,318	4,118,318
	29,785,000	\$ 16,226,226	\$ 46,011,226
Unamortized bond premium	1,521,627		
	\$ 31,306,627		

SAN DIEGO STATE UNIVERSITY RESEARCH FOUNDATION

Notes to the Financial Statements

June 30, 2015 and 2014

NOTE 8 – LONG-TERM DEBT OBLIGATIONS - CONTINUED

Long-term debt activity for the years ended June 30, 2015 and 2014 was as follows:

	<u>Balance</u>				<u>Balance</u>		<u>Current</u>
	<u>June 30, 2014</u>	<u>Additions</u>	<u>Reductions</u>		<u>June 30, 2015</u>		<u>Portion</u>
CSU SRB 2010A -							
1999 Refunding	\$ 3,980,000	\$ —	\$ (365,000)		\$ 3,615,000		\$ 385,000
CSU SRB 2012 -							
2002 Refunding	26,640,000	—	(470,000)		26,170,000		480,000
Note payable	2,768,584	—	(2,768,584)		—		—
Unamortized bond premium							
CSU SRB 2010A	342,764	—	(38,087)		304,677		—
CSU SRB 2012	1,273,773	—	(56,823)		1,216,950		—
	<u>\$ 35,005,121</u>	<u>\$ —</u>	<u>\$ (3,698,494)</u>		<u>\$ 31,306,627</u>		<u>\$ 865,000</u>
	<u>Balance</u>				<u>Balance</u>		<u>Current</u>
	<u>June 30, 2013</u>	<u>Additions</u>	<u>Reductions</u>		<u>June 30, 2014</u>		<u>Portion</u>
CSU SRB 2010A -							
1999 Refunding	\$ 4,330,000	\$ —	\$ (350,000)		\$ 3,980,000		\$ 365,000
CSU SRB 2012 -							
2002 Refunding	27,100,000	—	(460,000)		26,640,000		470,000
Note payable	2,813,053	—	(44,469)		2,768,584		47,637
Unamortized bond premium							
CSU SRB 2010A	380,849	—	(38,085)		342,764		—
CSU SRB 2012	1,330,596	—	(56,823)		1,273,773		—
	<u>\$ 35,954,498</u>	<u>\$ —</u>	<u>\$ (949,377)</u>		<u>\$ 35,005,121</u>		<u>\$ 882,637</u>

NOTE 9 – LEASING ARRANGEMENTS

Operating Lease Revenues

Land, buildings and improvements, with a current net book value of approximately \$30 million, are leased to University-related and commercial organizations. The following is a schedule of the minimum future rentals to be received on these operating leases, by year, as of June 30, 2015:

Year ending June 30:	
2016	\$ 2,935,000
2017	1,907,000
2018	1,355,000
2019	671,000
2020	306,000
Thereafter	139,000
	<u>\$ 7,313,000</u>

SAN DIEGO STATE UNIVERSITY RESEARCH FOUNDATION

Notes to the Financial Statements

June 30, 2015 and 2014

NOTE 9 – LEASING ARRANGEMENTS - CONTINUED

Operating Lease Obligations

SDSU Research Foundation executed a 30-year ground and facility lease with the Board of Trustees of the California State University for the SDSU BioScience Center in March 2004. Lease payments began in May 2006. SDSU Research Foundation incurred rental expense under this agreement of \$435,300 and \$463,300 for the years ended June 30, 2015 and 2014, respectively.

SDSU Research Foundation has also executed commercial leases for projects located away from the campus. Terms of some leases have the option to renew and include periodic fixed escalations. Monthly lease payments for these agreements currently total \$138,000 and the lease terms expire in fiscal years 2016-2019.

The minimum rental commitments at June 30, 2015 for operating leases are due as follows:

Year ending June 30:	BioScience		Total
	Center	Other	
2016	\$ 473,000	\$ 2,650,000	\$ 3,123,000
2017	474,000	788,000	1,262,000
2018	475,000	432,000	907,000
2019	475,000	77,000	552,000
2020	475,000	—	475,000
2021-2025	2,393,000	—	2,393,000
2026-2030	2,340,000	—	2,340,000
2031-2035	2,318,000	—	2,318,000
2036-2037	465,000	—	465,000
	<u>\$ 9,888,000</u>	<u>\$ 3,947,000</u>	<u>\$ 13,835,000</u>

NOTE 10 – RISK MANAGEMENT

SDSU Research Foundation is subject to risks of loss such as general liabilities, torts and employee health expenses. SDSU Research Foundation participates in the California State University risk management pool for most of its insurance needs. However, for its unemployment and workers' compensation plans, it is partially self-insured. Using insurance policies with commercial carriers to cover these risks of loss, SDSU Research Foundation maintains excess unemployment insurance coverage of \$1,500,000, in the aggregate, and excess workers' compensation coverage for claims in excess of \$250,000 per occurrence.

SAN DIEGO STATE UNIVERSITY RESEARCH FOUNDATION

Notes to the Financial Statements

June 30, 2015 and 2014

NOTE 10 – RISK MANAGEMENT - CONTINUED

Liabilities under these programs were included in other liabilities on the statements of net position for the years ended June 30, 2015 and 2014 as follows:

	<u>Balance</u> <u>June 30, 2014</u>	<u>Incurred Claims</u> <u>(Including IBNR)</u>	<u>Claims</u> <u>Paid</u>	<u>Balance</u> <u>June 30, 2015</u>
Unemployment insurance	\$ 764,531	\$ 697,375	\$ (391,666)	\$ 1,070,240
Workers' compensation	<u>1,137,871</u>	<u>862,376</u>	<u>(681,927)</u>	<u>1,318,320</u>
	<u>\$ 1,902,402</u>	<u>\$ 1,559,751</u>	<u>\$ (1,073,593)</u>	<u>\$ 2,388,560</u>
	<u>Balance</u> <u>June 30, 2013</u>	<u>Incurred Claims</u> <u>(Including IBNR)</u>	<u>Claims</u> <u>Paid</u>	<u>Balance</u> <u>June 30, 2014</u>
Unemployment insurance	\$ 638,272	\$ 716,346	\$ (590,087)	\$ 764,531
Workers' compensation	<u>1,636,181</u>	<u>414,804</u>	<u>(913,114)</u>	<u>1,137,871</u>
	<u>\$ 2,274,453</u>	<u>\$ 1,131,150</u>	<u>\$ (1,503,201)</u>	<u>\$ 1,902,402</u>

There has been no significant reduction in insurance coverage, and the amount of settlement have not exceeded coverage in the past three years.

NOTE 11 – POSTRETIREMENT BENEFIT PLAN

SDSU Research Foundation provides health insurance benefits for retirees who meet certain eligibility requirements as established by Board policy. There are three groups of eligible retirees, as follows:

- (i) Group 1 Retirees – Individuals who retired prior to July 1, 1991 and, as of July 1, 1991, were receiving benefits under SDSU Research Foundation's "Health Insurance at Retirement" policy, which was approved by SDSU Research Foundation's Board of Directors on May 14, 1984.
- (ii) Group 2 Retirees – Individuals who were employed as eligible employees on June 30, 1991 and at the time of retirement, had 10 years of service as eligible employees, and retired either (a) under the "SDSURF Defined Contribution Retirement Plan" offered through Teachers Insurance and Annuity Association/College Retirement Equities Fund (TIAA-CREF) after attaining age 55 (or after attaining age 50 if the individual was employed by SDSU Research Foundation and covered by California Public Employees' Retirement System (CalPERS) on June 30, 1982), or (b) due to permanent and total disability, as approved by TIAA-CREF, under the "Group Total Disability Benefits Plan for Regular Salaried Employees of SDSURF."

SAN DIEGO STATE UNIVERSITY RESEARCH FOUNDATION

Notes to the Financial Statements

June 30, 2015 and 2014

NOTE 11 – POSTRETIREMENT BENEFIT PLAN - Continued

- (iii) Group 3 Retirees – Individuals who were employed as eligible employees on or after July 1, 1991 and, at the time of retirement, had 15 years of service as eligible employees, and retired either (a) under the “SDSURF Defined Contribution Retirement Plan” offered through TIAA-CREF after attaining age 60, or (b) due to permanent total disability, as approved by TIAA-CREF, under the “Group Total Disability Benefits Plan for Regular Salaries Employees of SDSURF.”

Group 1 retirees pay nothing toward the cost of health insurance. SDSU Research Foundation pays all of the cost for the least expensive health insurance coverage for Group 2 and Group 3 retirees. The retiree may elect to pay the cost differential for a higher premium health insurance plan and the cost for any dependents.

Only certain regular salaried employees of SDSU Research Foundation are eligible. Regular salaried employees are members of either (a) central staff under the programmatic direction of SDSU Research Foundation’s Executive Director, (b) KPBS, (c) Extended Studies, (d) University Advancement or (e) the University’s Department of Intercollegiate Athletics. A regular salaried employee is appointed to an approved class code, works a regular schedule of 20 hours or more per week, and is not a temporary or leased employee. The number of regular salaried employee participants at June 30, 2015 and 2014 were 358 and 331, respectively. No contributions to the plan are required from employees.

On August 1, 1982, SDSU Research Foundation created a self-administered, single-employer benefit plan named the Health, Welfare, Vision, Life Insurance/AD&D and Employee Assistance Program of San Diego State University Foundation (the plan). The assets are held in a separate VEBA trust with a registered investment company. The plan issues stand-alone, publicly available financial reports that include financial statements and required supplementary information. The report may be obtained by contacting the Human Resources Department at SDSU Research Foundation.

SDSU Research Foundation has voluntarily opted for a funding policy under which it contributes 100% of the actuarially determined annual required contribution (ARC); therefore, there was no net Other Postretirement Benefits Other than Pension (OPEB) obligation at June 30, 2015, nor 2014. The fair value of assets held by the VEBA trust were approximately \$9.6 million and \$9.5 million as of June 30, 2015 and 2014, respectively. The actuarially determined contribution amounts for the years ended June 30, 2015 and 2014 were \$299,921 and \$397,874, respectively. The actuarially determined annual required contribution for the year ending June 30, 2016 is \$137,689.

SAN DIEGO STATE UNIVERSITY RESEARCH FOUNDATION

Notes to the Financial Statements

June 30, 2015 and 2014

NOTE 11 – POSTRETIREMENT BENEFIT PLAN – Continued

The following table sets forth the plan’s funded status as of December 31, 2014, 2013 and 2012:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Accumulated postretirement benefit obligation:			
Retirees	\$ 3,326,912	\$ 3,954,490	\$ 3,942,584
Fully eligible active employees	1,866,874	2,106,577	2,101,810
Other active employees	<u>2,330,461</u>	<u>2,536,535</u>	<u>2,401,657</u>
Actuarial accrued liability (AAL)	7,524,247	8,597,602	8,446,051
Less plan assets at fair value	<u>9,424,660</u>	<u>8,587,125</u>	<u>7,052,651</u>
(Surplus)/Unfunded actuarial accrued liability (UAAL)	<u>\$ (1,900,413)</u>	<u>\$ 10,477</u>	<u>\$ 1,393,400</u>
Funded ratio	125.3%	99.9%	83.5%
Covered payroll	\$ 19,959,322	\$ 18,579,753	\$ 18,323,337
(Surplus)/Unfunded UAAL as a percentage of covered payroll	(9.5%)	0.1%	7.6%

The following table shows the components of SDSU Research Foundation’s annual OPEB costs for the years ended December 31, 2014, 2013 and 2012:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
OPEB costs for the year:			
Service cost	\$ 299,160	\$ 296,644	\$ 288,277
30-year amortization of Unfunded Accrued Liability (UAL)	<u>761</u>	<u>101,230</u>	<u>130,866</u>
Annual Required Contribution	299,921	397,874	419,143
Interest on net OPEB obligation	—	—	—
Amortization of net OPEB obligation	<u>—</u>	<u>—</u>	<u>—</u>
Annual OPEB cost	<u>\$ 299,921</u>	<u>\$ 397,874</u>	<u>\$ 419,143</u>

The assumptions used to calculate the actuarial accrued liability at December 31, 2014 included a weighted-average discount rate of 6.0% and an 8.0% annual rate of increase in the per capital cost of covered health care for 2015, with such annual rate of increase gradually declining to 5.0% in 2017. The actuarial cost method used was Projected Unit Credit and the amortization method used was Level Dollar over a remaining amortization period of Rolling 30 Years.

SAN DIEGO STATE UNIVERSITY RESEARCH FOUNDATION

Notes to the Financial Statements

June 30, 2015 and 2014

NOTE 11 – POSTRETIREMENT BENEFIT PLAN – Continued

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

Actuarial Methods and Assumptions

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

Other Retirement Benefits

SDSU Research Foundation contracts with TIAA-CREF to provide retirement and disability benefits to its employees. Benefit liabilities are funded through individually owned non-participating annuity contracts. The obligation for payment of the benefits has been transferred to TIAA-CREF. Total contributions to fund benefits and pay administrative costs included in operating expenses for the years ended June 30, 2015 and 2014 were approximately \$4,859,000 and \$4,874,000, respectively.

NOTE 12 - CONTINGENCIES

As a result of inquiries from outside agencies, SDSU Research Foundation has included a liability of \$575,319 and \$700,000 in accrued expenses for the years ended June 30, 2015 and 2014, respectively.

SDSU Research Foundation is involved in various legal proceedings arising in the normal course of business. Management believes that the final outcomes of these proceedings will not have a material adverse effect on SDSU Research Foundation's results of operations or financial position.

NOTE 13 – SUBSEQUENT EVENT

On August 5, 2015, the Board of Trustees of the California State University issued \$1,034,370,000 in California State University Systemwide Revenue Bonds (SRB) Series 2015A, of which \$30,265,000 was loaned to SDSU Research Foundation at an all-inclusive true interest cost of 4%, with principal fully amortized over thirty years. SDSU Research Foundation utilized the loan proceeds to partially fund costs associated with the construction of a new 81,900, three-to-five-story building consisting of teaching labs and flexible research space, commonly known as the San Diego State University Research Foundation Engineering and Interdisciplinary Sciences Complex Project.

SAN DIEGO STATE UNIVERSITY RESEARCH FOUNDATION

Required Supplementary Information

June 30, 2015 and 2014

San Diego State University Research Foundation
Schedule of Post-Employment Health Care Benefits Funding Progress
December 31, 2014

Actuarial Valuation Date	2014	2013
Total actuarial accrued liability (AAL)	\$ 7,524,247 *	\$ 8,597,602
Less plan assets at fair value	<u>9,424,660</u>	<u>8,587,125</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ (1,900,413)</u>	<u>\$ 10,477</u>
Funded ratio	125.3%	99.9%
Covered payroll	\$ 19,959,322	\$ 18,579,753
UAAL as a percentage of covered payroll	(9.5%)	0.1%

*preliminary estimate

The fair value of plan assets at December 31, 2014 was \$9,424,660.



**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT
AUDITING STANDARDS***

Board of Director
San Diego State University Research Foundation

Audit • Tax • Advisory

Grant Thornton LLP
12220 El Camino Real, Suite 300
San Diego, CA 92130-3079

T 858.704.8000
F 858.704.8099
www.GrantThornton.com

We have audited, 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, the financial statements of the business-type activities of the San Diego State University Research Foundation (a California State University Auxiliary Organization and Component Unit of San Diego State University) (the “SDSU Research Foundation”) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the SDSU Research Foundation’s basic financial statements, and have issued our report thereon dated September 18, 2015.

Internal control over financial reporting

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

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

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

Compliance and other matters

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

Intended purpose

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

Grant Thornton LLP

San Diego, CA
September 18, 2015



**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
OMB CIRCULAR A-133**

Board of Directors
San Diego State University Research Foundation

Audit • Tax • Advisory

Grant Thornton LLP
12220 El Camino Real, Suite 300
San Diego, CA 92130-3079

T 858.704.8000
F 858.704.8099
www.GrantThornton.com

Report on compliance for each major federal program

We have audited the compliance of the San Diego State University Research Foundation (a California State University Auxiliary Organization and Component Unit of San Diego State University) (the “SDSU Research Foundation”) with the types of compliance requirements described in the U.S. Office of Management and Budget’s *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015. The SDSU Research Foundation’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to the SDSU Research Foundation’s federal programs.

Auditor’s responsibility

Our responsibility is to express an opinion on compliance for each of the SDSU Research Foundation’s major federal programs based on our audit of the types of compliance requirements referred to above. 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*.

The above-mentioned 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 SDSU Research 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the SDSU Research Foundation's compliance.

Opinion on each major federal program

In our opinion, the SDSU Research Foundation complied, in all material respects, with the types of 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, 2015.

Report on internal control over compliance

Management of the SDSU Research Foundation is responsible for designing, implementing, and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the SDSU Research Foundation's internal control over compliance with the types of compliance requirements that could have a direct and material effect on each major federal program to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 SDSU Research Foundation'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 a 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. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in the SDSU Research Foundation's internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



The purpose of this Report on Internal Control Over Compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Grant Thornton LLP

San Diego, CA
September 18, 2015

San Diego State University Research Foundation
(A Component Unit of San Diego State University)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2015

Federal Grantor/Pass-through Grantor Program or Cluster Title	Catalog of Federal Domestic Assistance Number	Pass-through Entity Identifying Number	Federal Expenditures
Research and Development:			
U.S. Department of Agriculture:			
Direct Programs:			
Department of Agriculture Contracts/Letters of Agreement	10.000		\$ 232,820
Agricultural Research Basic and Applied Research	10.001		<u>39,234</u>
			272,054
Pass-through Oregon State University			
Agriculture and Food Research Initiative (AFRI)	10.310	C0463A-A AMND 1	<u>28,705</u>
Total U.S. Department of Agriculture			<u>300,759</u>
U.S. Department of Commerce:			
Direct Programs:			
Economic Adjustment Assistance	11.307		26,593
Financial Assistance for National Centers for Central Coastal Ocean Science	11.426		13,362
Unallied Science Program	11.472		14,348
Coral Reef Conservation Program	11.482		28,204
Measurement and Engineering Research and Standards	11.609		<u>114,653</u>
			197,160
Pass-through American Samoa Department of Commerce			
Coral Reef Conservation Program	11.482	AGMT DTD 10/3/13	35,897
Pass-through California Sea Grant College Program			
Sea Grant Support	11.417	NA10OAR4170060 R/ENV-221	10,466
Sea Grant Support	11.417	R/MPA-25A 10-049 PO10320497	2,367
Pass-through National Fish and Wildlife Foundation			
Habitat Conservation	11.463	0301.12.034562	37,586
Habitat Conservation	11.463	9916.11.030648	49,537
Pass-through Oregon State University			
National Oceanic and Atmospheric Administration (NOAA) Cooperative Institutes	11.432	NA244B-A	20,371
Pass-through Southern California Coastal Water Research Project			
Marine Mammal Data Program	11.439	9700	<u>3,454</u>
Total U.S. Department of Commerce			<u>356,838</u>
U.S. Department of Defense:			
Direct Programs:			
Department of Defense Contracts/Letters of Agreement	12.000		154,475
Basic and Applied Scientific Research	12.300		1,401,968
Military Medical Research and Development	12.420		181,502
Basic Scientific Research	12.431		115,251
Basic Applied and Advanced Research in Science and Engineering	12.630		131,266
Air Force Defense Research Sciences Program	12.800		254,862
Mathematical Sciences Grants Program	12.901		18,686
Research and Technology Development	12.910		<u>13,402</u>
			2,271,412

San Diego State University Research Foundation
(A Component Unit of San Diego State University)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

For the Year Ended June 30, 2015

Federal Grantor/Pass-through Grantor Program or Cluster Title	Catalog of Federal Domestic Assistance Number	Pass-through Entity Identifying Number	Federal Expenditures
Pass-through Audentia, Inc.			
Department of Defense Contracts/Letters of Agreement	12.000	AGMNT DTD 11/21/12	\$ 18,231
Pass-through Apex Contracting and Consulting			
Department of Defense Contracts/Letters of Agreement	12.000	332151	2,352
Pass-through Battelle Memorial Institute			
Department of Defense Contracts/Letters of Agreement	12.000	PO#US001-0000415361/SUB#415361	46,635
Pass-through Enabling Energy Systems Inc			
Air Force Defense Research Sciences Program	12.800	AGREEMENT DTD 6/5/12	44,387
Pass-through ERC Inc			
Department of Defense Contracts/Letters of Agreement	12.000	RS140924	6,414
Pass-through General Atomics Corporation			
Department of Defense Contracts/Letters of Agreement	12.000	PO 4500051773	40,000
Pass-through General Dynamics NASSCO			
Department of Defense Contracts/Letters of Agreement	12.000	AG# 2015-401/PO#MU698895-D	8,044
Department of Defense Contracts/Letters of Agreement	12.000	PO MU562362-D ORDER 3	31,661
Department of Defense Contracts/Letters of Agreement	12.000	# 2015-402/PO# MU698889-D	89,236
Pass-through Leidos Inc			
Department of Defense Contracts/Letters of Agreement	12.000	P010161395	186,624
Pass-through Luminit LLC			
Department of Defense Contracts/Letters of Agreement	12.000	AGMNT DTD 1/27/15	24,990
Pass-through NAVMAR Applied Sciences Corporation			
Department of Defense Contracts/Letters of Agreement	12.000	WM005836	399,036
Pass-through NextGen Aeronautics			
Department of Defense Contracts/Letters of Agreement	12.000	PO 14-04 3083 TOOL BLADE	92,535
Pass-through Ohio Aerospace Institute			
Department of Defense Contracts/Letters of Agreement	12.000	AGREEMENT DTD 9/21/12	7,385
Pass-through Primal Innovations LLC			
Basic Applied and Advanced Research in Science and Engineering	12.630	PI-SDS-0170-06	18,823
Pass-through Scripps Institution of Oceanography			
Basic and Applied Scientific Research	12.300	57545268 / S9000862	106,344
Pass-through Temple University			
Department of Defense Contracts/Letters of Agreement	12.000	255462 CHK NO. 0000258626	7,098
Pass-through University of California at San Diego			
Department of Defense Contracts/Letters of Agreement	12.000	57798680	36,215
Basic and Applied Scientific Research	12.300	50655576 AMND 001	11,829
Total U.S. Department of Defense			<u>3,449,251</u>
U.S. Department of Interior:			
Direct Programs:			
Earthquake Hazards Reduction Program	15.807		60,176
US Geological Survey Research and Data Acquisition	15.808		62,604
Cooperative Research and Training Programs-Resources of the National Park Systems	15.945		16,133
			<u>138,913</u>

San Diego State University Research Foundation
(A Component Unit of San Diego State University)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

For the Year Ended June 30, 2015

Federal Grantor/Pass-through Grantor Program or Cluster Title	Catalog of Federal Domestic Assistance Number	Pass-through Entity Identifying Number	Federal Expenditures
Pass-through American Samoa Department of Commerce Economic, Social, and Political Development of the Territories	15.875	AGMT DTD 6/23/15	\$ 7,956
Pass-through California Department of Fish and Wildlife Department of Interior Contracts/Letters of Agreement	15.000	P1382001	18,676
Cooperative Endangered Species Conservation Fund	15.615	P1382012	10,013
Pass-through GeomorphIS LLC Department of Interior Contracts/Letters of Agreement	15.000	TO1/P#9134-002/GS-10-10F-0236X	11,825
Pass-through Judith Ann Wheatley Partners for Fish and Wildlife (C)	15.631	AGMNT DTD 4/27/15	371
Pass-through Santa Monica Mountains Fund National Park Service Conservation, Protection, Outreach, and Education	15.954	CHK 2153	107
National Park Service Conservation, Protection, Outreach, and Education	15.954	LTR DATED 11/7/13	160
Pass-through University of Southern California US Geological Survey Research and Data Acquisition	15.808	Y82316	3,230
Pass-through Virginia Polytechnic Institute and State University Department of Interior Contracts/Letters of Agreement	15.000	SUB AGREEMENT 19863	<u>120,958</u>
Total U.S. Department of Interior			<u>312,209</u>
U.S. Department of Justice:			
Direct Programs:			
National Institute of Justice Research Evaluation and Development Project Grants	16.560		324,620
Pass-through University of California at San Diego National Institute of Justice Research Evaluation and Development Project Grants	16.560	50260993	4,357
Pass-through University of San Diego National Institute of Justice Research Evaluation and Development Project Grants	16.560	F12096-U2013-012-01	<u>(5,487)</u>
Total U.S. Department of Justice			<u>323,490</u>
U.S. Department of Labor:			
Direct Programs:			
H-1B Job Training Grants	17.268		<u>57,396</u>
Total U.S. Department of Labor			<u>57,396</u>
U.S. Department of State:			
Direct Programs:			
Department of State Contracts/Letters of Agreement	19.000		<u>27,443</u>
Total U.S. Department of State			<u>27,443</u>
U.S. Department of Transportation:			
Pass-through California Department of Transportation Department of Transportation Contracts/Letters of Agreement	20.000	11A2186	74,726
Pass-through University of New Mexico Department of Transportation Contracts/Letters of Agreement	20.000	2RCZ2-87W2	<u>49,849</u>
Total U.S. Department of Transportation			<u>124,575</u>

San Diego State University Research Foundation
(A Component Unit of San Diego State University)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

For the Year Ended June 30, 2015

Federal Grantor/Pass-through Grantor Program or Cluster Title	Catalog of Federal Domestic Assistance Number	Pass-through Entity Identifying Number	Federal Expenditures
National Aeronautics and Space Administration:			
Direct Programs:			
National Aeronautics and Space Administration Contracts/Letters of Agreement	43.000		\$ 296,751
Science	43.001		1,022,375
Space Operations	43.007		143,545
Education	43.008		6,686
			<u>1,469,357</u>
Pass-through California Space Grant Consortium			
Education	43.008	P1505425 CHECK NO. 42824520	613
Education	43.008	P1467349	33,000
Pass-through Columbia University			
Science	43.001	1(GG008830)	65,469
Pass-through Space Telescope Science Institute			
National Aeronautics and Space Administration Contracts/Letters of Agreement	43.000	HST-GO-13784.003-A	2,165
National Aeronautics and Space Administration Contracts/Letters of Agreement	43.000	HST-GO-12170.01-A	8,815
National Aeronautics and Space Administration Contracts/Letters of Agreement	43.000	HST-GO-12574.01-A	14,802
Pass-through University of Southern California			
Science	43.001	SA1 #55746975;PAO NNX14AO23G	20,112
Total National Aeronautics and Space Administration			<u>1,614,333</u>
National Science Foundation			
Direct Programs:			
Engineering Grants	47.041		351,944
Mathematical and Physical Sciences	47.049		674,931
Geosciences	47.050		581,208
Computer and Information Science and Engineering	47.070		642,025
Biological Sciences	47.074		1,018,821
Social Behavioral and Economic Sciences	47.075		350,743
Education and Human Resources	47.076		2,107,155
Polar Programs	47.078		286,696
Office of International and Integrative Activities	47.079		735,671
Office of Cyberinfrastructure	47.080		227,057
ARRA - Trans-NSF Recovery Act Research Support	47.082		65,533
			<u>7,041,784</u>
Pass-through Arizona State University			
Engineering Grants	47.041	10-403	2,812
Social Behavioral and Economic Sciences	47.075	13-067	15,008
Pass-through California State University Long Beach Research Foundation			
Education and Human Resources	47.076	S07-385611A	4,216
Pass-through California State University Fresno			
Education and Human Resources	47.076	SC340328-14-03	74,679
Pass-through CSU Sacramento University Enterprises Inc			
Education and Human Resources	47.076	523901 / HRD-1302873	20,894
Pass-through Jefferson Community and Technical College			
Education and Human Resources	47.076	KCT-PS-617	17,771

San Diego State University Research Foundation
(A Component Unit of San Diego State University)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

For the Year Ended June 30, 2015

Federal Grantor/Pass-through Grantor Program or Cluster Title	Catalog of Federal Domestic Assistance Number	Pass-through Entity Identifying Number	Federal Expenditures
Pass-through Mathematical Association of America			
Education and Human Resources	47.076	3-8-710-954	\$ 3,107
Education and Human Resources	47.076	3-8-711-909	15,654
Pass-through North Carolina State University			
Education and Human Resources	47.076	2014-1790-01	35,385
Pass-through Science Museum of Minnesota			
Education and Human Resources	47.076	AGREEMENT DTD 03/23/15	4,095
Pass-through University of California at Irvine			
Mathematical and Physical Sciences	47.049	2013-2997	26,494
Pass-through University of California at Riverside			
Geosciences	47.050	S-000516	197,147
Pass-through University of Colorado Boulder			
Geosciences	47.050	1552219	18,560
Pass-through University of Southern California			
Geosciences	47.050	32718713 & AMEND #2 & #5	34,854
Geosciences	47.050	32718713 AMEND#3 & #4	35,338
Geosciences	47.050	32718713 AMND 3	15,608
Geosciences	47.050	32718713 ORIG & AMEND# 7	1,615
Geosciences	47.050	32718713,AMND#1,#3,#5	74,823
Geosciences	47.050	33763719	70,671
Office of Cyberinfrastructure	47.080	33756013	105,260
Pass-through University of Washington			
Engineering Grants	47.041	UWSC6383 BPO 1576	482,999
Engineering Grants	47.041	UWSC8193 BPO914 VERSION 1	28,659
Total National Science Foundation			<u>8,327,433</u>
Small Business Administration			
Direct Programs:			
7(j) Technical Assistance	59.007		4,940
Total Small Business Administration			<u>4,940</u>
Department of Veteran Affairs			
Direct Programs:			
Department of Veterans Affairs	64.000		51
Total Department of Veteran Affairs			<u>51</u>
Nuclear Regulatory Commission			
Direct Programs:			
US Nuclear Regulatory Commission Nuclear Education Grant Program	77.006		11,138
Pass-through University of Southern California			
US Nuclear Regulatory Commission Nuclear Education Grant Program	77.006	58472519	8,197
Total Nuclear Regulatory Commission			<u>19,335</u>
U.S. Department of Energy:			
Direct Programs:			
Office of Science Financial Assistance Program	81.049		255,494
Renewable Energy Research and Development	81.087		288,680
Energy Efficiency and Renewable Energy Information			
Dissemination Outreach Training and Technical Analysis/Assistance	81.117		195,748
			<u>739,922</u>

San Diego State University Research Foundation
(A Component Unit of San Diego State University)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

For the Year Ended June 30, 2015

Federal Grantor/Pass-through Grantor Program or Cluster Title	Catalog of Federal Domestic Assistance Number	Pass-through Entity Identifying Number	Federal Expenditures
Pass-through Alliance for Sustainable Energy LLC Department of Energy Contracts/Letters of Agreement	81.000	XFC-5-52040-01	\$ 2,313
Pass-through Battelle Memorial Institute Office of Science Financial Assistance Program	81.049	CONTRACT NO. 248832	34,771
Pass-through Electricore Inc Renewable Energy Research and Development	81.087	#DE-EE0006339	42,615
Pass-through University of California at San Diego Inventions and Innovations	81.036	PO# 10314194-004	2,590
Pass-through University of Utah Office of Science Financial Assistance Program	81.049	10019040-S1	5,828
Pass-through University of Washington Advanced Research Projects Agency - Energy Total U.S. Department of Energy	81.135	BPO 1609/UWSC 8139	<u>101,504</u> <u>929,543</u>
U.S. Department of Education:			
Direct Programs:			
Rehabilitation Services Demonstration and Training Programs	84.325K		968,174
Pass-through University of North Carolina-Chapel Hill Field Initiated Research Projects	84.324C	5-39308	335,443
Pass-through Harvard University Education Research, Development and Dissemination Total U.S. Department of Education	84.305	108129-5087899	<u>23,482</u> <u>1,327,099</u>
U.S. Department of Health and Human Services (DHHS):			
Direct Programs:			
Department of Health and Human Services Contracts/Letters of Agreement Total DHHS	93.000		<u>2,284,964</u> <u>2,284,964</u>
Office of the Secretary:			
Pass-through University of California at San Diego Research of the Responsible Conduct of Research (RCR)	93.085	4417638 PO # S9000419	18,548
Pass-through University of South Florida Teenage Pregnancy Prevention Program Total Office of the Secretary	93.297	6405-1066-00-A	<u>40,285</u> <u>58,833</u>
Center for Disease Control (CDC):			
Direct Programs:			
Family Smoking Prevention and Tobacco Control Act Regulatory Research Centers for Research and Demonstration for Health Promotion and Disease Prevention Affordable Care Act (ACA) Childhood Obesity Research Demonstration Health Promotion and Disease Prevention Research Centers: PPHF 2012 Affordable Care Act Projects Total CDC	93.077		170,855
	93.135		270,286
	93.535		1,523,702
	93.542		<u>3,658</u> <u>1,968,501</u>
Administration for Children and Families (ACF):			
Pass-through University of California at San Diego Abandoned Infants Abandoned Infants Total ACF	93.551	45247920 54414801	14,122 <u>29,366</u> <u>43,488</u>

San Diego State University Research Foundation
(A Component Unit of San Diego State University)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

For the Year Ended June 30, 2015

Federal Grantor/Pass-through Grantor Program or Cluster Title	Catalog of Federal Domestic Assistance Number	Pass-through Entity Identifying Number	Federal Expenditures
Office of Minority Health:			
Pass-through San Ysidro Health Center			
Family and Community Violence Prevention Program	93.910	1-YEPMP140086-01-00	\$ 9,716
Total Office of Minority Health			<u>9,716</u>
Health Resources and Services Administration:			
Pass-through San Ysidro Health Center			
Special Projects of National Significance	93.928	1-H97HA27421-01-00	19,241
Total Health Resources and Services Administration			<u>19,241</u>
National Institutes of Health (NIH):			
Direct Programs:			
Research Related to Deafness and Communication Disorders	93.173		1,056,718
Mental Health Research Grants	93.242		2,382,613
Alcohol Research Programs	93.273		2,977,474
Drug Abuse and Addiction Research Programs	93.279		59,914
Minority Health and Health Disparities Research	93.307		690,043
Research Infrastructure Programs	93.351		136,491
Nursing Research	93.361		353,957
Cancer Cause and Prevention Research	93.393		138,426
Cancer Detection and Diagnosis Research	93.394		1,785,851
Cancer Treatment Research	93.395		83,179
Cancer Centers Support Grants	93.397		335,791
Cardiovascular Diseases Research	93.837		6,077,534
Arthritis Musculoskeletal and Skin Diseases Research	93.846		425,230
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847		732,196
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		376,178
Allergy Immunology and Transplantation Research	93.855		426,590
Biomedical Research and Research Training	93.859		2,048,503
Child Health and Human Development Extramural Research	93.865		1,647,161
Aging Research	93.866		868,762
			<u>22,602,611</u>
Pass-through Brigham and Women's Hospital			
Drug Abuse and Addiction Research Programs	93.279	109319	307,444
Child Health and Human Development Extramural Research	93.865	107260	3,379
Pass-through Cedars-Sinai Medical Center			
Cardiovascular Diseases Research	93.837	0001087933	376,795
Pass-through Children's Hospital Los Angeles			
Alcohol Research Programs	93.273	8029-RGF007646-00/#2013-0010	88,648
Pass-through Indiana University			
Alcohol Research Programs	93.273	400269676 400269677 400278013	(45)
Pass-through Johns Hopkins University			
Child Health and Human Development Extramural Research	93.865	2001723738	2,099
Pass-through Kaiser Foundation Research Institute			
Mental Health Research Grants	93.242	R01MH101118	203,061
Pass-through Klein Buendel Inc			
Cancer Cause and Prevention Research	93.393	0273-0144-000	243,717
Pass-through Mayo Clinic			
Research and Training in Alternative Medicine	93.213	PO NO. 63226629	15,274
Pass-through Oregon Social Learning Center Inc			
Drug Abuse and Addiction Research Programs	93.279	SUB DTD 10/09/12 AMND 1,2 & 3	165,483
Pass-through Oregon State University			
NIEHS Superfund Hazardous Substances Basic Research and	93.143	P0364L-A	9,683
Pacific Institute for Research and Evaluation			
Drug Abuse and Addiction Research Programs	93.279	CONTRACT# R01DA035098	22,913
Pass-through Palo Alto University			
Child Health and Human Development Extramural Research	93.865	736856	40,013
Pass-through Rady Children's Hospital San Diego			
Mental Health Research Grants	93.242	AGREEMENT SIGNED 11/22/14	12,576

San Diego State University Research Foundation
(A Component Unit of San Diego State University)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

For the Year Ended June 30, 2015

Federal Grantor/Pass-through Grantor Program or Cluster Title	Catalog of Federal Domestic Assistance Number	Pass-through Entity Identifying Number	Federal Expenditures
Pass-through Roswell Park Cancer Institute			
Cancer Cause and Prevention Research	93.393	44-01 AMND 1-3	\$ 37,650
Pass-through Scripps Research Institute			
National Center for Advancing Translational Sciences	93.350	PO 5-50714	45,928
Cardiovascular Diseases Research	93.837	PO 5-50493 & PO 5-50708	62,936
Pass-through Simon Fraser University			
Cancer Cause and Prevention Research	93.393	31-864031	59,012
Pass-through Tulane University			
Child Health and Human Development Extramural Research	93.865	TUL-HSC-447-13/14	523
Child Health and Human Development Extramural Research	93.865	TUL-HSC-565-14/15	1,962
Pass-through University of California at Davis			
Allergy Immunology and Transplantation Research	93.855	201303042-05	54,354
Pass-through University of California at Irvine			
Research Related to Deafness and Communication Disorders	93.173	2011-2563	27,905
Pass-through University of California at Los Angeles			
Mental Health Research Grants	93.242	0875 G RC211 (R01MH100134)	14,668
Pass-through University of California at San Diego			
Environmental Health	93.113	36153403 / PO S9000123 MOD 002	176,286
Mental Health Research Grants	93.242	32378811 / -001 / -002 / -003	31,938
Mental Health Research Grants	93.242	PO#10324381-006/MH094317	74,475
Mental Health Research Grants	93.242	PO# 10320188	34,225
National Center for Advancing Translational Sciences	93.350	10310850-005	105,067
Cancer Cause and Prevention Research	93.393	PO# 10324059-003	17,510
Cancer Detection and Diagnosis Research	93.394	PO#10311554 SUB	3,386
Cancer Centers Support Grants	93.397	46018975	3,866
Cancer Research Manpower	93.398	PO# 10302056-006	66,180
Cardiovascular Diseases Research	93.837	10313122-003	97,299
Cardiovascular Diseases Research	93.837	PO 10321287-001	42,344
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	PO #10290841	(32)
Allergy Immunology and Transplantation Research	93.855	10318034	113,604
Biomedical Research and Research Training	93.859	44770239	995
Child Health and Human Development Extramural Research	93.865	PO# 10314027-002	34,933
Pass-through University of California at San Francisco			
Oral Diseases and Disorders Research	93.121	5379SC,A1-5 P#U54DE019285-06 R	11,129
Minority Health and Health Disparities Research	93.307	7701SC	(236)
Cancer Cause and Prevention Research	93.393	7702SC	5,940
Pass-through University of Colorado Boulder			
Allergy Immunology and Transplantation Research	93.855	1550740	12,972
Pass-through University of Illinois			
Biomedical Research and Research Training	93.859	2011-02153-02 AMEND 03	121,252
Pass-through University of Maryland			
Drug Abuse and Addiction Research Programs	93.279	SR00002141 AMND 1, 2, 3, & 4	116,310
Pass-through University of Michigan			
Cancer Cause and Prevention Research	93.393	3002450462 AMND 1 & 3	188,313
Pass-through University of Minnesota			
Child Health and Human Development Extramural Research	93.865	N003578002	52,440
Pass-through University of North Carolina-Chapel Hill			
Cardiovascular Diseases Research	93.837	5-31272, R01HL102130	110,802
Pass-through University of Southern California			
Research Related to Deafness and Communication Disorders	93.173	46119873	71,998
Cancer Cause and Prevention Research	93.393	162254	41,795
Cancer Control	93.399	45250403	10,245
Pass-through University of Texas San Antonio			
Cancer Centers Support Grants	93.397	157147/156826	61,461
Total NIH			<u>26,005,086</u>
Indian Health Service:			
Pass-through Indian Health Council			
Research and Demonstration Projects for Indian Health	93.933	AMEND 1 AGREE 10/12/12	13,003
Total Indian Health Service			<u>13,003</u>
Total U.S. Department of Health and Human Services			<u>30,402,832</u>
Total Research and Development			<u>\$ 47,577,527</u>

San Diego State University Research Foundation
(A Component Unit of San Diego State University)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

For the Year Ended June 30, 2015

Federal Grantor/Pass-through Grantor Program or Cluster Title	Catalog of Federal Domestic Assistance Number	Pass-through Entity Identifying Number	Federal Expenditures
Foster Care Cluster:			
Administration for Children and Families (ACF):			
Pass-through California Department of Social Services Foster Care Title IV/E	93.658	13-3013 A-2 INDEX 2545	\$ 3,632,481
Pass-through California State University Fresno Foundation Foster Care Title IV/E	93.658	SC340340-14-01 / PO44909000	21,147
Pass-through County of Riverside Department of Public Social Services Foster Care Title IV/E	93.658	CS-02803	41,944
Pass-through County of Riverside Department of Public Social Services Foster Care Title IV/E	93.658	CS-02934	86,406
Pass-through County of San Bernardino Foster Care Title IV/E	93.658	13.166 A-1	692,469
Pass-through Imperial County Department of Social Services Foster Care Title IV/E	93.658	BOS FILING 5-4-14	61,606
Pass-through San Diego County Health and Human Services Agency Foster Care Title IV/E	93.658	511851 AMND 19	474,516
Pass-through University of California at Berkeley Foster Care Title IV/E	93.658	00008304	3,303
Pass-through University of California at Berkeley Foster Care Title IV/E	93.658	00008511	1,934,530
Pass-through Ventura County Foster Care Title IV/E	93.658	PC 5350B150378	70,189
Total Administration for Children and Families (ACF)			<u>7,018,591</u>
Total Foster Care			<u>\$ 7,018,591</u>
Other Federal Awards:			
U.S. Department of Agriculture:			
Pass-through California Department of Education Summer Food Service Program for Children	10.559	CHECK 60-879177	12,164
Pass-through California Department of Health Services Special Supplemental Nutrition Program for Women Infants and Children WIC	10.557	14-10277	4,402,183
Pass-through California Department of Public Health Special Supplemental Nutrition Program for Women Infants and Children WIC	10.557	11-10490 002	1,695,136
Pass-through San Diego State University Department of Agriculture Contracts/Letters of Agreement	10.000	PO#40093722	3,788
Total U.S. Department of Agriculture			<u>6,113,271</u>
U.S. Department of Defense:			
Direct Programs:			
Department of Defense Contracts/Letters of Agreement	12.000		1,092,616
Basic and Applied Scientific Research	12.300		431,600
Navy Command Control Communications Computers Intelligence Surveillance and Reconnaissance	12.335		56,221
Language Grant Program	12.900		124,928
			<u>1,705,365</u>
Pass-through Apex Contracting and Consulting Department of Defense Contracts/Letters of Agreement	12.000	032812	5
Pass-through Professional Solutions (ProSol Associates Inc) Department of Defense Contracts/Letters of Agreement	12.000	047-4005-12S PS-SDSU-TECOM-001	186,898
Pass-through The Institute of International Education ROTC Language and Culture Training Grants	12.357	2011-ROTC-U634009-SDSU	190,134
ROTC Language and Culture Training Grants	12.357	2013-GO-SDSU	159,963
Language Training Center	12.579	2012-LTC-SDSU	(98)
Language Training Center	12.579	2012-LTC-SDSU MOD #2	531,669
Language Training Center	12.579	2603-SDSU-1-LTC-LT3-PO1	1,508,560
Total U.S. Department of Defense			<u>4,282,496</u>
U.S. Department of Interior:			
Direct Programs:			
US Geological Survey Research and Data Acquisition	15.808		1,066,620
Pass-through California Department of Parks and Recreation Historic Preservation Fund Grants In Aid	15.904	06-13-51911/C8955516	1,285
Pass-through California Department of Parks and Recreation Historic Preservation Fund Grants In Aid	15.904	C8956512 / P14AF00134	6,020
Total U.S. Department of Interior			<u>1,073,925</u>

San Diego State University Research Foundation
(A Component Unit of San Diego State University)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

For the Year Ended June 30, 2015

Federal Grantor/Pass-through Grantor Program or Cluster Title	Catalog of Federal Domestic Assistance Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Labor:			
Pass-through California Employment Development Department			
Employment Service/Wagner-Peyser Funded Activities	17.207	M287319	\$ 63,001
Workforce Innovation Fund	17.283	M598081	20,937
Pass-through California State University Office of the Chancellor			
Trade Adjustment Assistance Community College and Career Training (TAACCCCT) Grants	17.282	X0089113-SDAUX	9,362
Pass-through Imperial County Workforce Development Board			
WIA Adult Program (A)	17.258	NONE	65,869
Total U.S. Department of Labor			<u>159,169</u>
U.S Department of State:			
Pass-through Institute of International Education			
Educational Exchange-Graduate Students (B)	19.400	AGMT DTD 5/15/15	1,575
Total U.S Department of State			<u>1,575</u>
National Endowment for the Arts:			
Direct Programs:			
Promotion of the Arts Grants to Organizations and Individuals	45.024		12,500
Total National Endowment for the Arts			<u>12,500</u>
National Endowment for the Humanities:			
Direct Programs:			
Promotion of the Humanities Professional Development	45.163		65,890
Total National Endowment for the Humanities			<u>65,890</u>
Small Business Administration:			
Direct Programs:			
Small Business Administration Contracts/Letters of Agreement	59.000		437,432
Small Business Teaming Pilot Program	59.060		4,009
			<u>441,441</u>
Pass-through Southwestern Community College			
Small Business Development Centers	59.037	SDSU2015A	69,529
Small Business Development Centers	59.037	SDSUIV2015B	47,512
Total Small Business Administration			<u>558,482</u>
Environmental Protection Agency:			
Direct Programs:			
Science To Achieve Results (STAR) Fellowship Program (B)	66.514		10,180
Total Environmental Protection Agency			<u>10,180</u>
U.S Department of Education:			
Direct Programs:			
TRIO Talent Search	84.044		315,832
TRIO Upward Bound	84.047		398,053
TRIO Student Support Services	84.042A		323,289
TRIO Upward Bound Program	84.047A		314,896
Fund for the Improvement of Postsecondary Education	84.116		31,584
Rehabilitation Training Continuing Education	84.264		258,385
English Language Acquisition Grants (A,B)	84.365		1,056,734
Joint US/EU Consortia for Cooperation in Higher Education and Vocational Education	84.116J		34,072

San Diego State University Research Foundation
(A Component Unit of San Diego State University)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

For the Year Ended June 30, 2015

Federal Grantor/Pass-through Grantor Program or Cluster Title	Catalog of Federal Domestic Assistance Number	Pass-through Entity Identifying Number	Federal Expenditures
Rehabilitation Long Term Training Vocational Rehabilitation Counseling	84.129B		\$ 323,994
Rehabilitation Administration	84.129C		119,151
Rehabilitation of Individuals Who Are Mentally Ill	84.129H		212,019
Rehabilitation Long Term Training Comprehensive System of Personnel Development	84.129W		37,089
English Language Acquisition: National Professional Development Program	84.195N		239,095
Centers for International Business Education Program	84.220A		262,614
Language Resource Centers Program	84.229A		23,192
Rehabilitation Services Demonstration and Training Programs	84.325K		800,463
Gaining Early Awareness and Readiness for Undergraduate Programs GEAR UP	84.334A		727,626
			5,478,088
Pass-through American Samoa Office of Vocational Rehabilitation Vocational Rehabilitation State Grants	84.126A	C03856	18,704
Pass-through California Department of Developmental Services Special Education-Grants for Infants and Families	84.181	AGREEMENT HD129025	162,734
Special Education-Grants for Infants and Families	84.181	HD 159025	9
Pass-through California Department of Education Special Education Grants to States	84.027	14-14301-X842-00	248,926
Pass-through California Department of Rehabilitation Grants for Promoting Readiness of Minors in Supplemental Security Income	84.418P	29132	1,841,993
Grants for Promoting Readiness of Minors in Supplemental Security Income	84.418P	29506	54,252
Pass-through California State University Monterey Bay Teacher Quality Enhancement Grants	84.336	5029201E-04022015-C-A	7,946
Pass-through Commonwealth of the Northern Marianas Islands Rehabilitation Services Vocational Rehabilitation Grants to States	84.126	AGREEMENT SIGNED 03/03/2014	1,999
Pass-through Consortia of Administrators for Native American Rehab Inc Department of Education Contracts/Letters of Agreement	84.000	CANAR AGREEMENT SIGNED 1/26/15	78,581
Pass-through Federated States of Micronesia Department of Education Contracts/Letters of Agreement	84.000	1016109	28,294
Special Education Grants to States	84.027	1093477	25,238
Pass-through Government of the District of Columbia Rehabilitation Services Vocational Rehabilitation Grants to States	84.126	DCJM-2014-C-0011	129,976
Pass-through Guam Department of Vocational Rehabilitation Vocational Rehabilitation State Grants	84.126A	P146A05815	14,785
Pass-through Hawaii Vocational Rehabilitation & Services for the Blind Vocational Rehabilitation State Grants	84.126A	DHS-12-VR-635	78,945
Pass-through Imperial County Office of Education Migrant Education Basic State Grant Program	84.011	COTRACT DTD 3.19.15	60,598
Pass-through Lemon Grove School District Title I Grants to Local Educational Agencies	84.010	AGMNT DTD 3.17.14	1,389
Pass-through Ohio State University (The) ARRA - Investing in Innovation (i3) Fund	84.411	60033311 (PO#RF01265016)	43,393
Pass-through Oregon Department of Human Services Rehabilitation Services Vocational Rehabilitation Grants to States	84.126	141489	1,859
Pass-through Phoenix Elementary School District #1 Title I Grants to Local Educational Agencies	84.010	2013-2014 NCUST/PHOENIX ELEM	(23)
Title I Grants to Local Educational Agencies	84.010	2014-2015 NCUST PHOENIX NO.1	55,534
Pass-through San Diego State University Special Education Grants to States	84.027	40080539	7,082
Pass-through San Diego Unified School District Title I Grants to Local Educational Agencies	84.010	SV-15-1021-19	10,258
Improving Teacher Quality State Grants	84.367	PS-15-0294-76	171,310

San Diego State University Research Foundation
(A Component Unit of San Diego State University)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

For the Year Ended June 30, 2015

Federal Grantor/Pass-through Grantor Program or Cluster Title	Catalog of Federal Domestic Assistance Number	Pass-through Entity Identifying Number	Federal Expenditures
Pass-through State of Hawaii			
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126	DHS-15-VR-2114	\$ 38,894
Vocational Rehabilitation State Grants	84.126A	DHS15-VR2129	43,896
Pass-through University of California Office of the President			
Improving Teacher Quality State Grants	84.367	NCLB10-CISP-SAN DIEGO	2,505
Improving Teacher Quality State Grants	84.367	NCLB10-CMP-SAN DIEGO	5,276
Improving Teacher Quality State Grants	84.367	NCLB10-CWLP-SAN DIEGO	63
Improving Teacher Quality State Grants	84.367	NCLB11-CISP-SAN DIEGO	28,753
Improving Teacher Quality State Grants	84.367	NCLB11-CMP-SAN DIEGO	36,156
Improving Teacher Quality State Grants	84.367	NCLB11-CWLP-SAN DIEGO	38,674
Improving Teacher Quality State Grants	84.367	NCLB11-TCAP-SAN DIEGO	65,051
Pass-through University of North Carolina-Chapel Hill			
Field Initiated Research Projects	84.324C	5-39308	653
Pass-through Virginia Department of the Blind and Vision Impaired			
Vocational Rehabilitation State Grants	84.126A	CONTRACT SIGNED 7/15/2014	56,366
Total U.S Department of Education			<u>8,838,157</u>
U.S Department of Health and Human Services (DHHS):			
Administration for Community Living (ACL):			
Pass-through California State Independent Living Council			
Special Programs for the Aging Title IV and Title II Discretionary Projects	93.048	ILC-13-015	23,776
Total ACL			<u>23,776</u>
Administration for Children and Families (ACF):			
Pass-through Imperial County Department of Social Services			
Temporary Assistance for Needy Families TANF	93.558	M.O. #27	832
Temporary Assistance for Needy Families TANF	93.558	MO#10	812,850
Total ACF			<u>813,682</u>
Center for Disease Control (CDC):			
Pass-through Accents on Health Inc			
Centers for Disease Control and Prevention_Investigations and Technical Assistance	93.283	AGMT DATED 10/24/14	6,352
Pass-through Family Health Centers of San Diego			
Affordable Care Act - Teaching Health Center Graduate Medical Education Payments Program	93.530	CONTRACT DATE 7/23/14	10,001
Pass-through California Department of Public Health			
Cooperative Agreements for State Based Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919	13-90028	868,887
Pass-through Family Health Centers of San Diego			
HIV Prevention Activities Non Governmental Organization	93.939	AGT DTD 12/22/11	10,000
Pass-through San Diego Association of Governments			
PPHF 2012:Community Transformation Grants and National Dissemination and Support for Community Transformation Grants	93.531	CONTRACT NO. 5004315	115,759
Total CDC			<u>1,010,999</u>
Center for Medicare and Medicaid Services (CMS):			
Pass-through University of California at Berkeley			
Medical Assistance Program	93.778	SA6140-77729 ADM1	(1,399)
Total CMS			<u>(1,399)</u>
Health Resources and Services Administration (HRSA):			
Direct Programs:			
Nursing Education Opportunities for Individuals from	93.178		301,612
Public Health Training Centers Grant Program	93.249		162,899
			<u>464,511</u>

San Diego State University Research Foundation
(A Component Unit of San Diego State University)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

For the Year Ended June 30, 2015

Federal Grantor/Pass-through Grantor Program or Cluster Title	Catalog of Federal Domestic Assistance Number	Pass-through Entity Identifying Number	Federal Expenditures
Pass-through Family Health Centers of San Diego			
HIV Emergency Relief Project Grants (B)	93.914	AMND 6	\$ 109
HIV Emergency Relief Project Grants (B)	93.914	LOA/AMND 1-5	8,015
Special Projects of National Significance	93.928	AGMT DTD 11/29/12	31,037
Special Projects of National Significance	93.928	CONTRACT DATED 9/18/14	26,574
Pass-through University of California at San Diego			
UCSD Hispanic Ctrs of Excellence	93.157	PO 10313605-003SUB/5D34HP18954	505
SDSU Health Careers Opportunity	93.822	PO#10321138-001	230,430
Total HRSA			<u>761,181</u>
Indian Health Service:			
Pass-through Indian Health Council			
Research and Demonstration Projects for Indian Health	93.933	CONTRACT DATED 23-OCT-2014	53,628
Research and Demonstration Projects for Indian Health	93.933	CONTRACT DATED JUNE 20, 2014	5,427
Research and Demonstration Projects for Indian Health	93.933	CONTRACT DATED OCT. 23 2013	18,760
Total Indian Health Service			<u>77,815</u>
Total U.S. Department of Health and Human Services			<u>2,686,054</u>
Total Other Federal Awards			<u>\$ 23,801,699</u>
Total Federal Awards			<u>\$ 78,397,817</u>

* Denotes a major program

San Diego State University Research Foundation
(A Component Unit of San Diego State University)

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2015

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of San Diego State University Research Foundation (the "SDSU Research Foundation") under the programs of the federal government for the year ended June 30, 2015. The information in the Schedule is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the SDSU Research Foundation, it is not intended to, and does not, present the financial position, changes in net position, or cash flows of the Foundation.

NOTE 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 obtained in OMB Circular A-21, *Cost Principles for Educational Institutions*, 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.

San Diego State University Research Foundation
(A Component Unit of San Diego State University)

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2015

NOTE 3 – SUBRECIPIENTS

Of the federal expenditures presented in the Schedule, the SDSU Research Foundation provided federal awards to subrecipients as follows:

Program Name	Federal CFDA Number	Amount Provided to Subrecipients
Economic Adjustment Assistance	11.307	\$ 11,652
Department of Defense Contracts/Letters of Agreement	12.000	184,251
Basic and Applied Scientific Research	12.300	390,323
Air Force Defense Research Sciences Program	12.800	143,312
National Institute of Justice Research Evaluation and Development Project Grants	16.560	223,346
Employment Service/Wagner-Peyser Funded Activities	17.207	39,000
National Aeronautics and Space Administration Contracts/Letters of Agreement	43.000	43,293
Science	43.001	165,896
Promotion of the Humanities_Professional Development	45.163	7,652
Engineering Grants	47.041	12,495
Computer and Information Science and Engineering	47.070	31,350
Biological Sciences	47.074	42,227
Social Behavioral and Economic Sciences	47.075	13,170
Education and Human Resources	47.076	121,730
Office of International and Integrative Activities	47.079	405,812
Renewable Energy Research and Development	81.087	112,810
Fund for the Improvement of Postsecondary Education	84.116	24,218
Joint US/EU Consortia for Cooperation in Higher Education and Vocational Education	84.116J	198

San Diego State University Research Foundation
(A Component Unit of San Diego State University)

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2015

NOTE 3 – SUBRECIPIENTS (CONTINUED)

Program Name	Federal CFDA Number	Amount Provided to Subrecipients
Rehabilitation Training Continuing Education	84.264	\$ 72,626
Rehabilitation Services Demonstration and Training Programs	84.325K	18,794
Gaining Early Awareness and Readiness for Undergraduate Programs GEAR UP	84.334A	27,106
English Language Acquisition Grants (A,B)	84.365	10,000
Grants for Promoting Readiness of Minors in Supplemental Security Income	84.418P	73,393
Centers for Research and Demonstration for Health Promotion and Disease Prevention	93.135	9,785
Mental Health Research Grants	93.242	279,560
Public Health Training Centers Grant Program	93.249	99,137
Alcohol Research Programs	93.273	772,539
Drug Abuse and Addiction Research Programs	93.279	9,795
Minority Health and Health Disparities Research	93.307	33,326
Nursing Research	93.361	35,273
Cancer Cause and Prevention Research	93.393	52,757
Cancer Detection and Diagnosis Research	93.394	273,208
Affordable Care Act (ACA) Childhood Obesity Research Demonstration	93.535	334,618
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	1,852,618
Allergy Immunology and Transplantation Research	93.855	133,558
Biomedical Research and Research Training	93.859	202,458
Child Health and Human Development Extramural Research	93.865	324,099
		<u>\$ 6,587,384</u>

San Diego State University Research Foundation
(A Component Unit of San Diego State University)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2015

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditors’ report issued: *Unmodified*
Internal control over financial reporting:
Material weakness(es) identified? _____ yes X no
Significant deficiency(ies) identified that are not considered
to be material weaknesses? _____ yes X none reported
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 that are not considered
to be material weaknesses? _____ yes X none reported
Type of auditors’ report issued on compliance for
major programs: *Unmodified*
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</u>	<u>Name of Federal Program or Cluster</u>
Various 93.658	Research and Development Cluster Foster Care Title IV-E

Dollar threshold used to distinguish between
Type A and Type B programs: \$2,351,935
Auditee qualified as low-risk auditee? X yes _____ no

San Diego State University Research Foundation
(A Component Unit of San Diego State University)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

For the Year Ended June 30, 2015

SECTION II – FINANCIAL STATEMENT FINDINGS

A. Significant Deficiencies or Material Weaknesses

None reported

B. Compliance Findings

None reported

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

A. Significant Deficiencies or Material Weaknesses

None reported

B. Compliance Findings

None reported

San Diego State University Research Foundation
(A Component Unit of San Diego State University)

SCHEDULE OF PRIOR YEAR FINDINGS

For the Year Ended June 30, 2014

SECTION IV – STATUS OF PRIOR FINDINGS

A. Significant Deficiencies or Material Weaknesses

None reported

B. Compliance Findings

Item 2014-01: Timely Submission of Grant Reports

Federal Agency: National Science Foundation
CFDA#: 47.050
Program: Geosciences

Criteria: According to OMB Circular A-110, Section .51 (b) (monitoring and reporting program performance), the Federal awarding agency shall prescribe the frequency with which the performance reports shall be submitted.

Condition: San Diego State University Research Foundation (the Foundation) failed to comply with the performance reporting criteria of the National Science Foundation.

Context: During testing over reporting compliance, the audit team selected and tested 35 required reports to test the Foundation's compliance with the reporting requirements. The engagement team reviewed the submitted reports for 35 reports and note that one report was submitted late.

Effect: Failure to submit required reports in a timely manner could potentially cause delay or elimination of federal funding.

Cause: the responsible party did not prepare and submit prior to deadline.

Recommendation: We recommend the Foundation increase its efforts to educate its principal investigators (PI) and project directors about compliance with reporting deadlines.

San Diego State University Research Foundation
(A Component Unit of San Diego State University)

SCHEDULE OF PRIOR YEAR FINDINGS

For the Year Ended June 30, 2014

SECTION IV – STATUS OF PRIOR FINDINGS

Views of responsible officials and planned corrective actions: The Foundation has procedures in place track the timeliness of technical report submissions and to educate faculty of the importance of compliance with reporting requirements. Agency reporting requirements are input into the Foundation's accounting system at the time an award is made, including type of report and due date. This data is updated throughout the life of the award. Technical reporting due dates are made available to PIs in real time via a web-based interface with the accounting system and e-mail reminders are sent out at the end of each month to remind PIs to review the data. In addition, an automated email is sent to the PI and those designated as secondary contacts 60 to 90 days before the expiration of the fund notifying them of the termination date and any required actions needed to facilitate orderly closeout, including a reminder to submit any required technical report. Agency reminders of upcoming report deadlines are monitored and forwarded to all appropriate parties. In those cases where the PI fails to submit required reports despite reminder, the issue is elevated to the department chair, college dean and/or vice president for research as needed. Funds are not closed until all reporting requirements have been met.

We will continue to monitor and implement these policies and remind faculty of the importance of fulfilling our reporting requirements in a timely manner.

In regard to the late report noted, the Foundation notified the PI of the required report and repeatedly followed up while emphasizing the importance of compliance with reporting deadlines. The PI contacted his program officer to explain the reasons for missing the deadline. A new timeline was established and the report was submitted and accepted within that timeframe.

Current Year Status: No such matters were noted in the current year audit.

