

**CSU FULLERTON**  
**AUXILIARY SERVICES CORPORATION**  
Financial Statements and Supplementary Information  
June 30, 2013  
(With Independent Auditors' Report Thereon)

# CSU FULLERTON AUXILIARY SERVICES CORPORATION

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# *Guzman & Gray*

Certified Public Accountants

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Mark Gray, C.P.A.  
Patrick S. Guzman, C.P.A.

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
CSU Fullerton,  
Auxiliary Services Corporation  
Fullerton, California

We have audited the accompanying financial statement of CSU Fullerton Auxiliary Services Corporation (a California State University Auxiliary Organization) (ASC), which comprise the financial position as of June 30, 2013, and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements. The prior year summarized comparative information has been derived from the Organization's June 30, 2012 financial statements and, in our report dated August 31, 2012 we expressed an unqualified opinion on those financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization'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 Organization's internal control. Accordingly, we express no such opinion.

Auditors' Responsibility (Continued)

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CSU Fullerton Auxiliary Services Corporation as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated August 30, 2013, on our consideration of ASC's internal control over financial reporting and our test of compliance with certain provisions of laws, regulations, contracts, and grant agreement and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included in schedules on pages 24-36 is presented for purposes of additional analysis and is not required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



GUZMAN & GRAY  
Long Beach, CA  
August 30, 2013

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**

Statement of Financial Position

June 30, 2013

(With comparative financial information for the year ended June 30, 2012)

Assets	June 30,	
	2013	2012
Current Assets:		
Cash and cash equivalents	\$ 14,449,186	\$ 13,431,679
Investments	9,496,520	7,763,949
Accounts receivable:		
Sponsored programs	2,684,413	2,055,997
Other receivables	2,280,707	1,217,498
Less allowance for doubtful accounts	(629,636)	(620,139)
Total Accounts Receivable, net	4,335,484	2,653,356
Inventories	3,360,595	4,082,767
Capital lease receivable, current portion	845,000	815,000
Due from affiliates, current portion	918,143	1,274,319
Other current assets	441,482	369,090
Total Current Assets	33,846,410	30,390,160
Property, Plant, and Equipment:		
Land	9,503,078	3,078
Building and improvements	9,283,842	582,870
Equipment, furniture, and fixtures	5,378,319	5,103,362
Work in progress	225,220	342,192
Leasehold improvements	13,069,182	11,581,549
	37,459,641	17,613,051
Less accumulated depreciation and amortization	(14,238,770)	(13,532,844)
Total Property, Plant, and Equipment, net	23,220,871	4,080,207
Other Assets:		
Due from affiliates, net of current	17,803,800	19,424,268
Less allowance for doubtful accounts	(2,100,000)	
Capital lease receivable, net of current	25,405,000	26,250,000
Annuity and life estate investments	455,394	472,309
Total Other Assets	41,564,194	46,146,577
Total Assets	\$ 98,631,475	\$ 80,616,944

See accompanying independent auditors' report and notes to the financial statements

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**

## Statement of Financial Position

June 30, 2013

(With comparative financial information for the year ended June 30, 2012)

<b>Liabilities and Net Assets</b>	<b>June 30,</b>	
	<b>2013</b>	<b>2012</b>
Current Liabilities:		
Accounts payable	\$ 2,919,382	\$ 3,587,197
Accrued liabilities	2,690,282	2,459,196
Accrued interest payable	169,576	192,500
Receipts in excess of expenditures on sponsored programs	2,305,750	2,961,879
Deposits held in custody for others	1,440,563	1,409,020
Current portion of notes payable	1,271,909	1,207,157
Current portion post retirement benefit	118,056	87,868
Current portion of annuity and unitrust	24,521	41,481
Total Current Liabilities	<u>10,940,039</u>	<u>11,946,298</u>
Noncurrent Liabilities:		
Noncurrent portion of notes payable	58,369,916	41,172,825
Noncurrent portion post retirement benefit	6,959,406	7,926,061
Noncurrent portion of unitrust liabilities	310,183	298,708
Total Noncurrent Liabilities	<u>65,639,505</u>	<u>49,397,594</u>
Total Liabilities	<u>76,579,544</u>	<u>61,343,892</u>
Net Assets:		
Unrestricted:		
Designated	7,830,495	16,941,745
Undesignated	14,100,746	633,309
Unrestricted net assets	<u>21,931,241</u>	<u>19,140,932</u>
Temporarily restricted – annuity and life estate investments	120,690	132,120
Total Net Assets	<u>22,051,931</u>	<u>19,273,052</u>
Total Liabilities and Net Assets	<u>\$ 98,631,475</u>	<u>\$ 80,616,944</u>

See accompanying independent auditors' report and notes to the financial statements

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**

Statement of Activities ad Changes in Net Assets

Year ended June 30, 2013

	Unrestricted	Temporarily Restricted	Total
Revenues, Gains, and Other Support:			
Enterprise Activities:			
Sales	\$ 21,901,480	\$	\$ 21,901,480
Commissions, fees, other	945,294		945,294
Total Enterprise Activities	<u>22,846,774</u>		<u>22,846,774</u>
Programs Activities:			
Grants and contracts	23,036,746		23,036,746
University support programs	2,154,607		2,154,607
University extended education programs	9,534,694		9,534,694
Total Programs Revenue	<u>34,726,047</u>		<u>34,726,047</u>
General Activities:			
Rental property	7,404,649		7,404,649
Investment Income	404,751	20,355	425,106
Net unrealized and realized gains on Investment	1,647,553	10,595	1,658,148
Administrative fees and other revenue	3,285,155		3,285,155
Total General Fund Activities	<u>12,742,108</u>	<u>30,950</u>	<u>12,773,058</u>
Total Revenues and Support	70,314,929	30,950	70,345,879
Net assets released from restrictions	<u>42,380</u>	<u>(42,380)</u>	
Total Support and Revenue and Net Assets Released From Restrictions	<u>70,357,309</u>	<u>(11,430)</u>	<u>70,345,879</u>
Expenses and Other Changes			
Enterprise Activities:			
Bookstores	15,947,894		15,947,894
Dining services	5,516,565		5,516,565
Total Enterprise Activities	<u>21,464,459</u>		<u>21,464,459</u>
Programs Activities:			
Grants and contracts	23,036,746		23,036,746
University support programs	2,256,653		2,256,653
University extended education programs	8,194,851		8,194,851
Charitable reminder trust expenses	42,380		42,380
Total Programs Expenses	<u>33,530,630</u>		<u>33,530,630</u>
General Expenses:			
Rental property expense	6,068,425		6,068,425
Administrative	5,679,659		5,679,659
Total General Expense	<u>11,748,084</u>		<u>11,748,084</u>
Designated expenses	672,933		672,933
Total Expenses	<u>67,416,106</u>		<u>67,416,106</u>
Increase (decrease) in net assets from operating activities	2,941,203	(11,430)	2,929,773
Non-operating activities:			
Pension-related changes other than net periodic pension cost	(150,894)		(150,894)
Loss on defeasement of 2000A and 2000B bonds			
Total Nonoperating activities:	<u>(150,894)</u>		<u>(150,894)</u>
Change in net assets	2,790,309	(11,430)	2,778,879
Net assets at beginning of year	<u>19,140,932</u>	<u>132,120</u>	<u>19,273,052</u>
Net assets at end of year	<u>\$ 21,931,241</u>	<u>\$ 120,690</u>	<u>\$ 22,051,931</u>

See accompanying independent auditors' report and notes to the financial statements

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**

Statement of Activities and Changes in Net Assets

Year ended June 30, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues, Gains, and Other Support:			
Enterprise Activities:			
Sales	\$ 19,521,392	\$	\$ 19,521,392
Commissions, fees, other	2,030,979		2,030,979
Total Enterprise Activities	<u>21,552,371</u>		<u>21,552,371</u>
Programs Activities:			
Grants and contracts	21,203,482		21,203,482
University support programs	2,301,696		2,301,696
University extended education programs	8,000,604		8,000,604
Total Programs Revenue	<u>31,505,782</u>		<u>31,505,782</u>
General Activities:			
Rental property	6,384,960		6,384,960
Investment Income	128,485	20,864	149,349
Net unrealized and realized gains (loss) on investments	(183,328)	8,491	(174,837)
Administrative fees and other revenue	3,487,176		3,487,176
Total General Fund Activities	<u>9,817,293</u>	<u>29,355</u>	<u>9,846,648</u>
Total Revenues and Support	62,875,446	29,355	62,904,801
Net assets released from restrictions	<u>35,373</u>	<u>(35,373)</u>	
Total Support and Revenue and Net Assets Released From Restrictions	<u>62,910,819</u>	<u>(6,018)</u>	<u>62,904,801</u>
Expenses and Other Changes			
Enterprise Activities:			
Bookstores	15,144,384		15,144,384
Dining services	5,290,838		5,290,838
Total Enterprise Activities	<u>20,435,222</u>		<u>20,435,222</u>
Programs Activities:			
Grants and contracts	21,203,482		21,203,482
University support programs	2,663,716		2,663,716
University extended education programs	7,535,648		7,535,648
Charitable reminder trust expenses	35,373		35,373
Total Programs Expenses	<u>31,438,219</u>		<u>31,438,219</u>
General Expenses:			
Rental property expense	5,596,486		5,596,486
Administrative	7,161,303		7,161,303
Total General Expense	<u>12,757,789</u>		<u>12,757,789</u>
Designated expenses	629,934		629,934
Total Expenses	<u>65,261,164</u>		<u>65,261,164</u>
Decrease in net assets from operating activities	(2,350,345)	(6,018)	(2,356,363)
Non-operating activities:			
Other expenses reclassifying COTA to CSU Fullerton asset	(439,419)		(439,419)
Pension-related changes other than net periodic pension cost	(48,518)		(48,518)
Total Nonoperating activities:	<u>(487,937)</u>		<u>(487,937)</u>
Change in net assets	(2,838,282)	(6,018)	(2,844,300)
Net assets at beginning of year	<u>21,979,214</u>	<u>138,138</u>	<u>22,117,352</u>
Net assets at end of year	<u>\$ 19,140,932</u>	<u>\$ 132,120</u>	<u>\$ 19,273,052</u>

See accompanying independent auditors' report and notes to the financial statements



**CSU FULLERTON AUXILIARY SERVICES CORPORATION**

Statement of Cash Flows

Year ended June 30, 2013

(With comparative financial information for the year ended June 30, 2012)

	<u>June 30,</u>	
	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Change in net assets	\$ 2,778,879	\$ (2,844,300)
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:		
Depreciation and amortization	810,924	830,267
Realized and unrealized (gain) loss on investments	(1,658,148)	174,837
Gain on the sale of equipment	102,334	(141,328)
Decrease (increase) in value of annuity and life estate investments	16,915	649
Changes in assets and liabilities:		
Decrease (increase) in accounts receivable	417,872	(416,514)
Decrease (increase) in inventories	722,172	74,441
Decrease (increase) in other current assets	(72,392)	(276,220)
Increase (decrease) in accounts payable	(690,739)	(722,092)
Increase (decrease) in post retirement benefit	(936,467)	3,183,123
Increase (decrease) in accrued liabilities	231,086	(46,411)
Increase (decrease) in receipts in excess of expenditures on specific sponsored programs	(656,129)	(1,201,786)
Increase (decrease) in deposits held in custody for others	31,543	1,294,730
Net cash and cash equivalents from operating activities	<u>1,097,850</u>	<u>(90,604)</u>
Cash and cash equivalents from investing activities:		
Purchase of fixed assets	(19,951,588)	(685,833)
Proceeds from sale of fixed assets	(102,334)	141,328
Purchase /Sales of investments net of (gain)/ loss	(74,423)	(223,868)
Net cash and cash equivalents from investing activities	<u>(20,128,345)</u>	<u>(768,373)</u>
Cash and cash equivalents from financing activities:		
Payments on notes and capital lease obligations	(1,208,157)	(1,104,157)
Proceeds from issuance of notes payable	18,470,000	
Decrease (increase) in due from affiliates	1,976,644	(3,045,705)
Decrease (increase) in capital lease receivable	815,000	815,000
Increase (decrease) in annuity and unitrust payable	(5,485)	5,369
Net cash and cash equivalents from financing activities	<u>20,048,002</u>	<u>(3,329,493)</u>
Net increase in cash and cash equivalents	1,017,507	(4,188,470)
Cash and cash equivalents at beginning of year	<u>13,431,679</u>	<u>17,620,149</u>
Cash and cash equivalents at end of year	<u>\$ 14,449,186</u>	<u>\$ 13,431,679</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	<u>\$ 2,058,706</u>	<u>\$ 1,337,629</u>
Cash paid during the year for income taxes	<u>None</u>	<u>None</u>

See accompanying independent auditors' report and notes to the financial statements

# CSU FULLERTON AUXILIARY SERVICES CORPORATION

## Notes to Financial Statements

June 30, 2013

### (1) Organization

CSU Fullerton Auxiliary Services Corporation (ASC) is a nonprofit California corporation that is an auxiliary organization of California State University, Fullerton (the University). ASC assists the University in various activities, including developing and administering research and educational grants and contracts, managing bookstore, food services, building operations, and administering various educationally related functions, special programs, and other activities.

### (2) Summary of Significant Accounting Policies

A summary of ASC's significant accounting policies applied in the preparation of the accompanying financial statements follows:

#### (a) *Basis of Accounting*

The financial statements have been prepared on the accrual basis of accounting.

#### (b) *Basis of Presentation*

The financial statements of ASC have been presented in accordance with the Auditing and Accounting Guide for Not-For-Profit Organizations issued by the American Institute of Certified Public Accountants. Accordingly, net assets of ASC and changes therein are classified and reported as follows:

#### **Unrestricted Net Assets**

Unrestricted net assets include all net assets that are not subject to donor-imposed restrictions and can be expended for any purpose in performing the primary function of ASC. Restricted assets received and expended in the fiscal year are accounted for as unrestricted activities. ASC groups its assets, liabilities, revenues, and expenses into certain classifications within unrestricted net assets. A description of each classification follows:

#### **General**

“General” contains those transactions not included in other classifications. This classification includes administrative functions as well as sponsored programs' activity. Sponsored programs' activity includes research and educational grants and contracts from government and private institutions.

#### **Designated**

“Designated” represents the activity of certain assets which ASC's Board of Directors has set aside for specific purposes.

# CSU FULLERTON AUXILIARY SERVICES CORPORATION

## Notes to Financial Statements

June 30, 2013

### (2) Summary of Significant Accounting Policies (continued)

#### **Buildings Fund**

“Buildings Fund” activities represent transactions related to the lease financing transactions of the College Park, Police building, Irvine Campus building, and the College Park West building, as well as related expenditures.

#### **Auxiliary Enterprises**

“Auxiliary Enterprises” represent transactions related to ASC’s ongoing revenue producing, self-supporting activities that are conducted in support of the University’s activities. It is ASC’s policy to record and group all of the enterprise activities’ administrative expenses as part of the “general” classification. The enterprise activities consist primarily of the activities of the bookstore and food service operations at the University.

#### **University Support Programs**

“University Support Programs” represent self-sustaining programs that are conducted in support of the University’s activities. ASC has entered into agreements with the University’s various colleges to carry out the activities of these programs. These programs consist primarily of Centers, Institutes, Conferences, and Workshops operations at the University. These programs are responsible for providing delivery of noncredit, instructionally related programs and services provided by ASC.

#### **Assets Held in Custody of Others**

Funds held by ASC on behalf of University-affiliated ancillary organizations are recorded within the statements of financial position as deposits held in custody. ASC is acting as an agent for the transactions of these units, and the revenue and expense activity of the organizations is not recorded.

#### **University Extended Education**

ASC has entered into a contract with the University’s Extended Education Program. This program is responsible for providing delivery of noncredit, instructionally related programs and courses provided by ASC.

# CSU FULLERTON AUXILIARY SERVICES CORPORATION

## Notes to Financial Statements

June 30, 2013

### (2) Summary of Significant Accounting Policies (continued)

#### **Temporarily Restricted Net Assets**

Temporarily restricted net assets are net assets whose use is limited by either donor-imposed time restrictions or purpose restrictions. Time restrictions require resources to be used in a certain period or after a specified date. Purpose restrictions require resources to be used for a specific purpose. ASC groups its assets, liabilities, revenues, and expenses into a certain classification within temporarily restricted net assets as follows:

#### **Annuity and Life Estate Investments**

The annuity and life estate investments accounts include gifts made to ASC for which donor-imposed restrictions have not been met. These gifts are typically in the form of charitable remainder trusts or charitable annuities received by ASC. The assets are recorded at fair value, with both a corresponding liability representing the amounts due to the annuitant and net assets representing the remainder interest that will ultimately revert to ASC. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

#### **Permanently Restricted Net Assets**

Permanently restricted net assets are net assets that are subject to donor-imposed restrictions that the principal be maintained in perpetuity and invested for the purposes of providing a permanent source of income. ASC had no permanently restricted net assets as of June 30, 2013.

### (c) *Grants and Contracts*

ASC serves as administrator for the University on various grants and contracts awarded by both governmental and private institutions. As of June 30, 2013, contractual and earned receivables from grants and contracts activities totaled was \$2,684,413 and are presented in the accompanying statement of financial position as sponsored programs receivables. As of June 30, 2013, amounts received by ASC in excess of expenditures totaled \$2,305,750, and are presented in the accompanying statement of financial position as receipts in excess of expenditures on sponsored programs. Support received under grants and contracts is recorded as revenue as it is earned through expenditures in accordance with the agreements. Grants and Contracts are subject to review by the grantor.

# CSU FULLERTON AUXILIARY SERVICES CORPORATION

## Notes to Financial Statements

June 30, 2013

### (2) Summary of Significant Accounting Policies (continued)

#### (d) *Cash and Cash Equivalents*

Cash and cash equivalents consist primarily of investments in the State Treasurer's Local Agency Investment Fund (LAIF), fixed income securities, and deposits at financial institutions. ASC considers all highly liquid investments, with an original maturity of three months or less when purchased, to be cash equivalents.

#### (e) *Concentration of Credit*

ASC maintains its cash accounts with several major commercial banks and financial institutions and is exposed to credit risk for amounts exceeding amounts insured by the Federal Deposit Insurance Corporation. In addition, the majority of the investment portfolio at June 30, 2013 was held by Local Agency Investment Fund. ASC has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk for cash and cash equivalents.

#### (f) *Receivables*

Receivables are primarily comprised of reimbursements for grants and contract expenditures according to contractual agreements. There are other receivables for Auxiliary Enterprises University Support Programs for various sales and services. Accounts receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and credit to accounts receivable. As of June 30, 2013, the allowance for doubtful accounts for accounts receivable was \$629,636.

#### (g) *Investments*

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

# CSU FULLERTON AUXILIARY SERVICES CORPORATION

## Notes to Financial Statements

June 30, 2013

### (2) Summary of Significant Accounting Policies (continued)

#### (h) *Inventories*

Inventories consist of books, computers, supplies, clothing and food. ASC accounts for inventories using the retail-inventory method of accounting, at the lower of cost (first-in, first-out method) or market.

#### (i) *Property, Plant, and Equipment*

Fixed assets are stated at cost or, if donated, at their estimated fair market value at the date of donation. Betterments that materially prolong the life of assets are capitalized. Repairs and maintenance that do not prolong the life of assets are expensed currently. For the year ended June 30, 2013, depreciation and amortization expense was \$810,924.

Depreciation and amortization are calculated on the straight-line method and are based upon the estimated useful lives of the assets, which range from three to ten years. Leasehold improvements are amortized using the straight-line method over their estimated useful lives or the term of the lease, whichever is shorter.

#### (j) *Estimates*

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### (k) *Income Taxes*

ASC is exempt from federal income and California franchise taxes under Sections 501(c)(3) of the Internal Revenue Code and 23701(d) of the California Revenue and Taxation Code, respectively. No income tax provision has been recorded as the net income, if any, from unrelated trade or business, in the opinion of management, is not material to the financial statements taken as a whole.

The organization recognizes the financial statements benefit of tax positions, such as filing status of tax-exempt, only after determining that the relevant tax authority would more likely than not sustain the position following the audit. It is subject to potential income tax audits on open tax years by any taxing jurisdiction in which it operates. The statute of limitations for federal and California purposes is generally three and four years, respectively.

# CSU FULLERTON AUXILIARY SERVICES CORPORATION

## Notes to Financial Statements

June 30, 2013

### (2) Summary of Significant Accounting Policies (continued)

#### (l) Comparative Data/Reclassification

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with ASC's financial statements for the year ended June 30, 2012. Certain reclassifications have been made to assist in comparability.

#### (m) Functional Expense

For the year ended June 30, 2013, ASC's expenses were allocated between programs and management as follows:

Program	\$ 61,736,447
Administrative	<u>5,679,659</u>
Total Expenses	<u>\$ 67,416,106</u>

#### (o) Subsequent Events Accounting Pronouncement

The Organization has evaluated events and transactions for potential recognition or disclosure through August 30, 2013 which represents the date the financial statements were available to be issued.

### (3) Due From Affiliates

- (a) During June 2005, the Board of Directors approved a loan request of \$3,500,000 to the University to assist in the funding of the construction of the College of Business and Economics building. The loan funds were transferred to the University in November 2007. The loan is collateralized by the University committing to a minimum repayment of \$375,000 per year. Loan payments shall consist of all available concession commissions, beverage marketing funds, and any additional funds required to bring the loan payment amount up to at least \$375,000 per year. Interest on the loan is 0.5% above Local Agency Investment Fund, adjusted semi-annually on June 30 and December 31 of each year. Based on prior year Local Agency Investment Fund interest rate, the current portion of the loan is estimated at \$386,867. The loan is to be retired as quickly as possible, but no later than December 31, 2021. As of June 30, 2013, the outstanding balance was \$1,708,989.

# CSU FULLERTON AUXILIARY SERVICES CORPORATION

## Notes to Financial Statements

June 30, 2013

### (3) Due From Affiliates (continued)

- (b) During the fiscal year 2008-2009, ASC increased the line of credit to the CSU Fullerton Housing Authority for the purpose of providing interim cash flow in anticipation of sales of housing units at the University Heights development. The line of credit maximum is \$1,250,000. Interest is calculated on the outstanding balance at 0.5% above Local Agency Investment Fund, adjusted semiannually on July 1 and January 2. As of June 30, 2013, the outstanding balance was \$1,249,991.
- (c) During fiscal year 2008-2009 the CSU Fullerton Auxiliary Services Corporation entered an agreement to support the CSUF Housing Authority by financing the loans for the purpose of acquiring the University Heights project and the Creekside project. The University Heights project consists of 42 paired units in 21 buildings on a 3 acre site approximately 3 miles west of the campus in Fullerton, California. The Creekside project consists of 20 refurbished condominiums located on an off campus housing development in La Habra, California. During November 2008, ASC entered a loan agreement with the State of California, acting through the Board of Trustees of the California State University (Board) to relieve the Housing Authority financial obligation. The Board assisted ASC by issuing a bond anticipated note used to secure certain commercial paper notes in the principal amount of \$15,290,000. The loan bears interest at a varying rate which has averaged 0.37% annually. The principal balance of the loan is to be paid in full by 2019. The term of the related loan agreement between ASC and the CSUF Housing Authority obligates the Housing Authority to make payments upon the sales of project assets or receipt of leasing revenue to cover ASC's loan commitment. As of June 30, 2013, the note receivable balance was \$13,586,000. As of June 30, 2013, the allowance for doubtful accounts was \$2,100,000.
- (d) During fiscal year 2010-2011, ASC entered in to a line of credit agreement with the University to provide funding for University's purchase and installation of photo-voltaic equipment. The line of credit maximum is \$4,800,000. Interest is calculated on the outstanding balance at a rate of 0.5% above the Wall Street Journal Prime rate. The repayment of the outstanding balance is not to exceed six years from the date of completion of the project. As of June 30, 2013, the CSU Fullerton outstanding line of credit was \$2,173,860.



# CSU FULLERTON AUXILIARY SERVICES CORPORATION

## Notes to Financial Statements

June 30, 2013

### (4) Notes Payable/Capital Lease Receivable

- (a) The CSU Fullerton Auxiliary Services Corporation, issued Auxiliary Organization Revenue Bonds, \$18,990,000 Series 2000A and \$9,275,000 Series B remarketed bonds to provide conduit financing for the acquisition of a ten-story office building adjacent to the University. During March 2010, ASC entered into a loan agreement with the State of California, acting through the Board of Trustees of the California State University (Board), to refund and defease the 2000A and 2000B bond. The board assisted ASC by issuing its System Revenue Bonds Series 2010A (SRB 2010A) and depositing \$23,628,147 into an irrevocable escrow account to redeem the 2000A and 2000B series bonds maturing in 2030. Bonds 2000A and 2000B are considered defeased and are not recorded on the financial statements. SRB 2010A loan amount of \$22,040,000 bears interest at a varying rate which has averaged 3.70% annually. Loan payments are due and payable on May 1 and November 1 of each year, commencing November 1, 2010, through and including November 1, 2030. The term of the related capital lease agreement between ASC and the University is 30 years during which time the University is obligated to make rental payments to ASC at estimated market value amounts, or at least amounts sufficient to pay regularly scheduled debt service including interest on the loan. Title to the Office Building will be transferred to the University upon the retirement or defeasance of all the outstanding bonds. ASC recorded a capital lease receivable of \$20,365,000 and a note payable of \$20,365,000. As of June 30, 2013, the current portion of the capital lease receivable and payable was \$730,000 and the noncurrent portion was \$19,365,000. For the year ended June 30, 2013, the interest expense on the SRB 2010A loan for the year ended was \$1,001,950.
- (b) During April 2008, ASC entered into a ground and facilities lease agreement (as lessee) and a sublease agreement (as lessor) with the State of California, acting through the Board of Trustees of the California State University (Board), to finance the construction of a one-story building on the campus of California State University Fullerton that will provide administrative and operational space for a police station and related facilities. Both lease agreements have a term of 30 years. The Board assisted ASC by issuing its System Revenue Bond 2008A in the principal amount of \$6,305,000. The bond bears interest at a varying rate averaging 4.25% and the principal balance of the loan is to be paid in full by 2038. As of June 30, 2013, the capital lease receivable and payable was \$5,885,000.

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**

Notes to Financial Statements

June 30, 2013

**(4) Notes Payable/Capital Lease Receivable**

(c) During July 2012, the ASC Board approved the acquisition of two office buildings of approximately 86,500 square feet, with related on-site parking of 290 spaces, on 3.628 acres of land adjacent to the main campus at a total cost of \$18,470,000. The building will be leased-back to the seller for a period of three years. Subsequently, the University agreed to lease the building from the ASC at the market value of the per square foot rate. During September 2012, the University assisted in funding the building acquisition by depositing \$5,000,000 (through its University Extended Education reserves) into a deposit account with ASC. Upon execution of the lease agreement between ASC and the University, the deposit will be appropriately amortized over the term of the lease. During October 2012, ASC entered into a loan agreement with the State of California, acting through the Board of Trustees of the California State University (Board), to finance a remaining portion of the building cost. The Board assisted ASC by issuing a commercial paper note in the principal amount of \$13,470,000. The loan bears interest at a varying rate which has averaged 2.9% annually. The principal balance of the loan is to be paid in full by 2045. As of June 30, 2013, the outstanding balance of the note was \$13,470,000 and amount owed to the University was \$5,000,000.

As of June 30, 2013, future minimum payments on the notes payable and loans are as follows:

Year Ending June 30:	Principal	Interest
2014	\$ 1,262,157	\$ 2,182,857
2015	1,322,156	2,412,501
2016	1,467,676	2,361,009
2017	1,885,732	2,322,174
2018	1,951,245	2,227,723
2019 – 2023	20,425,636	8,516,511
2024 – 2028	10,706,780	5,638,479
2029 – 2033	9,525,719	4,096,313
2034 – 2038	4,846,172	2,277,639
Thereafter	5,998,552	1,320,477
Total	\$ 59,641,825	\$ 33,355,683

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**

Notes to Financial Statements

June 30, 2013

**(4) Investments**

ASC investments are generally equity securities and publicly traded debt and are recorded at fair market value. Investment assets include the following:

	June 30,	
	2013	2012
Investments:		
Cash and money market funds	\$ 1,223,582	\$ 2,305,271
Equity securities	6,348,282	5,351,944
Mutual funds	1,739,658	
Corporate debt securities	184,998	106,734
	<u>\$ 9,496,520</u>	<u>\$ 7,763,949</u>
Annuity and Life Estate Investments:		
Cash and money market funds	\$ 57,217	\$ 7,088
Equity securities	123,100	258,804
Mutual funds	60,754	60,665
Corporate debt securities	100,647	41,611
Annual fixed allocation	113,676	104,141
	<u>\$ 455,394</u>	<u>\$ 472,309</u>

For the year ending June 30, 2013, investment revenues included the following:

Realized gains (losses)	\$ 620,321
Unrealized gains (losses)	1,037,827
	<u>1,658,148</u>
Interest and dividend income from investment assets	179,950
	<u>179,950</u>
Total Investment Income	<u>\$ 1,838,098</u>

# CSU FULLERTON AUXILIARY SERVICES CORPORATION

## Notes to Financial Statements

June 30, 2013

### (5) Deferred Compensation Plan

The Teachers Insurance and Annuity Association College Retirement Equities Fund (TIAA-CREF) program is a tax-sheltered annuity program qualified under IRS Code Section 403(b). This is a defined contribution type plan under which employees are eligible to participate immediately, with a two year "cliff" vesting period. Employees will have a choice of contribution level as follows:

<u>Employee Contribution of Compensation</u>	<u>Employer Matching Contribution</u>
Less than 2% of Compensation	0% Participant Compensation
2% or greater, but less than 5%	4% of Participant Compensation
5% or greater of Compensation	8% of Participant Compensation

Notwithstanding the Matching contribution formula specified above, no matching contributions in excess of 8% of a Qualifying Contributing Participant's Compensation will be made with respect to any Qualifying Contributing Participant for any Plan Year. ASC's contributions are 100% vested after two years of employment. The contributions accumulate earnings in an account on a tax-deferred basis, while the employee remains employed.

Employees can choose to contribute additional funds into TIAA's Group Supplemental Retirement Annuity Certificates Defined Contribution Plan 403(b) and the Private Plan 457(b). Employee deferrals are limited to \$17,500 with an additional \$5,500 for age 50 or more per employee per year in aggregate for the 403(b) plan, and \$17,500 maximum deferral. For participants within three years of the Plan 457(b) normal retirement age, a special catch-up additional amount up to the lesser of twice the applicable limit or unused amounts from prior years. On termination of employment, each participant is entitled to the balance of his or her vested account. It is the policy of ASC to fund benefit costs as they are incurred. For the year ended June 30, 2013, total benefit expense was \$373,312.

### (6) Postretirement Health Benefit Plan

ASC provides lifetime postretirement medical coverage to employees who satisfy certain eligibility requirements. Retirees receive the same monthly allowance toward the cost of coverage as active employees. ASC participates in the Auxiliary Multiple Employer VEBA, a consortium of CSU Auxiliary organizations organized to provide retiree healthcare benefits through a Voluntary Employees Benefit Association (VEBA) recognized under IRC 501(c)(9).

The assets of the VEBA Trust are invested primarily in equity and fixed income securities. The assets held in the VEBA trust reduce the accumulated post-retirement benefit obligation, as reported in the statement of financial position. As of June 30, 2013 the VEBA trust held assets at fair market value of \$1,056,875.

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**

Notes to Financial Statements

June 30, 2013

**(7) Postretirement Health Benefit Plan (continued)**

The following table summarizes ASC's accrued postretirement benefit cost recorded in accrued liabilities in the accompanying statement of financial position.

	June 30,	
	2013	2012
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 8,521,510	\$ 4,830,806
Service cost	901,220	537,303
Interest cost	359,781	297,740
Amendments	N/A	N/A
Actuarial loss	(1,530,118)	2,943,529
Acquisition	N/A	N/A
Benefits paid	(118,056)	(87,868)
	\$ 8,134,337	\$ 8,521,510
Change in plan assets:		
Fair value of plan assets at beginning of year	\$ 507,581	\$
Actual return on plan assets	49,294	7,581
Acquisition	N/A	N/A
Employer contribution	500,000	500,000
Plan participants' contributions		
Benefits paid		
	\$ 1,056,875	\$ 507,581
Funded Status:		
Funded status at end of year	\$ 7,077,462	\$ 8,013,929
Benefit obligation at June 30	8,134,337	8,521,510
Unrecognized net transition obligation	34,685	52,024
Unamortized prior service cost		
Unrecognized net actuarial (gain) loss	2,681,682	4,385,046
Accrued benefit cost	4,361,096	3,576,859
Measurement date	6/30/2013	6/30/2012
Funded status at end of year	\$ (7,077,462)	\$ (8,013,929)

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**

Notes to Financial Statements

June 30, 2013

**(7) Postretirement Health Benefit Plan (continued)**

	June 30,	
	2013	2012
Net periodic benefit cost:		
Service cost	\$ 901,220	\$ 537,303
Interest cost	359,781	297,740
Expected return on plan assets	(44,281)	
Amortization of transition obligation	17,339	17,339
Amortization of prior service cost		
Amortization of net (gain) loss	168,233	65,857
	<u>\$ 1,402,292</u>	<u>\$ 918,240</u>

Assumptions:

Weighted-average assumptions  
used to determine benefit obligation

Discount rate	4.95%	4.25%
Expected long-term return on plan assets	7.00%	7.00%
Rate of compensation increase	N/A	N/A
Health care cost trend rate assumed for next year	6.70%	7.00%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	5.50%	5.50%
Year that the rate reaches the ultimate trend rate	5 years	6 years

The following table contains annual projections for ASC's postretirement costs. The projections are based on current premium rates.

Projected Cost	
2014	\$ 133,596
2015	132,149
2016	142,228
2017	156,759
2018	176,696
	741,428
Thereafter	1,318,693
Total	\$ 2,060,121

# CSU FULLERTON AUXILIARY SERVICES CORPORATION

## Notes to Financial Statements

June 30, 2013

### (7) Postretirement Health Benefit Plan (continued)

Investment assets in the VEBA trust are measured at fair market value and include the following:

	June 30,	
	2013	2012
Investments:		
Equity securities	\$ 267,214	\$ 215,134
Fixed income	588,278	291,540
Other	201,383	821
Total	<u>\$ 1,056,875</u>	<u>\$ 507,495</u>

### (8) Designated Net Assets

ASC designated unrestricted net assets for specific purposes. The following are the unexpended net asset balances that have been designated for specific purposes by the Board of Directors as of June 30, 2013:

Working capital	\$ 2,177,000
Capital replacement	3,623,000
Current operations	200,000
Natural disaster	200,000
Other designated	<u>1,630,495</u>
Total	<u>\$ 7,830,495</u>

# CSU FULLERTON AUXILIARY SERVICES CORPORATION

## Notes to Financial Statements

June 30, 2013

### (9) Operating Lease Commitments

The ASC has various land and facilities operating leases from both the University and Associated Students, Inc. These lease agreements are renegotiated periodically. Among other provisions, the leases require that ASC make payments based upon various percentages of net income received. ASC makes rental payments for various facilities. For the year ended June 30, 2013, rental expense was \$1,472,642. Future minimum payments under operating lease agreements are as follows:

#### Year Ending June 30:

2014	\$	267,223
2015		275,240
2016		283,497
2017		292,002
2018		<u>300,762</u>
Total	\$	<u>1,418,724</u>

As described in Note 3, ASC receives rental income from buildings on the Fullerton campus and the Irvine satellite campus. Future amounts to be received from these sources are as follows:

#### Year Ending June 30:

2014	\$	8,945,695
2015		9,525,087
2016		9,620,338
2017		9,716,541
2018		9,813,707
Thereafter		<u>137,391,893</u>
Total	\$	<u>185,013,261</u>

### (10) Related Party Transactions

ASC and the University provide a variety of services on each other's behalf. As of June 30, 2013, receivables due from the University were \$1,077,097 and accounts payable due to the University were \$2,177,187. The balances are the results of transactions in providing and receiving services. For the year ending June 30, 2013, amounts billed by ASC and included in revenues totaled \$10,714,443 and amounts billed to ASC and included in expenses totaled \$9,651,451.



# CSU FULLERTON AUXILIARY SERVICES CORPORATION

## Notes to Financial Statements

June 30, 2013

### (11) Fair Value Measurement

GAAP establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. The fair value hierarchy is as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: Other observable inputs, which include quoted prices for similar assets and liabilities, and market support inputs. These inputs could include such items as interest rates, yield curves, auction prices for equipment or per square foot selling prices for real estate.

Level 3: Inputs that are unobservable inputs for assets and liabilities are based on the Organization's assumptions. These include inputs that are internally developed and estimated.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair measurement in its entirety.

#### Fair values measured on a recurring basis

Fair values of assets measured on a recurring basis as of June 30, 2013 are as follows:

	Fair Value Measurements at June 30, 2013			Total
	Level 1	Level 2	Level 3	
Investments	\$ 9,496,520	\$	\$	\$ 9,496,520
Annuity and life estate assets	455,394			455,394
Due from affiliates		18,721,943		18,721,943
Capital lease receivables		26,250,000		26,250,000
	<u>\$ 9,951,914</u>	<u>\$ 44,971,943</u>	<u>\$</u>	<u>\$ 54,923,857</u>

Fair values for investments and Annuity & Life Estate investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

**SUPPLEMENATRY INFORMATION**

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**  
Statement of Financial Position  
June 30, 2013  
(With comparative financial information for the year ended June 30, 2012)

Assets	General	Designated	Buildings Fund	Enterprises Activities	Univ. Support Programs	Total Unrestricted	Temporary Restricted	Total 2013	Total 2012
Current assets:									
Cash and cash equivalents	\$ 3,440,718	\$ 1,661,690	\$ 4,026,814	\$ (3,715,930)	\$ 9,035,894	\$ 14,449,186	\$ —	\$ 14,449,186	\$ 13,431,679
Investments	9,496,520	—	—	—	—	9,496,520	—	9,496,520	7,763,949
Accounts receivable:									
Sponsored programs	2,684,413	—	—	—	—	2,684,413	—	2,684,413	2,055,997
Other receivables	419,899	333	341,690	1,060,764	458,021	2,280,707	—	2,280,707	1,217,498
Less allowance for doubtful accounts	(612,917)	—	—	(16,719)	—	(629,636)	—	(629,636)	(620,139)
Total Accounts Receivable, net	<u>2,491,395</u>	<u>333</u>	<u>341,690</u>	<u>1,044,045</u>	<u>458,021</u>	<u>4,335,484</u>	<u>—</u>	<u>4,335,484</u>	<u>2,653,356</u>
Inventories	—	—	—	3,360,595	—	3,360,595	—	3,360,595	4,082,767
Capital lease receivable, current portion	—	—	845,000	—	—	845,000	—	845,000	815,000
Due from affiliates, current portion	918,143	—	—	—	—	918,143	—	918,143	1,274,319
Other current assets	139,482	—	210,340	91,660	—	441,482	—	441,482	369,090
Total Current Assets	<u>16,486,258</u>	<u>1,662,023</u>	<u>5,423,844</u>	<u>780,370</u>	<u>9,493,915</u>	<u>33,846,410</u>	<u>—</u>	<u>33,846,410</u>	<u>30,390,160</u>
Property, plant, and equipment:									
Land	—	—	9,500,000	—	3,078	9,503,078	—	9,503,078	3,078
Building and improvements	—	—	8,750,000	533,842	—	9,283,842	—	9,283,842	582,870
Equipment, furniture, and fixtures	460,364	—	161,328	4,756,627	—	5,378,319	—	5,378,319	5,103,362
Work in progress	—	—	67,238	157,982	—	225,220	—	225,220	342,192
Leasehold improvements	1,728,605	—	5,300,722	6,039,855	—	13,069,182	—	13,069,182	11,581,549
	<u>2,188,969</u>	<u>—</u>	<u>23,779,288</u>	<u>11,488,306</u>	<u>3,078</u>	<u>37,459,641</u>	<u>—</u>	<u>37,459,641</u>	<u>17,613,051</u>
Less accumulated depreciation and amortization	(1,860,213)	—	(2,224,691)	(10,153,866)	—	(14,238,770)	—	(14,238,770)	(13,532,844)
Total Property, Plant, and Equipment, net	<u>328,756</u>	<u>—</u>	<u>21,554,597</u>	<u>1,334,440</u>	<u>3,078</u>	<u>23,220,871</u>	<u>—</u>	<u>23,220,871</u>	<u>4,080,207</u>
Other assets:									
Due from affiliates, net of current	17,803,800	—	—	—	—	17,803,800	—	17,803,800	19,424,268
Less allowance for doubtful accounts	(2,100,000)	—	—	—	—	(2,100,000)	—	(2,100,000)	—
Capital lease receivable, net of current	—	—	25,405,000	—	—	25,405,000	—	25,405,000	26,250,000
Annuity and life estate investments	—	—	—	—	—	—	455,394	455,394	472,309
Total Other Assets	<u>15,703,800</u>	<u>—</u>	<u>25,405,000</u>	<u>—</u>	<u>—</u>	<u>41,108,800</u>	<u>455,394</u>	<u>41,564,194</u>	<u>46,146,577</u>
Total Assets	<u>\$ 32,518,814</u>	<u>\$ 1,662,023</u>	<u>\$ 52,383,441</u>	<u>\$ 2,114,810</u>	<u>\$ 9,496,993</u>	<u>\$ 98,176,081</u>	<u>\$ 455,394</u>	<u>\$ 98,631,475</u>	<u>\$ 80,616,944</u>

See accompanying independent auditors' report and notes to the financial statements

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**  
Statement of Financial Position  
June 30, 2013  
(With comparative financial information for the year ended June 30, 2012)

<b>Liabilities and Net Assets</b>	<b>General</b>	<b>Designated</b>	<b>Buildings Fund</b>	<b>Enterprises Activities</b>	<b>Univ. Support Programs</b>	<b>Total Unrestricted</b>	<b>Temporary Restricted</b>	<b>Total 2013</b>	<b>Total 2012</b>
Current liabilities:									
Accounts payable	\$ 2,111,694	\$ —	\$ 222,580	\$ 585,108	\$ —	\$ 2,919,382	\$ —	\$ 2,919,382	\$ 3,587,197
Accrued liabilities	358,653	—	34,327	1,220,800	1,076,502	2,690,282	—	2,690,282	2,459,196
Accrued interest payable	—	—	169,576	—	—	169,576	—	169,576	192,500
Receipts in excess of expenditures on sponsored programs	2,305,750	—	—	—	—	2,305,750	—	2,305,750	2,961,879
Deposits held in custody for others	—	—	—	—	1,440,563	1,440,563	—	1,440,563	1,409,020
Current portion of notes payable	340,000	—	931,909	—	—	1,271,909	—	1,271,909	1,207,157
Current portion Post retirement benefit	118,056	—	—	—	—	118,056	—	118,056	87,868
Current portion of annuity and unitrust	—	—	—	—	—	—	24,521	24,521	41,481
<b>Total Current Liabilities</b>	<b>5,234,153</b>	<b>—</b>	<b>1,358,392</b>	<b>1,805,908</b>	<b>2,517,065</b>	<b>10,915,518</b>	<b>24,521</b>	<b>10,940,039</b>	<b>11,946,298</b>
Noncurrent liabilities:									
Noncurrent portion of notes payable	13,245,000	—	45,124,916	—	—	58,369,916	—	58,369,916	41,172,825
Noncurrent portion Post retirement benefit	6,959,406	—	—	—	—	6,959,406	—	6,959,406	7,926,061
Noncurrent portion of unitrust liabilities	—	—	—	—	—	—	310,183	310,183	298,708
<b>Total Noncurrent Liabilities</b>	<b>20,204,406</b>	<b>—</b>	<b>45,124,916</b>	<b>—</b>	<b>—</b>	<b>65,329,322</b>	<b>310,183</b>	<b>65,639,505</b>	<b>49,397,594</b>
<b>Total Liabilities</b>	<b>25,438,559</b>	<b>—</b>	<b>46,483,308</b>	<b>1,805,908</b>	<b>2,517,065</b>	<b>76,244,840</b>	<b>334,704</b>	<b>76,579,544</b>	<b>61,343,892</b>
Net assets:									
Unrestricted:									
Designated	6,200,000	1,630,495	—	—	—	7,830,495	—	7,830,495	16,941,745
Undesignated	880,255	31,528	5,900,133	308,902	6,979,928	14,100,746	—	14,100,746	633,309
Unrestricted net assets	7,080,255	1,662,023	5,900,133	308,902	6,979,928	21,931,241	—	21,931,241	19,140,932
Temporarily restricted – annuity and life estate investments	—	—	—	—	—	—	120,690	120,690	132,120
<b>Total Net Assets</b>	<b>7,080,255</b>	<b>1,662,023</b>	<b>5,900,133</b>	<b>308,902</b>	<b>6,979,928</b>	<b>21,931,241</b>	<b>120,690</b>	<b>22,051,931</b>	<b>19,273,052</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 32,518,814</b>	<b>\$ 1,662,023</b>	<b>\$ 52,383,441</b>	<b>\$ 2,114,810</b>	<b>\$ 9,496,993</b>	<b>\$ 98,176,081</b>	<b>\$ 455,394</b>	<b>\$ 98,631,475</b>	<b>\$ 80,616,944</b>

See accompanying independent auditors' report and notes to the financial statements

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**  
Schedule of Activity Information by Natural Classification  
Year ended June 30, 2013  
(With comparative financial information for the year ended June 30, 2012)

	<u>General</u>	<u>Designated</u>	<u>Buildings Fund</u>	<u>Enterprises Activities</u>	<u>University Support Programs</u>	<u>University Extended Education</u>	<u>Total Unrestricted</u>	<u>Temporary Restricted</u>	<u>Total 2013</u>	<u>Total 2012</u>
Operating:										
Revenues, gains, and other support:										
Sales	\$ —	\$ —	\$ —	\$ 21,901,480	\$ 86,829	\$ —	\$ 21,988,309	\$ —	\$ 21,988,309	\$ 19,619,002
Program income	12,912	—	—	—	1,963,755	9,534,694	11,511,361	—	11,511,361	10,013,251
Administrative services	831,312	—	48,000	—	—	—	879,312	—	879,312	953,486
Indirect cost recovery	1,590,101	280,494	—	—	—	—	1,870,595	—	1,870,595	1,739,481
Grants and contracts	23,036,746	—	—	—	—	—	23,036,746	—	23,036,746	21,203,482
Commission income	—	—	—	520,390	—	—	520,390	—	520,390	506,618
Investment Interest and dividend income	404,751	—	—	—	—	—	404,751	20,355	425,106	149,349
Rental income	—	—	7,356,649	205,732	—	—	7,562,381	—	7,562,381	7,063,012
Realized gain (loss) on investments	620,321	—	—	—	—	—	620,321	—	620,321	33,728
Unrealized gain (loss) on investments	1,027,232	—	—	—	—	—	1,027,232	10,595	1,037,827	(208,565)
Other income	486,369	83,967	—	219,172	104,023	—	893,531	—	893,531	1,831,957
<b>Total revenues, and other support</b>	<b>28,009,744</b>	<b>364,461</b>	<b>7,404,649</b>	<b>22,846,774</b>	<b>2,154,607</b>	<b>9,534,694</b>	<b>70,314,929</b>	<b>30,950</b>	<b>70,345,879</b>	<b>62,904,801</b>
Payroll expense:										
Salaries and wages	2,412,915	—	118,346	3,431,012	1,025,648	4,068,374	11,056,295	—	11,056,295	10,377,053
Staff and benefits	124,245	—	18,139	751,937	149,386	1,341,441	2,385,148	—	2,385,148	6,022,503
<b>Total payroll expenses</b>	<b>2,537,160</b>	<b>—</b>	<b>136,485</b>	<b>4,182,949</b>	<b>1,175,034</b>	<b>5,409,815</b>	<b>13,441,443</b>	<b>—</b>	<b>13,441,443</b>	<b>16,399,556</b>
Operating expenses:										
Cost of sales	—	—	—	13,885,190	—	—	13,885,190	—	13,885,190	12,739,071
Advertising	—	—	—	75,478	4,632	8,265	88,375	—	88,375	65,796
Public Relations	38,317	—	—	64,884	6,806	17,516	127,523	—	127,523	478,512
Communications	31,913	—	—	74,884	13,172	128,727	248,696	—	248,696	265,411
Printing	6,719	—	12,386	6,046	28,145	75,403	128,699	—	128,699	104,964
Commissions Expense	—	—	41	253,464	—	—	253,505	—	253,505	286,932
Depreciation and amortization	12,884	—	422,675	375,365	—	—	810,924	—	810,924	830,267
Insurance	23,118	—	227,308	69,812	2,730	388,772	711,740	—	711,740	584,039
Audit and Legal fees	168,304	—	189,584	—	—	13,000	370,888	—	370,888	123,118
Repairs and maintenance	48,026	—	1,555,699	308,766	56,592	52,556	2,021,639	—	2,021,639	983,863
Supplies and materials	126,038	—	26,711	389,030	76,191	47,093	665,063	—	665,063	769,564
Scholarships	—	18,325	—	43,600	98,951	250	161,126	—	161,126	178,156
Rental	209,484	—	962,662	81,722	—	104,772	1,358,640	—	1,358,640	1,325,426
Contracted services	30,326	—	181,559	847,665	246,447	738,498	2,044,495	—	2,044,495	2,189,334
Travel	76,844	—	291	18,013	38,006	747,349	880,503	—	880,503	1,080,029
Utilities	—	—	—	286,276	9,990	—	296,266	—	296,266	849,161
Administrative fee	27,849	—	2,242	16,117	65,999	70,343	182,550	—	182,550	790,381
Debt service	—	—	1,282,249	—	—	—	1,282,249	—	1,282,249	941,643
Grants & contracts	23,036,746	—	—	—	—	—	23,036,746	—	23,036,746	21,203,482
Franchise royalty	—	—	—	135,530	—	—	135,530	—	135,530	119,673
Research support	—	309,735	—	—	—	—	309,735	—	309,735	375,567
Community outreach	—	196,873	—	—	—	—	196,873	—	196,873	198,986
General Faculty research awards	—	148,000	—	—	—	—	148,000	—	148,000	42,681
Other direct costs	2,342,677	—	1,068,533	349,668	433,958	392,492	4,587,328	42,380	4,629,708	2,335,552
<b>Total operating expenses</b>	<b>26,179,245</b>	<b>672,933</b>	<b>5,931,940</b>	<b>17,281,510</b>	<b>1,081,619</b>	<b>2,785,036</b>	<b>53,932,283</b>	<b>42,380</b>	<b>53,974,663</b>	<b>48,861,608</b>
<b>Total expenses</b>	<b>28,716,405</b>	<b>672,933</b>	<b>6,068,425</b>	<b>21,464,459</b>	<b>2,256,653</b>	<b>8,194,851</b>	<b>67,373,726</b>	<b>42,380</b>	<b>67,416,106</b>	<b>65,261,164</b>
Increase (Decrease) in net assets from operating activities	(706,661)	(308,472)	1,336,224	1,382,315	(102,046)	1,339,843	2,941,203	(11,430)	2,929,773	(2,356,363)
Nonoperating:										
Other expense reclassifying COTA to CSUF Fullerton asset	—	—	—	—	—	—	—	—	—	(439,419)
Pension-related changes other than net periodic pension cost	(150,894)	—	—	—	—	—	(150,894)	—	(150,894)	(48,518)
<b>Change in net assets</b>	<b>\$(857,555)</b>	<b>\$(308,472)</b>	<b>\$ 1,336,224</b>	<b>\$ 1,382,315</b>	<b>\$(102,046)</b>	<b>\$ 1,339,843</b>	<b>\$ 2,790,309</b>	<b>\$(11,430)</b>	<b>\$ 2,778,879</b>	<b>\$(2,844,300)</b>

See accompanying independent auditors' report and notes to the financial statements

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**

Changes in Net Assets Details

Year ended June 30, 2013

(With comparative financial information for the year ended June 30, 2012)

	<u>General</u>	<u>Designated</u>	<u>Buildings Fund</u>	<u>Auxiliary Enterprises</u>	<u>Univ. Support Programs</u>	<u>Total Unrestricted</u>	<u>Temporary Restricted</u>	<u>Total 2013</u>	<u>Total 2012</u>
Net assets at beginning of year	\$ 7,037,131	\$ 1,630,495	\$ 4,563,909	\$ 167,266	\$ 5,742,131	\$ 19,140,932	\$ 132,120	\$ 19,273,052	\$ 22,117,352
Change in net assets	(857,555)	(308,472)	1,336,224	1,382,315	1,237,797	2,790,309	(11,430)	2,778,879	(2,844,300)
Designations from other classifications	(340,000)	340,000	—	—	—	—	—	—	—
Transfer and reclassifications	<u>1,240,679</u>	<u>—</u>	<u>—</u>	<u>(1,240,679)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net assets at end of year	<u>\$ 7,080,255</u>	<u>\$ 1,662,023</u>	<u>\$ 5,900,133</u>	<u>\$ 308,902</u>	<u>\$ 6,979,928</u>	<u>\$ 21,931,241</u>	<u>\$ 120,690</u>	<u>\$ 22,051,931</u>	<u>\$ 19,273,052</u>

See accompanying independent auditors' report and notes to the financial statements

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**  
Combining Statement of Activities Information – Auxiliary Enterprise Activities  
Year ended June 30, 2013  
(With summarized financial information for the year ended June 30, 2012)

	<u>Bookstore</u>	<u>Food Services</u>	<u>Total 2013</u>	<u>Total 2012</u>
Sales	\$ 16,742,528	\$ 5,158,952	\$ 21,901,480	\$ 19,521,392
Cost of sales	<u>12,205,232</u>	<u>1,679,958</u>	<u>13,885,190</u>	<u>12,739,071</u>
Gross margin	<u>4,537,296</u>	<u>3,478,994</u>	<u>8,016,290</u>	<u>6,782,321</u>
Other revenue:				
Commissions	261,263	259,127	520,390	496,111
Other	<u>102,772</u>	<u>322,132</u>	<u>424,904</u>	<u>1,534,868</u>
Total other revenues	<u>364,035</u>	<u>581,259</u>	<u>945,294</u>	<u>2,030,979</u>
Operating expenses:				
Salaries and wages	1,730,928	1,700,084	3,431,012	3,399,056
Staff and benefits	360,793	391,145	751,938	725,206
Administration service fees	—	6,000	6,000	18,000
Advertising	5,322	70,155	75,477	54,515
Communications	54,984	19,900	74,884	106,303
Commissions expense	48,344	340,650	388,994	406,606
Contracted services	196,489	67,429	263,918	271,108
Custodial services and supplies	75,555	71,490	147,045	139,076
Depreciation and amortization	220,288	155,076	375,364	592,517
Discount charges	261,980	174,721	436,701	446,569
Equipment	34,635	35,402	70,037	68,072
Franchise royalty	—	135,530	135,530	119,673
Insurance	31,078	38,734	69,812	69,563
Repairs and maintenance	156,083	152,683	308,766	281,274
Supplies	10,940	11,223	22,163	17,069
Scholarships	43,600	—	43,600	39,000
Rental	44,928	36,794	81,722	105,225
Travel	9,040	8,973	18,013	16,706
Utilities	123,520	162,757	286,277	257,656
Other direct costs	<u>334,154</u>	<u>257,862</u>	<u>592,016</u>	<u>562,957</u>
Total operating expenses	<u>3,742,661</u>	<u>3,836,608</u>	<u>7,579,269</u>	<u>7,696,151</u>
Excess revenues over expenses	<u>\$ 1,158,670</u>	<u>\$ 223,645</u>	<u>\$ 1,382,315</u>	<u>\$ 1,117,149</u>

See accompanying independent auditors' report and notes to the financial statements

# CSU FULLERTON AUXILIARY SERVICES CORPORATION

## Source of Funding and Expenditures for Sponsored Programs

Year Ended June 30, 2013

### Source of funding (direct):

Federal government	\$ 18,550,562
State of California and local governments	3,174,762
For-profit organizations	124,482
Foundations and other tax-exempt organizations	1,186,940
Total source of direct funding	<u>23,036,746</u>

### Source of indirect cost reimbursement:

Federal government	1,420,380
State of California and local governments	350,857
For-profit organizations	17,215
Foundations and other tax-exempt organizations	82,143
Total source of indirect cost reimbursement	<u>1,870,595</u>
Total funding	<u>\$ 24,907,341</u>

### Direct expenditures:

Salaries and wages	\$ 8,969,642
Staff benefits	1,708,977
Operating expenditures	4,386,338
Consultants	485,969
Sub-Contractors	5,250,090
Equipment	152,715
Stipends	2,083,015
Total direct expenditures	<u>23,036,746</u>

### Indirect expenditures:

Salaries and wages	712,085
Staff benefits	192,376
Operating expenditures	289,747
Equipment	—
Research and support	374,119
Other administration support	302,268
Total indirect expenditures	<u>1,870,595</u>
Total expenditures	<u>\$ 24,907,341</u>



**CSU FULLERTON AUXILIARY SERVICES CORPORATION**

Schedule of Net Position

June 30, 2013

(for inclusion in the California State University)

Assets:	
Current assets:	
Cash and cash equivalents	\$ 5,888,870
Short-term investments	18,056,836
Accounts receivable, net	4,335,484
Leases receivable, current portion	845,000
Notes receivable, current portion	918,143
Pledges receivable, net	—
Prepaid expenses and other assets	3,802,077
Total current assets	<u>33,846,410</u>
Noncurrent assets:	
Restricted cash and cash equivalents	—
Accounts receivable, net	—
Leases receivable, net of current portion	25,405,000
Notes receivable, net of current portion	15,703,800
Student loans receivable, net	—
Pledges receivable, net	—
Endowment investments	—
Other long-term investments	455,394
Capital assets, net	23,220,871
Other assets	—
Total noncurrent assets	<u>64,785,065</u>
Total assets	<u>98,631,475</u>
Deferred outflows of resources:	
Unamortized loss on refunding(s)	—
Total deferred outflows of resources	<u>—</u>
Liabilities:	
Current liabilities:	
Accounts payable	2,919,382
Accrued salaries and benefits payable	—
Accrued compensated absences— current portion	—
Unearned revenue	—
Capitalized lease obligations – current portion	—
Long-term debt obligations – current portion	1,185,000
Self-insurance claims liability - current portion	118,056
Depository accounts	—
Other liabilities	6,115,856
Total current liabilities	<u>10,338,294</u>
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	601,745
Unearned revenue	—
Grants refundable	—
Capitalized lease obligations, net of current portion	—
Long-term debt obligations, net of current portion	58,369,916
Self-insurance claims liabilities, net of current portion	—
Depository accounts	—
Other postemployment benefits obligation	6,959,406
Other liabilities	310,183
Total noncurrent liabilities	<u>66,241,250</u>
Total liabilities	<u>76,579,544</u>
Deferred inflows of resources:	
Deferred service concession arrangement receipts	—
Total deferred inflows of resources	<u>—</u>
Net Position:	
Net investment in capital assets	4,751,871
Restricted for:	
Nonexpendable – endowments	—
Expendable:	
Scholarships and fellowships	—
Research	—
Loans	—
Capital projects	—
Debt service	—
Other	—
Unrestricted	17,300,060
Total net position	<u>\$ 22,051,931</u>

See accompanying independent auditors' report and notes to the financial statements

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**

Schedule of Revenues, Expenses, and Changes in Net Position

Year Ended June 30, 2013

(for inclusion in the California State University)

Revenues:	
Operating revenues:	
Student tuition and fees (net of scholarship allowances of \$ _____)	\$ —
Grants and contracts, noncapital:	
Federal	19,970,942
State	3,525,619
Local	141,697
Nongovernmental	1,269,083
Sales and services of educational activities	—
Sales and services of auxiliary enterprises (net of scholarship allowances of \$ _____)	34,536,075
Other operating revenues	7,404,649
Total operating revenues	<u>66,848,065</u>
Expenses:	
Operating expenses:	
Instruction	8,224,362
Research	2,537,831
Public service	2,287,452
Academic support	7,291,603
Student services	4,566,093
Institutional support	—
Operation and maintenance of plant	6,068,425
Student grants and scholarships	—
Auxiliary enterprise expenses	31,147,419
Depreciation and amortization	810,924
Total operating expenses	<u>62,934,109</u>
Operating income (loss)	<u>3,913,956</u>
Nonoperating revenues (expenses):	
State appropriations, noncapital	—
Federal financial aid grants, noncapital	—
State financial aid grants, noncapital	—
Local financial aid grants, noncapital	—
Nongovernmental and other financial aid grants, noncapital	—
Other federal nonoperating grants, noncapital	—
Gifts, noncapital	—
Investment income (loss), net	—
Endowment income (loss), net	425,106
Interest Expenses	(2,058,706)
Other nonoperating revenues (expenses)	498,523
Net nonoperating revenues (expenses)	<u>(1,135,077)</u>
Income (loss) before other additions	2,778,879
State appropriations, capital	—
Grants and gifts, capital	—
Additions (reductions) to permanent endowments	—
Increase (decrease) in net position	<u>2,778,879</u>
Net position:	
Net position at beginning of year, as previously reported	19,273,052
Restatements	—
Net position at beginning of year, as restated	<u>19,273,052</u>
Net position at end of year	<u>\$ 22,051,931</u>

See accompanying independent auditors' report and notes to the financial statements

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**

Other Information

June 30, 2013

(for inclusion in the California State University)

**1 Restricted cash and cash equivalents at June 30, 2013:**

Portion of restricted cash and cash equivalents related to endowme\$	-
All other restricted cash and cash equivalents	-
<b>Total restricted cash and cash equivalents</b>	<b>\$ -</b>

**2.1 Composition of investments at June 30, 2013:**

	<b>Current Unrestricted</b>	<b>Current Restricted</b>	<b>Total Current</b>	<b>Noncurrent Unrestricted</b>	<b>Noncurrent Restricted</b>	<b>Total Noncurrent</b>	<b>Total</b>
State of California Surplus Money Investment Fund (SMIF)	\$ -	-	-	-	-	-	-
State of California Local Agency Investment Fund (LAIF)	8,560,316	-	8,560,316	-	-	-	8,560,316
Wachovia Short Term Fund	-	-	-	-	-	-	-
Wachovia Medium Term Fund	-	-	-	-	-	-	-
Wachovia Equity Fund	-	-	-	-	-	-	-
CSU Consolidated Investment Pool (includes SWIFT and 0948 SMIF)	-	-	-	-	-	-	-
Common Fund - Short Term Fund	-	-	-	-	-	-	-
Common Fund - Others	-	-	-	-	-	-	-
Debt securities	184,998	-	184,998	-	100,647	100,647	285,645
Equity securities	6,348,282	-	6,348,282	-	123,100	123,100	6,471,382
Fixed income securities (Treasury notes, GNMA's)	-	-	-	-	-	-	-
Land and other real estate	-	-	-	-	-	-	-
Certificates of deposit	-	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-	-
Mutual funds	1,739,658	-	1,739,658	-	60,754	60,754	1,800,412
Money Market funds	1,223,582	-	1,223,582	-	57,217	57,217	1,280,799
Collateralized mortgage obligations:							
Inverse floaters	-	-	-	-	-	-	-
Interest-only strips	-	-	-	-	-	-	-
Agency pass-through	-	-	-	-	-	-	-
Partnership interests (includes private pass-through)	-	-	-	-	-	-	-
Alternative investments	-	-	-	-	-	-	-
Hedge funds	-	-	-	-	-	-	-
Other major investments:							
Annuity	-	-	-	-	113,676	113,676	113,676
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Total investments	<u>18,056,836</u>	<u>-</u>	<u>18,056,836</u>	<u>-</u>	<u>455,394</u>	<u>455,394</u>	<u>18,512,230</u>
Less endowment investments (enter as negative number)	-	-	-	-	-	-	-
Total investments	<u>18,056,836</u>	<u>-</u>	<u>18,056,836</u>	<u>-</u>	<u>455,394</u>	<u>455,394</u>	<u>18,512,230</u>

**2.2 Investments held by the University under contractual agreements at June 30, 2013:**

Portion of investments in note 2.1 held by the University under contractual agreements at June 30, 2013 :	-	-	-	-	-	-	-
---	---	---	---	---	---	---	---

**2.3 Restricted current investments at June 30, 2013 related to:**

	<b>Amount</b>
Add description	\$ -
Add description	-
<b>Total restricted current investments at June 30, 2013</b>	<b>\$ -</b>

**2.4 Restricted noncurrent investments at June 30, 2013 related to:**

	<b>Amount</b>
Endowment investment	\$ -
Charitable Remainder Trusts	455,394
Add description	-
Add description	-
<b>Total restricted noncurrent investments at June 30, 2013</b>	<b>\$ 455,394</b>

See accompanying independent auditors' report and notes to the financial statements

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**  
Other Information  
June 30, 2013  
(for inclusion in the California State University)

**3.1 Composition of capital assets at June 30, 2013:**

	Balance June 30, 2012	Prior period Adjustments	Reclassifications	Balance June 30, 2012 (restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2013
Nondepreciable/nonamortizable capital assets:								
Land and land improvements	\$ 3,078	-	-	3,078	9,500,000	-	-	9,503,078
Works of art and historical treasures	-	-	-	-	-	-	-	-
Construction work in progress (CWIP)	342,192	-	-	342,192	223,452	(340,425)	-	225,219
Intangible assets:								
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-
Internally generated intangible assets in progress	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets:	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-
Total nondepreciable/nonamortizable capital assets	345,270	-	-	345,270	9,723,452	(340,425)	-	9,728,297
Depreciable/amortizable capital assets:								
Buildings and building improvements	582,870	-	-	582,870	8,750,000	(49,028)	-	9,283,842
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	9,939,026	-	-	9,939,026	1,515,631	(27,998)	-	11,426,659
Personal property:								
Equipment	6,745,885	-	-	6,745,885	302,914	(27,957)	-	7,020,842
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets:								
Software and websites	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyright and trademarks	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets:	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-
Total depreciable/amortizable capital assets	17,267,781	-	-	17,267,781	10,568,545	(104,983)	-	27,731,343
Total capital assets	17,613,051	-	-	17,613,051	20,291,997	(445,408)	-	37,459,640
Less accumulated depreciation/amortization:								
Buildings and building improvements	(582,902)	-	-	(582,902)	(218,750)	49,029	-	(752,623)
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	(6,712,342)	-	-	(6,712,342)	(379,709)	27,998	-	(7,064,053)
Personal property:								
Equipment	(6,237,600)	-	-	(6,237,600)	(212,465)	27,972	-	(6,422,093)
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets:								
Software and websites	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyright and trademarks	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets:	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	(13,532,844)	-	-	(13,532,844)	(810,924)	104,999	-	(14,238,769)
Total capital assets, net	\$ 4,080,207	-	-	4,080,207	19,481,073	(340,409)	-	23,220,871

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**3.2 Detail of depreciation and amortization expense for the year ended June 30, 2013:**

Depreciation and amortization expense related to capital assets	\$ 810,924
Amortization expense related to other assets	—
Total depreciation and amortization	<u>\$ 810,924</u>

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

	Balance June 30, 2012	Prior period adjustments	Reclassifications	Balance June 30, 2012 (restated)	Additions	Reductions	Balance June 30, 2013	Current portion	Long-term portion
Accrued compensated absences	\$ 493,445	—	—	493,445	108,300	-	601,745	—	601,745
Capitalized lease obligations:									
Gross balance	—	—	—	—	-	-	—	—	—
Unamortized premium / (discount) on capitalized lease obligations	—	—	—	—	-	-	—	—	—
Total capitalized lease obligations	—	—	—	—	-	-	—	—	—
Long-term debt obligations:									
Revenue Bonds	27,065,000	—	—	27,065,000	-	(815,000)	26,250,000	845,000	25,405,000
Other bonds (non-Revenue Bonds)	—	—	—	—	-	-	—	—	—
Commercial Paper	—	—	—	—	-	-	—	—	—
Note Payable related to SRB	—	—	—	—	-	-	—	—	—
Other:									
Bond anticipated note	13,901,000	—	—	13,901,000	13,470,000	(316,000)	27,055,000	340,000	26,715,000
/ Other long-term liability	—	—	—	—	5,000,000	-	5,000,000	—	5,000,000
Add description	—	—	—	—	-	-	—	—	—
Total long-term debt obligations	40,966,000	—	—	40,966,000	18,470,000	(1,131,000)	58,305,000	1,185,000	57,120,000
Unamortized bond premium / (discount)	1,413,982	—	—	1,413,982	-	(77,157)	1,336,825	—	1,336,825
Unamortized loss on refunding	—	—	—	—	-	-	—	—	—
Total long-term debt obligations, net	42,379,982	—	—	42,379,982	18,470,000	(1,208,157)	59,641,825	1,185,000	58,456,825
Total long-term liabilities	\$ 42,873,427	—	—	42,873,427	18,578,300	(1,208,157)	60,243,570	1,185,000	59,058,570

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

	Principal	Interest	Principal and Interest
Year ending June 30:			
2014	-	-	—
2015	-	-	—
2016	-	-	—
2017	-	-	—
2018	-	-	—
2019 - 2023	-	-	—
2024 - 2028	-	-	—
2029 - 2033	-	-	—
2034 - 2038	-	-	—
2039 - 2043	-	-	—
2044 - 2048	-	-	—
2049 - 2053	-	-	—
2054 - 2058	-	-	—
2059 - 2063	-	-	—
Total minimum lease payments	—	—	—
Less amounts representing interest	—	—	—
Present value of future minimum lease payments	—	—	—
Less: current portion	—	—	—
<b>Capitalized lease obligation, net of current portion</b>	—	—	<u>\$ —</u>

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**6 Long-term debt obligation schedule**

	Revenue Bonds			All other long-term debt obligations			Total		
	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest
	Year ending June 30:								
2014	\$ 845,000	1,261,200	2,106,200	340,000	921,657	1,261,657	1,185,000	2,182,857	3,367,857
2015	890,000	1,222,150	2,112,150	355,000	1,190,351	1,545,351	1,245,000	2,412,501	3,657,501
2016	930,000	1,179,750	2,109,750	460,519	1,181,259	1,641,778	1,390,519	2,361,009	3,751,528
2017	980,000	1,134,462	2,114,462	828,574	1,187,712	2,016,286	1,808,574	2,322,174	4,130,748
2018	1,020,000	1,090,525	2,110,525	854,088	1,137,198	1,991,286	1,874,088	2,227,723	4,101,811
2019 - 2023	5,890,000	4,668,625	10,558,625	14,149,852	3,847,886	17,997,738	20,039,852	8,516,511	28,556,363
2024 - 2028	7,530,000	2,570,038	10,100,038	2,790,995	3,068,441	5,859,436	10,320,995	5,638,479	15,959,474
2029 - 2033	6,075,000	1,508,125	7,583,125	3,271,248	2,588,188	5,859,436	9,346,248	4,096,313	13,442,561
2034 - 2038	1,695,000	319,375	2,014,375	3,401,172	1,958,264	5,359,436	5,096,172	2,277,639	7,373,811
2039 - 2043	395,000	9,875	404,875	3,477,413	1,132,024	4,609,437	3,872,413	1,141,899	5,014,312
2044 - 2048	-	-	-	2,126,139	178,578	2,304,717	2,126,139	178,578	2,304,717
2049 - 2053	-	-	-	-	-	-	-	-	-
2054 - 2058	-	-	-	-	-	-	-	-	-
2059 - 2063	-	-	-	-	-	-	-	-	-
Total	\$ 26,250,000	14,964,125	41,214,125	32,055,000	18,391,558	50,446,558	58,305,000	33,355,683	91,660,683

**7 Calculation of net position**

	Auxiliary Organizations		Total
	GASB	FASB	Auxiliaries
<b>7.1 Calculation of net position - Net investment in capital assets</b>			
Capital assets, net of accumulated depreciation	\$ —	23,220,871	23,220,871
Capitalized lease obligations - current portion	—	—	—
Capitalized lease obligations, net of current portion	—	—	—
Long-term debt obligations - current portion	—	(1,185,000)	(1,185,000)
Long-term debt obligations, net of current portion	—	(58,456,825)	(58,456,825)
Portion of outstanding debt that is unspent at year-end	—	—	—
Other adjustments: (please list)			
College Park	—	21,701,825	21,701,825
Housing Authority Refinance	—	5,885,000	5,885,000
Police Building	—	13,586,000	13,586,000
Add description	—	—	—
Add description	—	—	—
Net position - net investment in capital asset	\$ —	4,751,871	4,751,871
<b>7.2 Calculation of net position - Restricted for nonexpendable - endowments</b>			
Portion of restricted cash and cash equivalents related to endowme\$	—	—	—
Endowment investments	—	—	—
Other adjustments: (please list)			
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Net position - Restricted for nonexpendable - endowments per \$	—	—	—

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**8 Transactions with Related Entities**

	<u>Amount</u>
Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$ 7,712,741
Payments to University for other than salaries of University personnel	1,938,710
Payments received from University for services, space, and programs	10,714,443
Gifts-in-kind to the University from Auxiliary Organizations	244,548
Gifts (cash or assets) to the University from recognized Auxiliary Organizations	218,047
Accounts (payable to) University (enter as negative number)	(2,177,187)
Other amounts (payable to) University (enter as negative number)	-
Accounts receivable from University	1,077,097
Other amounts receivable from University	-

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

Annual required contribution (ARC)	\$ (436,467)
Contributions during the year	<u>(500,000)</u>
Increase (decrease) in net OPEB obligation (NOO)	(936,467)
NOO - beginning of year	8,013,929
NOO - end of year	<u>\$ 7,077,462</u>

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

<u>Description</u>	<u>Amount</u>
Add description	\$ —
Add description	—
Add description	—
Add description	—
Add description	—
Total pollution remediation liabilities	\$ —
Less: current portion	—
Pollution remediation liabilities, net of current portion	<u>—</u>

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

	<u>Net Position</u>	<u>Amount</u>
	<u>Class</u>	<u>Dr. (Cr.)</u>
Net position as of June 30, 2012, as previously reported		\$ 19,273,052
Prior period adjustments:		
1 (list description of each adjustment)		—
2 (list description of each adjustment)		—
3 (list description of each adjustment)		—
4 (list description of each adjustment)		—
5 (list description of each adjustment)		—
6 (list description of each adjustment)		—
7 (list description of each adjustment)		—
8 (list description of each adjustment)		—
9 (list description of each adjustment)		—
10 (list description of each adjustment)		—
Net position as of June 30, 2012, as restated		<u>\$ 19,273,052</u>

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

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

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