

CSU FULLERTON
AUXILIARY SERVICES CORPORATION

Financial Statements and Supplementary Information

June 30, 2009

(With Independent Auditors' Report Thereon)

CSU FULLERTON AUXILIARY SERVICES CORPORATION

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statement of financial position of CSU Fullerton Auxiliary Services Corporation (a California State University Auxiliary Organization) (ASC) as of June 30, 2009, and the related statements of activities, changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the ASC's management. Our responsibility is to express an opinion on these financial statements based on our audits. The prior year summarized comparative information has been derived from the Organization's June 30, 2007 financial statements and, in our report dated September 9, 2008 we expressed an unqualified opinion on those financial statements.

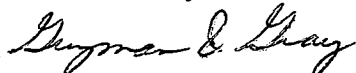
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ASC as of June 30, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 2, 2009, on our consideration of ASC's internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in schedules on pages 20 – 30 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Guzman & Gray CPAs



Long Beach, California
September 2, 2009

CSU FULLERTON AUXILIARY SERVICES CORPORATION

Statement of Financial Position

June 30, 2009

(With comparative financial information for the year ended June 30, 2008)

Assets	General	Designated	College Park	Auxiliary Enterprises	Agency accounts	Quasi- endowments	Total unrestricted	Temporary restricted	Total 2009	Total 2008
Current assets:										
Cash and cash equivalents	\$ 2,660,174	1,271,207	216,388	3,430,322	4,285,338	63,230	11,926,659	—	11,926,659	10,942,072
Accounts receivable:										
Sponsored programs	2,059,520	—	—	—	—	—	2,059,520	—	2,059,520	2,445,371
Other receivables	279,490	—	654	560,275	35,026	—	875,445	3,794	879,239	709,364
Less allowance for doubtful accounts	(330,601)	—	—	(75,550)	—	—	(406,151)	—	(406,151)	(326,076)
Total accounts receivable, net	2,008,409	—	654	484,725	35,026	—	2,528,814	3,794	2,532,608	2,828,659
Investments	4,967,432	—	—	—	68,438	236,000	5,271,870	—	5,271,870	6,453,772
Inventories	—	—	—	4,274,659	—	—	4,274,659	—	4,274,659	3,178,238
Capital lease receivable, current portion	—	—	635,000	—	—	—	635,000	—	635,000	605,000
Due from affiliates, current portion	163,436	—	—	—	—	—	163,436	—	163,436	592,931
Other current assets	2,831	—	—	1,586	—	—	4,417	—	4,417	86
Total current assets	9,802,282	1,271,207	852,042	8,191,292	4,388,802	299,230	24,804,855	3,794	24,808,649	24,600,758
Property, plant, and equipment:										
Land	—	—	—	—	3,078	—	3,078	—	3,078	3,078
Building and improvements	—	—	—	533,842	49,028	—	582,870	—	582,870	670,570
Equipment, furniture, and fixtures	1,759,172	—	21,589	3,920,561	27,957	—	5,729,279	—	5,729,279	5,423,052
Leasehold improvements	89,383	—	3,859,474	5,531,515	27,998	—	9,508,370	—	9,508,370	8,783,054
Total property, plant, and equipment, net	1,848,555	—	3,881,063	9,985,918	108,061	—	15,823,597	—	15,823,597	14,879,754
Less accumulated depreciation and amortization	(1,729,522)	—	(944,760)	(8,555,453)	(104,984)	—	(11,334,719)	—	(11,334,719)	(10,488,423)
Total property, plant, and equipment, net	119,033	—	2,936,303	1,430,465	3,077	—	4,488,878	—	4,488,878	4,391,331
Other assets:										
Restricted cash – debt reserve	—	—	2,231,000	—	—	—	2,231,000	—	2,231,000	3,679,998
Restricted cash – debt service	—	—	2,208,118	—	—	—	2,208,118	—	2,208,118	1,579,660
Due from affiliates, net of current	17,314,056	—	615,038	—	—	—	17,929,094	—	17,929,094	3,170,827
Capital lease receivable, net of current	—	—	22,313,333	—	—	—	22,313,333	—	22,313,333	22,948,333
Annuity and life estate investments	—	—	—	—	—	—	—	385,595	385,595	455,009
Total other assets	17,314,056	—	27,367,489	—	—	—	44,681,545	385,595	45,067,140	31,833,827
Total assets	\$ 27,235,371	1,271,207	31,155,834	9,621,757	4,391,879	299,230	73,975,278	389,389	74,364,667	60,825,916

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

CSU FULLERTON AUXILIARY SERVICES CORPORATION

Statement of Financial Position

June 30, 2009

(With comparative financial information for the year ended June 30, 2008)

Liabilities and Net Assets	General	Designated	College Park	Auxiliary Enterprises	Agency accounts	Quasi-endowments	Total unrestricted	Temporary restricted	Total 2009	Total 2008
Current liabilities:										
Accounts payable	\$ 396,584	—	16,200	2,525,148	—	—	2,937,932	—	2,937,932	2,392,720
Accrued liabilities	587,756	—	112,561	1,211,424	69,725	—	1,981,466	—	1,981,466	2,326,210
Accrued interest payable	—	—	768,349	—	—	—	768,349	—	768,349	752,974
Amount held for others	—	—	—	—	—	—	—	—	0	—
Receipts in excess of expenditures on sponsored programs	2,957,040	—	—	—	—	—	2,957,040	—	2,957,040	3,313,612
Deposits held in custody for others	—	—	—	—	4,322,154	—	4,322,154	—	4,322,154	4,284,642
Current portion of bonds payable	50,000	—	635,000	—	—	—	685,000	—	685,000	605,000
Current portion Post retirement benefit	68,155	—	—	—	—	—	68,155	—	68,155	74,104
Current portion of annuity and unitrust	—	—	—	—	—	—	—	19,262	19,262	29,102
Total current liabilities	4,059,535	—	1,532,110	3,736,572	4,391,879	—	13,720,096	19,262	13,739,358	13,778,364
Noncurrent liabilities:										
Noncurrent portion of bonds payable	14,291,000	—	25,035,000	—	—	—	39,326,000	—	39,326,000	25,670,000
Noncurrent portion Post retirement benefit	3,354,128	—	—	—	—	—	3,354,128	—	3,354,128	2,942,309
Noncurrent portion of annuity and unitrust payable	—	—	—	—	—	—	—	246,301	246,301	284,399
Total noncurrent liabilities	17,645,128	—	25,035,000	—	—	—	42,680,128	246,301	42,926,429	28,896,708
Total liabilities	21,704,663	—	26,567,110	3,736,572	4,391,879	—	56,400,224	265,563	56,665,787	42,675,072
Net assets:										
Unrestricted:										
Designated	5,530,708	1,271,207	4,588,724	5,251,876	—	299,230	16,941,745	—	16,941,745	16,720,417
Undesignated	5,530,708	—	—	633,309	—	—	633,309	—	633,309	1,285,125
Total unrestricted net assets	—	1,271,207	4,588,724	5,885,185	—	299,230	17,575,054	—	17,575,054	18,005,542
Temporarily restricted – remainder interest for support of Auxiliary services	—	—	—	—	—	—	—	123,826	123,826	145,302
Total net assets	5,530,708	1,271,207	4,588,724	5,885,185	—	299,230	17,575,054	123,826	17,698,880	18,150,844
Total liabilities and net assets	\$ 27,235,371	1,271,207	31,155,834	9,621,757	4,391,879	299,230	73,975,278	389,389	74,364,667	60,825,916

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

CSU FULLERTON AUXILIARY SERVICES CORPORATION

Statement of Activities

Year ended June 30, 2009

(With summarized financial information for the year ended June 30, 2008)

	General	Designated	College Park	Auxiliary Enterprises	Quasi-endowments	Total unrestricted	Temporary restricted	Total 2009	Total 2008
Operating:									
Revenues, gains, and other support:									
Bookstore and Dining services sales	\$ —	—	—	23,704,706	—	23,704,706	—	23,704,706	24,001,929
Contributions and gifts	—	—	—	—	—	—	—	—	6,426
Administrative services	584,604	—	—	—	—	584,604	—	584,604	530,526
Indirect cost recovery	1,319,512	—	—	—	—	1,659,109	—	1,659,109	1,514,651
Grants and contracts	17,663,206	339,597	—	—	—	17,663,206	—	17,663,206	14,999,792
University extended education programs	4,274,956	—	—	—	—	4,274,956	—	4,274,956	5,035,261
Commission income	—	—	—	461,581	—	461,581	—	461,581	541,106
Interest and dividend income	303,596	—	124,953	—	—	428,549	—	428,549	576,629
Rental income	10,668	—	4,829,713	496,883	—	5,337,264	—	5,337,264	5,106,653
Realized and unrealized gain (loss) on investments	(1,044,767)	—	—	—	2,650	(1,042,117)	(21,476)	(1,063,593)	(619,425)
Other income	295,388	—	3,900	625,167	—	924,455	—	924,455	1,158,429
Total revenues, gains, and other support	23,407,163	339,597	4,958,566	25,288,337	2,650	53,996,313	(21,476)	53,974,837	52,851,977
Expenses:									
Auxiliary activities	—	—	4,296,966	23,443,944	—	27,740,910	—	27,740,910	28,141,289
Sponsored programs	17,663,206	—	—	—	—	17,663,206	—	17,663,206	14,999,792
Other programs	4,963,366	517,052	—	—	—	5,480,418	—	5,480,418	4,931,963
Management and general	3,554,656	—	—	—	—	3,554,656	—	3,554,656	3,733,225
Total expenses	26,181,228	517,052	4,296,966	23,443,944	—	54,439,190	—	54,439,190	51,806,269
Increase in net assets from operating activities	(2,774,065)	(177,455)	661,600	1,844,393	2,650	(442,877)	(21,476)	(464,353)	1,045,708
Nonoperating:									
Pension-related changes other than net periodic pension cost	12,389	—	—	—	—	12,389	—	12,389	25,338
Change in net assets	\$ (2,761,676)	(177,455)	661,600	1,844,393	2,650	(430,488)	(21,476)	(451,964)	1,071,046

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

CSU FULLERTON AUXILIARY SERVICES CORPORATION

Statement of Changes in Net Assets

Year ended June 30, 2009

(With comparative financial information for the year ended June 30, 2008)

	General	Designated	College Park	Auxiliary Enterprises	Agency accounts	Quasi-endowments	Total unrestricted	Temporary restricted	Total 2009	Total 2008
Net assets at beginning of year	\$ 6,219,120	1,123,662	3,927,124	6,439,056	—	296,580	18,005,542	145,302	18,150,844	17,079,798
Change in net assets	(2,761,676)	(177,455)	661,600	1,844,393	—	2,650	(430,488)	(21,476)	(451,964)	1,071,046
Transfer and reclassifications		325,000		(325,000)	—	—	—	—	—	—
Designations from other classifications	2,073,264	—	—	(2,073,264)	—	—	—	—	—	—
Net assets at end of year	\$ 5,530,708	1,271,207	4,588,724	5,885,185	—	299,230	17,575,054	123,826	17,698,880	18,150,844

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

CSU FULLERTON AUXILIARY SERVICES CORPORATION

Statement of Cash Flows

Year ended June 30, 2009

(With comparative financial information for the year ended June 30, 2008)

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Change in net assets	\$ (451,964)	1,071,046
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:		
Depreciation and amortization	898,256	849,141
Realized and unrealized (gain) loss on investments	1,063,593	619,425
Gain on the sale of equipment	(18,706)	(14,760)
Decrease (increase) in value of annuity and life estate investments	69,414	83,922
Changes in assets and liabilities:		
Decrease (increase) in accounts receivable	296,051	(471,990)
Decrease (increase) in inventories	(1,096,421)	2,013,804
Decrease (increase) in other current assets	(34,331)	121,093
Decrease (increase) in restricted cash	820,540	(1,178,939)
Decrease (increase) in due from affiliates	(14,328,772)	(3,148,720)
Decrease (increase) in capital lease receivable	635,000	605,000
Increase (decrease) in bond payable	14,341,000	-
Increase (decrease) in accounts payable	560,587	(865,351)
Increase (decrease) in accrued liabilities	61,126	(735,786)
Increase (decrease) in receipts in excess of expenditures on specific sponsored programs	(356,572)	1,160,859
Increase (decrease) in deposits held in custody for others	37,512	501,304
Increase (decrease) in amount held for others	-	-
Increase (decrease) in annuity and unitrust payable	(47,938)	(41,286)
Net cash and cash equivalents provided by operating activities	<u>2,448,375</u>	<u>568,762</u>
Cash and cash equivalents from investing activities:		
Purchase of fixed assets	(995,803)	(865,783)
Proceeds from sale of fixed assets	18,706	14,760
Purchase /Sales of investments net of (gain)/ loss	118,309	(55,135)
Net cash and cash equivalents used in investing activities	<u>(858,788)</u>	<u>(906,158)</u>
Cash and cash equivalents from financing activities:		
Payments on bonds and capital lease obligations	<u>(605,000)</u>	<u>(580,000)</u>
Net cash and cash equivalents used in financing activities	<u>(605,000)</u>	<u>(580,000)</u>
Net increase in cash and cash equivalents	984,587	(917,396)
Cash and cash equivalents at beginning of year	<u>10,942,072</u>	<u>11,859,468</u>
Cash and cash equivalents at end of year	\$ <u>11,926,659</u>	<u>10,942,072</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	\$ <u>1,491,323</u>	<u>1,517,878</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, 2009

(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, college park building, 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 expendable 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, as well as the non-credited University's Extended Education Program.

Designated

"Designated" represents the activity of certain assets which ASC's board of directors has set aside for specific purposes.

College Park

"College Park" activities represent transactions related to the lease financing transaction of the building, related expenditures and debt service on bonds outstanding.

CSU FULLERTON AUXILIARY SERVICES CORPORATION

Notes to Financial Statements

June 30, 2009

(2) Summary of Significant Accounting Policies (continued)

Auxiliary Enterprise Activities

“Auxiliary Activities” 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 auxiliary enterprise activities’ administrative expenses as part of the “general” classification. The auxiliary enterprise activities consist primarily of the activities of the bookstore and food service operations at the University.

Agency Accounts

“Agency Accounts” represent funds held by ASC for others, excluding certain gifts recorded as assets held in trust and reported as part of the quasi-endowments. Included are funds administered by ASC on behalf of University academic and administrative units and other campus organizations, which are shown as deposits held in custody for others on the statement of financial position. As ASC is acting as an agent for the transactions of these units, the revenue and expense activity of the campus organizations is not recorded in the statements of activities, although ASC does track the activity for such organizations.

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. For fiscal year 2009, net losses totaling (\$688,410) are included in the statement of activities under the general funds activities.

Quasi-Endowments

“Quasi-endowment” accounts primarily represent transactions that the ASC’s board of directors has designated as income-producing investments where the principal is not to be used to support general activities of ASC. Such assets have no donor-imposed restrictions or the restrictions have already expired.

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:

Endowments

“Endowment” 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

CSU FULLERTON AUXILIARY SERVICES CORPORATION

Notes to Financial Statements

June 30, 2009

(2) Summary of Significant Accounting Policies (continued)

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, 2009.

(c) Grants and Contracts

ASC serves as administrator for various grants and contracts awarded to the University by both governmental and private institutions. Contractual and earned receivables from grants and contracts activities totaled \$2,059,520 for June 30, 2009 and are shown in the accompanying statement of financial position as sponsored programs receivables. Amounts received by ASC in excess of expenditures totaling \$2,957,041, for June 30, 2009 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. ASC believes it is materially in compliance with all provisions of grants and contracts.

(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, 2009 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.

CSU FULLERTON AUXILIARY SERVICES CORPORATION

Notes to Financial Statements

June 30, 2009

(2) Summary of Significant Accounting Policies (continued)

(f) *Restricted Cash*

In conjunction with the bond indenture agreement (note 3), ASC is required to maintain certain cash reserve requirements. Cash balances maintained to meet reserve requirements are not available for use by ASC.

(g) *Receivables*

"Receivables" are primarily comprised of reimbursements for grants and contract expenditures according to contractual agreements, amounts due from various University departments for bookstore sales, and catering 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. Changes in the valuation allowance have not been material to the financial statements.

(h) *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.

(i) *Inventories*

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

(j) *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. Depreciation and amortization for year ended June 30, 2009 was \$898,256.

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.

CSU FULLERTON AUXILIARY SERVICES CORPORATION

Notes to Financial Statements

June 30, 2009

(2) Summary of Significant Accounting Policies (continued)

(k) *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.

(l) *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.

(m) *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, 2008. Certain reclassifications have been made to assist in comparability.

(n) *Functional Expense*

ASC's expenses were allocated between programs and management as follows:

Program	\$ 50,884,534
Management	<u>3,554,656</u>
Total Expenses	<u>\$ 54,439,190</u>

(o) *Accounting Change*

Generally accepted accounting principles have changed to impose a threshold for determining when an income tax benefit can be recognized. The threshold now imposed for financial statement reporting generally is higher than the threshold imposed for claiming deductions on income tax returns. The change in generally accepted accounting principles was first effective for ASC in 2008 and was applied retroactively as of the beginning of the fiscal year ended June 30, 2008. Management has determined that there is no effect on the financial statements.

CSU FULLERTON AUXILIARY SERVICES CORPORATION

Notes to Financial Statements

June 30, 2009

(2) Summary of Significant Accounting Policies (continued)

(p) Recent Accounting Pronouncement

In September 2006 the FASB issued SFAS No. 157, Fair Value Measurements (SFAS No. 157). SFAS No. 157 defines fair value and establishes a framework for measuring fair value when fair value is required for recognition or disclosure purposes under Generally Accepted Accounting Principles (GAAP). The standard also expands disclosure about fair value measurement but does not require any new fair value measurements. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007. FASB Statement No. 157 is required to be applied prospectively, except for certain financial instruments. Any transition adjustment will be recognized as an adjustment to opening unrestricted net assets in the year of adoption.

In February 2008, the FASB issued FASB Staff Position (FSP) FAS 157-2, "Effective Date of FASB Statement No. 157," which permits the delayed application of SFAS No. 157 for nonfinancial assets and nonfinancial liabilities other than those items that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually).

The delayed effective date is fiscal years beginning after November 15, 2008. FSP FAS 157-2 allows the Organization to defer the fair value measurement requirements for nonfinancial assets and liabilities that are not required or permitted to be measured at fair value on a recurring basis.

Accordingly, management has adopted FASB Statement No. 157. It has disclosed the fair value measurements for marketable securities that are recognized or disclosed at fair value on a recurring basis. The adoption of FASB Statement No. 157 did not have a material effect on the Foundation's financial statements.

In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities (SFAS 159). SFAS 159 permits entities to choose to measure selected financial assets and liabilities and other eligible items at fair value, which are not otherwise currently required to be measured at fair value. The Organization did not elect the fair value option for any financial assets or liabilities during its fiscal year.

CSU FULLERTON AUXILIARY SERVICES CORPORATION

Notes to Financial Statements

June 30, 2009

(3) Bonds Payable/Capital Lease Receivable

- (a) The CSU Fullerton Auxiliary Services Corporation, on behalf of the University, 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. The bonds bear interest at varying rates averaging 4.6%; semiannual deposits are made into a debt reserve fund in an amount equal to the required interest payment plus one-half of the principal payment due.

As specified in the bond indenture, the bonds outstanding at June 30, 2009 are secured by revenues derived from the Office Building (the Project Revenues) and other amounts held under the indenture to secure payment of the principal and interest on the Bonds.

The term of the related capital lease agreement between ASC and the University is 30 years during which time the University will be 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 bonds. Accordingly, ASC has recorded a capital lease receivable of \$22,948,333 (current portion: \$635,000; long term: \$22,313,333) representing the \$25,035,000 bond liability less \$2,721,667 restricted cash set aside for debt service. Title to the Office Building will be transferred to the University upon the retirement or defeasance of all the outstanding bonds. The excess of lease related receipts over bond related payments will accrue to ASC to cover operation and maintenance expenses related to the Office Building.

ASC maintains accounts for bond reserves, unexpended bond proceeds, and other funds required by the bond indenture. The amounts held in the Debt Reserve Fund reduce the lease receivable due from the University. The Interest expense on bonds payable for the year ended June 30, 2009 was \$1,491,323.

- (b) During fiscal year 2008-2009 the CSU Fullerton Auxiliary Services Corporation agreed to support the CSUF Housing Authority in financing the loans used to acquire the University Heights project (consisting of 42 paired units in 21 buildings on a 3 acre site approximately 3 miles west of the campus in Fullerton, California) and the Creekside project, an off campus housing development in La Habra, California (consisting of 20 refurbished condominiums). On November 19, 2008 ASC entered into an 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 (that will be 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 will obligate the Housing Authority to make payments upon the sales of the project assets or receipt of leasing revenue to cover ASC's loan commitment.

CSU FULLERTON AUXILIARY SERVICES CORPORATION

Notes to Financial Statements

June 30, 2009

(3) Bonds Payable/Capital Lease Receivable (continued)

Future minimum payments on bonds and loan are as follows:

Year ending June 30:	Principal	Interest
2010	\$ 685,000	1,512,649
2011	820,000	1,582,032
2012	935,000	1,544,167
2013	1,055,000	1,505,275
2014	1,115,000	1,464,616
Thereafter	35,401,000	13,617,552
	<u>\$ 40,011,000</u>	<u>21,226,291</u>

(4) Investments

ASC investments are generally in the Commonfund and publicly - traded marketable securities and include the following at June 30, 2009:

	Fair Market Value	Cost of Investment	Unrealized Gain (Loss)
Investments:			
Certificates of Deposit	\$ 100,000	100,000	—
Commonfund Equity fund	1,571,593	1,630,103	(58,510)
Wachovia Security – Equity	1,441,240	1,500,000	(58,760)
Charles Schwab – Equity	1,578,903	1,500,000	78,903
Fixed Income Security	188,150	200,000	(11,850)
Wachovia Security – Annuity	323,546	200,000	123,546
Charles Schwab – Stocks	68,439	66,989	1,450
Total	<u>\$ 5,271,871</u>	<u>5,197,092</u>	<u>74,779</u>

Annuity & Life Estate Investments:

Cash	\$ 2,653	116	2,537
Equity Securities	195,941	175,070	20,871
Money Market Funds	6,473	8,524	(2,051)
Mutual Funds	47,017	45,643	1,374
Debt Securities	38,372	175,312	(136,940)
Annual Fixed Allocation	95,139	135,045	(39,906)
Total	<u>\$ 385,595</u>	<u>539,710</u>	<u>(154,115)</u>

CSU FULLERTON AUXILIARY SERVICES CORPORATION

Notes to Financial Statements

June 30, 2009

(5) Line of Credit

ASC maintains a \$500,000 bank line of credit which is unused as of June 30, 2009. Interest is payable at a prime rate plus 1% (5% at June 30, 2009). The line of credit expires November 15, 2009.

(6) 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 an employee contributes 5% and ASC contributes 8% of an employee's annual salary to an account established for that employee. An option made available July 1997 allows the employee and employer to contribute an additional 2% and 4%, respectively. Both employee and ASC contributions are 100% vested when the contributions are made. The contributions accumulate earnings in an account on a tax-deferred basis, while the employee remains employed. On termination of employment each employee is entitled to the balance of his or her account. Employees can also choose to contribute additional funds into TIAA-C Supplemental retirement Annuity Certificates. Employee deferrals are limited to \$20,500 per employee per year in aggregate for 403 plan, and \$15,500 maximum deferral limit for 457(b) plan. It is the policy of ASC to fund benefit costs as they are incurred. Total benefit expense for the year ended June 30, 2009 was \$404,281.

(7) Postretirement Health Benefit Plan

In addition to ASC's employer defined contribution 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.

The following table summarizes ASC's accrued postretirement benefit cost recorded in accrued liabilities in the accompanying statement of financial position at June 30, 2009 and 2008:

	2009	2008
Change in benefit obligation		
Benefit obligation at beginning of year	3,016,413	2,931,395
Service cost	150,219	167,664
Interest cost	192,844	173,356
Amendments	N/A	N/A
Actuarial gain or loss	130,962	(181,898)
Acquisition	N/A	N/A
Benefits paid	<u>(68,155)</u>	<u>(74,104)</u>
Benefit obligation at end of year	<u>3,422,283</u>	<u>3,016,413</u>

CSU FULLERTON AUXILIARY SERVICES CORPORATION

Notes to Financial Statements

June 30, 2009

(7) Postretirement Health Benefit Plan (continued)

Fair value of plan assets at beginning of year	0	0
Actual return on plan assets	0	0
Acquisition	N/A	N/A
Employer contribution	0	0
Plan participants' contributions	0	0
Benefits paid	<u>0</u>	<u>0</u>
Fair value of plan assets at end of year	<u>0</u>	<u>0</u>

Funded Status	2009	2008
Benefit Obligation at June 30	3,422,283	3,016,413
Unrecognized net Transition Obligation	104,041	121,380
Unamortized prior service cost	0	0
Unrecognized net actuarial (gain)/loss	937,980	836,747
Accrued benefit cost	2,380,262	2,058,286
Measurement date	06/30/2009	06/30/2008
Funded status at end of year	<u>(3,422,283)</u>	<u>(3,016,413)</u>

Net Periodic Benefit Cost	2009	2008
Service Cost	150,219	167,664
Interest Cost	192,844	173,356
Expected return on plan assets	0	0
Amortization of Transition Obligation	17,339	17,339
Amortization of prior service cost	0	0
Amortization of net (gain) loss	<u>29,728</u>	<u>42,677</u>
Net periodic benefit cost	390,130	401,036

Assumptions

Weighted-average assumptions used to determine benefit obligations at June 30	2009	2008
Discount Rate	6.25%	6.50%
Expected long-term return on plan assets	N/A	N/A
Rate of compensation increase	N/A	N/A

CSU FULLERTON AUXILIARY SERVICES CORPORATION

Notes to Financial Statements

June 30, 2009

(7) Postretirement Health Benefit Plan (continued)

For measurement purposes the 2009 weighted average assumptions used to determine the Health care cost trend rate is 8%, decreasing gradually to 5.5% in 2013 and remain at that level thereafter. The health care cost trend rate assumption has a significant effect on the amounts reported.

ASC does not expect to contribute any funds to the plan during the next fiscal year. The following table contains annual projections for postretirement costs.

Projected Cost	
2010	\$ 278,469
2011	301,128
2012	325,631
2013	352,127
2014	380,780
Total	<u>1,638,137</u>
In aggregate for the next five years thereafter	<u>2,422,259</u>
	<u>\$ 4,060,395</u>

(8) Designated Net Assets

ASC designated unrestricted net assets for specific purposes. Following is a summary of the amounts designated through June 30, 2009:

	General	Designated	College Park Bldg	Auxiliary	Quasi- Endowments	Total
Working Capital	\$ —		2,357,724	2,325,059		4,682,783
Fixed Asset Reserve	3,077,788			2,926,817		6,004,605
College Park Bldg Reserve			2,231,000			2,231,000
Campus Activities		1,271,207				1,271,207
Contingencies	2,081,018					2,081,018
Grants/Contracts Resv for Disallow	371,902					371,902
Quasi-Endowments					299,230	299,230
	<u>\$ 5,530,708</u>	<u>1,271,207</u>	<u>4,588,724</u>	<u>5,251,876</u>	<u>299,230</u>	<u>16,941,745</u>

(9) Administrative Services Fee

ASC charges a fee to various University programs, recorded in the agency accounts category, for administrative services based on disbursements or the amount of cash invested. The amounts are included as administrative services fee revenue on the statement of activities. For the year ended June 30, 2009, the administrative fee charged to the agency accounts was \$376,898.

CSU FULLERTON AUXILIARY SERVICES CORPORATION

Notes to Financial Statements

June 30, 2009

(10) 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. The rental expense for the year ended June 30, 2009 was \$266,004.

(11) Commitments and Contingencies

- (a) On June 16, 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 new College of Business and Economics building. The loan funds were transferred to the University on November 15, 2007. From the time of Board approval to the time of loan funds transferred, ASC accumulated in excess of \$500,000 from available concessions commissions, net auction revenues, and Pepsi's Marketing and vending contracts. This amount was applied to the principle amount on the first scheduled payment. The loan is to be retired as quickly as possible but no later than December 31, 2021. 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 yearly. Interest on the loan shall be 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 \$287,931.
- (b) On April 1, 2008, the CSU Fullerton Auxiliary Services Corporation simultaneously 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, 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. As of June 30, 2009, the building was still under construction. Upon completion of the building, the obligations of ASC and the University under the terms of lease agreements will go into effect. The building is anticipated to be completed in 09/10 fiscal year.
- (c) During 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 the remaining housing units at the University Heights development. The line of credit maximum is \$1,250,000. Interest is calculated on the outstanding balance at .05% above Local Agency Investment Fund, adjusted semiannually on July 1 and January 2. As of June 30, 2009, the CSU Housing Authority has utilized \$406,210.

(12) Related party Transactions

ASC and the University provide a variety of services on each other's behalf. At June 30, 2009 receivables from other activities and due from the University are \$551,951. Accounts payables include \$663,491 due to the University on June 30, 2009. These are the results of

CSU FULLERTON AUXILIARY SERVICES CORPORATION

Notes to Financial Statements

June 30, 2009

(12) Related party Transactions (continued)

transactions in providing and receiving services. Amounts billed by ASC and included in revenues for the year ending June 30, 2009 total \$10,131,034. Amounts billed to ASC included in expenses for the Year ending June 30, 2009 totaled \$13,624,383. Amounts due to CSU Fullerton ASI at June 30, 2009 totaled \$43,291. Amounts billed to CSU Fullerton ASI and included in revenues for the year ending June 30, 2009 totaled \$12,617.

(13) Fair Value Measurement

Fair values of assets measured on a recurring basis at June 30, 2009 are as follows:

	Quoted Prices in Active Markets	Quoted Prices in Active Markets for Identical Assets	Observable Inputs	Unobservable Inputs
	Fair Value	(Level 1)	(Level 2)	(Level 3)
Investments	\$ 5,271,870	\$ 5,271,870	\$ -	\$ -
Annuity & Life Estate Investments	382,942	382,942	-	-
Due from affiliates	17,477,492	2,730,284	-	14,747,208
Capital lease receivable	\$ 22,948,333	\$ 22,948,333	\$ -	\$ -

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. Fair value for Due from affiliates is calculated by estimating the future cash flows from collateral income streams.

SUPPLEMENTARY INFORMATION

CSU FULLERTON AUXILIARY SERVICES CORPORATION

Schedule of Activity Information by Natural Classification

Year ended June 30, 2009

(With summarized financial information for the year ended June 30, 2008)

	Unrestricted				Quasi-	Total	Total	Total
	General	Designated	College Park	Auxiliary Enterprises	endowments	unrestricted	2009	2008
Payroll expense:								
Salaries and wages	\$ 2,130,690	—	179,178	3,980,547	—	6,290,415	6,290,415	5,783,616
Staff and benefits	548,431	—	11,606	878,531	—	1,438,568	1,438,568	1,325,987
Total payroll expenses	2,679,121	—	190,784	4,859,078	—	7,728,983	7,728,983	7,109,603
Operating expenses:								
Cost of sales	—	—	—	15,226,507	—	15,226,507	15,226,507	15,838,109
Administration and general transfers and service fees:								
Advertising	—	—	—	80,386	—	80,386	80,386	70,140
Public Relations	36,173	—	—	34,666	—	70,839	70,839	97,603
Communications	36,203	—	7,668	78,381	—	122,252	122,252	79,996
Printing	10,877	—	—	22,916	—	33,793	33,793	40,511
Computer costs	28,576	—	—	—	—	28,576	28,576	25,032
Custodial services and supplies	—	—	298,785	169,981	—	468,766	468,766	469,721
Commissions Expense	—	—	10,557	278,388	—	288,945	288,945	463,718
Depreciation and amortization	84,533	—	204,851	608,872	—	898,256	898,256	849,141
Discount charges	12,947	—	—	394,731	—	407,678	407,678	381,351
Insurance	21,030	—	98,436	66,953	—	186,419	186,419	198,535
Audit and Legal fees	83,604	—	73,246	—	—	156,850	156,850	191,337
Repairs and maintenance	167,691	—	139,197	236,403	—	543,291	543,291	630,606
Supplies and materials	19,825	—	1,645	439,869	—	461,339	461,339	421,331
Scholarships	—	—	—	38,837	—	38,837	38,837	64,550
Rental	213,496	—	—	52,508	—	266,004	266,004	252,199
Contracted services	13,596	—	206,007	332,714	—	552,317	552,317	524,133
Travel	40,423	—	—	12,524	—	52,947	52,947	65,455
Utilities	—	—	—	150,291	—	150,291	150,291	821,233
Administrative fee	—	—	584,373	46,000	—	734,664	734,664	338,508
Debt service	—	—	288,141	—	—	334,141	334,141	338,508
Grants & contracts	17,663,206	—	2,096,323	—	—	2,096,323	2,096,323	2,085,947
Univ. extended education programs	4,963,366	—	—	—	—	17,663,206	17,663,206	14,999,792
Franchise royalty	—	—	—	—	—	4,963,366	4,963,366	4,383,445
Research support	—	256,748	—	146,453	—	146,453	146,453	116,755
Community outreach	—	260,304	—	—	—	256,748	256,748	195,837
Property taxes	—	—	70,279	—	—	260,304	260,304	319,789
Other direct costs	106,561	—	26,674	167,486	—	70,279	70,279	59,204
Total operating expenses	23,502,107	517,052	4,106,182	18,584,866	—	46,710,207	46,710,207	44,696,666
Total expenses	\$ 26,181,228	517,052	4,296,966	23,443,944	—	54,439,190	54,439,190	51,806,269

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, 2009
(With summarized financial information for the year ended June 30, 2008)

	Bookstore	Food service	Vending	Total 2009	Total 2008
Sales	\$ 17,553,847	6,150,859	—	23,704,706	24,001,929
Cost of sales	13,269,242	1,957,265	—	15,226,507	15,838,109
Gross margin	4,284,605	4,193,594	—	8,478,199	8,163,820
Other revenue:					
Commissions	268,656	140,768	52,157	461,581	541,106
Contributions	—	—	—	—	5,426
Interest	—	—	—	—	7,747
Rental	492,063	4,820	—	496,883	434,718
Other	371,275	28,019	225,872	625,167	837,983
Total other revenues	1,131,994	173,607	278,029	1,583,631	1,826,980
Operating expenses:					
Salaries and wages	1,877,564	2,102,983	—	3,980,547	3,748,660
Staff and benefits	392,539	542,177	—	934,716	890,677
Administration and general transfers and service fees	6,000	40,000	—	46,000	42,004
Advertising	22,194	58,192	—	80,386	70,140
Communications	59,664	18,717	—	78,381	48,377
Commissions expense	49,249	48,049	181,090	278,388	423,281
Contracted services	126,109	206,604	—	332,713	375,750
Custodial services and supplies	78,385	91,596	—	169,981	176,464
Depreciation and amortization	423,599	185,273	—	608,872	612,841
Discount charges	293,974	100,757	—	394,731	375,210
Equipment	12,848	27,808	—	40,656	58,650
Franchise royalty	—	146,454	—	146,454	116,755
Insurance	23,604	43,349	—	66,953	71,140
Legal and accounting	—	—	—	—	1,320
Repairs and maintenance	108,265	125,812	2,326	236,403	232,378
Supplies	158,714	224,748	—	383,462	399,114
Scholarships	38,837	—	—	38,837	34,550
Rental	9,012	2,839	—	11,851	9,966
Travel	11,981	544	—	12,525	28,564
Utilities	73,285	77,006	—	150,291	213,051
Other direct costs	116,248	109,044	—	225,292	178,890
Total operating expenses	3,882,071	4,151,952	183,416	8,217,439	8,107,782
Excess revenues over expenses	\$ 1,534,528	215,249	94,613	1,844,391	1,883,018

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, 2009

Source of funding (direct):

Federal government	\$ 10,413,355
State of California and local governments	4,931,769
For-profit organizations	635,135
Foundations and other tax-exempt organizations	<u>1,682,947</u>
Total source of direct funding	<u>17,663,206</u>

Source of indirect cost reimbursement:

Federal government	935,117
State of California and local governments	421,690
For-profit organizations	104,435
Foundations and other tax-exempt organizations	<u>197,867</u>
Total source of indirect cost reimbursement	<u>1,659,109</u>

Total funding	<u><u>\$ 19,322,315</u></u>
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Direct expenditures:

Salaries and wages	\$ 7,506,803
Staff benefits	1,293,504
Operating expenditures	6,739,116
Equipment	862,663
Stipends	<u>1,261,120</u>
Total direct expenditures	<u>17,663,206</u>

Indirect expenditures:

Salaries and wages	591,533
Staff benefits	138,921
Operating expenditures	341,521
Equipment	287
Research and support	160,000
Other administration support	<u>426,847</u>
Total indirect expenditures	<u>1,659,109</u>
Total expenditures	<u><u>\$ 19,322,315</u></u>

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

CSU FULLERTON AUXILIARY SERVICES CORPORATION

Schedule of Net Assets

June 30, 2009

(for inclusion in the California State University)

Assets:

Current assets:	
Cash and cash equivalents	\$ 2,760,793
Short-term investments	14,437,737
Accounts receivable, net	2,532,608
Leases receivable, current portion	635,000
Notes receivable, current portion	163,436
Pledges receivable, net	—
Prepaid expenses and other assets	4,279,076
Total current assets	<u>24,808,650</u>
Noncurrent assets:	
Restricted cash and cash equivalents	4,439,118
Accounts receivable, net	17,929,094
Leases receivable, net of current portion	—
Notes receivable, net of current portion	—
Student loans receivable, net	—
Pledges receivable, net	—
Endowment investments	—
Other long-term investments	385,595
Capital assets, net	4,488,878
Other assets	22,313,332
Total noncurrent assets	<u>49,556,017</u>
Total assets	<u>74,364,667</u>

Liabilities:

Current liabilities:	
Accounts payable	2,180,723
Accrued salaries and benefits payable	249,442
Accrued compensated absences— current portion	—
Deferred revenue	2,957,040
Capitalized lease obligations – current portion	—
Long-term debt obligations – current portion	685,000
Self-insurance claims liability - current portion	—
Other liabilities	7,091,231
Total current liabilities	<u>13,163,436</u>
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	507,767
Deferred revenue	—
Grants refundable	—
Capitalized lease obligations, net of current portion	—
Long-term debt obligations, net of current portion	39,326,000
Self-insurance claims liabilities, net of current portion	—
Depository accounts	—
Other postemployment benefits obligation	3,422,283
Other liabilities	246,301
Total noncurrent liabilities	<u>43,502,351</u>
Total liabilities	<u>56,665,787</u>

Net assets:

Invested in capital assets, net of related debt	(35,522,122)
Restricted for:	
Nonexpendable – endowments	—
Expendable:	
Scholarships and fellowships	—
Research	—
Loans	—
Capital projects	—
Debt service	123,826
Other	—
Unrestricted	<u>53,097,176</u>
Total net assets	<u>\$ 17,698,880</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 Assets

Year Ended June 30, 2009

(for inclusion in the California State University)

Revenues:

Operating revenues:

Student tuition and fees (net of scholarship allowances of \$ _____)	\$ —
Grants and contracts, noncapital:	
Federal	11,348,472
State	1,839,738
Local	3,513,722
Nongovernmental	2,620,384
Sales and services of educational activities	—
Sales and services of auxiliary enterprises (net of scholarship allowances of \$ _____)	33,316,926
Other operating revenues	<u>1,970,640</u>
Total operating revenues	<u>54,609,882</u>

Expenses:

Operating expenses:

Instruction	5,480,418
Research	6,912,273
Public service	2,338,646
Academic support	2,258,051
Student services	3,816,663
Institutional support	3,996,683
Operation and maintenance of plant	—
Student grants and scholarships	—
Auxiliary enterprise expenses	28,725,812
Depreciation and amortization	<u>898,256</u>
Total operating expenses	<u>54,426,802</u>
Operating income (loss)	<u>183,080</u>

Nonoperating revenues (expenses):

State appropriations, noncapital	—
Federal financial aid grants, noncapital	—
State financial aid grants, noncapital	—
Local financial aid grants, noncapital	—
Nongovernmental and other financial aid grants, noncapital	—
Gifts, noncapital	—
Investment income (loss), net	(635,044)
Endowment income	—
Interest Expenses	—
Other nonoperating revenues (expenses)	<u>—</u>
Net nonoperating revenues (expenses)	<u>(635,044)</u>
Income (loss) before other additions	<u>(451,964)</u>

State appropriations, capital

Grants and gifts, capital

Additions (reductions) to permanent endowments

	<u>—</u>
Increase (decrease) in net assets	(451,964)

Net assets:

Net assets at beginning of year, as previously reported	18,150,844
Restatements	<u>—</u>
Net assets at beginning of year, as restated	<u>18,150,844</u>
Net assets at end of year	<u>\$ 17,698,880</u>

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

(for inclusion in the California State University)

Total restricted cash and cash equivalents

[illegible]

3.1 Composition of capital assets at June 30, 2009:

	Balance June 30, 2008	Prior period Adjustments	Reclassifications	Balance June 30, 2008 (restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2009
Nondepreciable capital assets:								
Buildings and building improvements	3,078	—	—	3,078	—	—	—	3,078
Works of art and historical treasures	137,264	—	—	137,264	19,485	(131,714)	—	25,035
Construction work in progress (CWIP)	140,342	—	—	140,342	19,485	(131,714)	—	28,113
Total nondepreciable capital assets								
Depreciable capital assets:								
Buildings and building improvements	582,870	—	—	582,870	—	—	—	582,870
Improvements, other than buildings	—	—	—	—	—	—	—	—
Infrastructure	8,645,790	—	—	8,645,790	868,604	—	—	9,514,394
Leasehold improvements	—	—	—	—	—	—	—	—
Personal property:								
Equipment	5,510,752	—	—	5,510,752	239,428	(51,960)	—	5,698,220
Library books and materials	—	—	—	—	—	—	—	—
Intangible assets								
Total depreciable capital assets								
Total capital assets	14,739,412	—	—	14,739,412	1,108,032	(51,960)	—	15,795,484
	14,879,754	—	—	14,879,754	1,127,517	(183,674)	—	15,823,597
Less accumulated depreciation:								
Buildings and building improvements	(542,428)	—	—	(542,428)	(24,071)	—	—	(566,499)
Improvements, other than buildings	—	—	—	—	—	—	—	—
Infrastructure	(3,203,892)	—	—	(3,203,892)	(368,918)	—	—	(3,572,810)
Leasehold improvements	—	—	—	—	—	—	—	—
Personal property:								
Equipment	(4,742,103)	—	—	(4,742,103)	(505,267)	51,960	—	(5,195,410)
Library books and materials	—	—	—	—	—	—	—	—
Intangible assets								
Total accumulated depreciation								
Total capital assets, net	(10,488,423)	—	—	(10,488,423)	(898,256)	51,960	—	(11,334,719)
	4,391,331	—	—	4,391,331	229,261	(131,714)	—	4,488,878

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

Depreciation and amortization expense related to capital assets	\$ 898,256
Amortization expense related to other assets	—
Total depreciation and amortization	\$ 898,256

4 Long-term liabilities activity schedule:

	Balance June 30, 2008	Prior period adjustments	Reclassifications	Balance June 30, 2008 (restated)	Additions	Reductions	Balance June 30, 2009	Current portion	Long-term portion
\$	538,523	—	—	538,523	—	(30,756)	507,767	—	507,767
Accrued compensated absences	—	—	—	—	—	—	—	—	—
Capitalized lease obligations:	—	—	—	—	—	—	—	—	—
Other liabilities	—	—	—	—	—	—	—	—	—
Unamortized premium / (discount) on capitalized lease obligations	—	—	—	—	—	—	—	—	—
Total capitalized lease obligations	—	—	—	—	—	—	—	—	—
Long-term debt obligations:	26,275,000	—	—	26,275,000	—	(605,000)	25,670,000	635,000	25,035,000
Revenue Bonds	—	—	—	—	—	—	—	—	—
Other bonds (non-Revenue Bonds)	—	—	—	—	—	—	—	—	—
Commercial Paper	—	—	—	—	—	—	—	—	—
Other:	—	—	—	—	15,715,000	(1,374,000)	14,341,000	50,000	14,291,000
Bond anticipation notes	—	—	—	—	—	—	—	—	—
Description	—	—	—	—	—	—	—	—	—
Description	—	—	—	—	—	—	—	—	—
Description	—	—	—	—	—	—	—	—	—
Description	—	—	—	—	—	—	—	—	—
Description	—	—	—	—	—	—	—	—	—
Description	—	—	—	—	—	—	—	—	—
Total long-term debt obligations	26,275,000	—	—	26,275,000	15,715,000	(1,979,000)	40,011,000	685,000	39,326,000
Unamortized bond premium / (discount)	—	—	—	—	—	—	—	—	—
Unamortized loss on refunding	—	—	—	—	—	—	—	—	—
Total long-term debt obligations, net	26,275,000	—	—	26,275,000	15,715,000	(1,979,000)	40,011,000	685,000	39,326,000
Total long-term liabilities	26,813,523	—	—	26,813,523	15,715,000	(2,009,756)	40,518,767	685,000	39,833,767

5 Future minimum lease payments - capital lease obligations:

Year ending June 30:	Principal	Interest	Principal and Interest
2010	—	—	—
2011	—	—	—
2012	—	—	—
2013	—	—	—
2014	—	—	—
2015 - 2019	—	—	—
2020 - 2024	—	—	—
2025 - 2029	—	—	—
2030 - 2034	—	—	—
2035 - 2039	—	—	—
2040 - 2044	—	—	—
2045 - 2049	—	—	—
2050 - 2054	—	—	—
2055 - 2059	—	—	—
Total minimum lease payments	—	—	—
Less amounts representing interest	—	—	—
Present value of future minimum lease payments	—	—	—
Less: current portion	—	—	—
Capitalized lease obligation, net of current portion	—	—	\$ —

6 Long-term debt obligation schedule

Year ending June 30:	Revenue Bonds		All other long-term debt obligations			
	Principal	Interest	Principal and Interest		Principal and Interest	
			Principal	Interest	Principal	Interest
2010	635,000	1,459,773	50,000	52,692	685,000	1,512,465
2011	665,000	1,425,122	135,000	156,910	820,000	1,582,033
2012	705,000	1,389,810	210,000	134,337	935,000	1,544,167
2013	740,000	1,354,415	210,000	13,086	1,055,000	1,369,301
2014	775,000	1,317,530	340,000	14,016	1,115,000	1,464,616
2015 - 2019	4,490,000	5,933,603	13,251,000	547,109	17,741,000	24,221,714
2020 - 2024	5,895,000	4,818,823	—	—	5,895,000	6,480,714
2025 - 2029	7,900,000	2,417,819	—	—	7,900,000	8,481,823
2030 - 2034	3,865,000	237,196	—	—	3,865,000	4,102,196
2035 - 2044	—	—	—	—	—	—
2045 - 2049	—	—	—	—	—	—
2050 - 2054	—	—	—	—	—	—
2055 - 2059	—	—	—	—	—	—
Total	25,670,000	20,017,094	14,341,000	1,073,240	40,011,000	21,090,334

7 Calculation of net assets

	Auxiliary Organizations		Total
	GASB	FASB	Auxiliaries
7.1 Calculation of net assets - Invested in capital assets, net of related debt			
Capital assets, net of accumulated depreciation	—	4,488,878	4,488,878
Capitalized lease obligations - current portion	—	—	—
Capitalized lease obligations - non-current portion	—	—	—
Long-term debt obligations - current portion	—	(685,000)	(685,000)
Long-term debt obligations - non-current portion	—	(39,526,000)	(39,526,000)
Portion of outstanding debt that is unspent at year-end	—	—	—
Other:			
Bond anticipation notes	—	—	—
(description)	—	—	—
(description)	—	—	—
(description)	—	—	—
(description)	—	—	—
Net assets - invested in capital assets, net of related debt	—	(35,522,122)	(35,522,122)
7.2 Calculation of net assets - Restricted for nonexpendable - endowments			
Portion of restricted cash and cash equivalents related to endowments	—	—	—
Endowment investments	—	—	—
Other adjustments: (please list)	—	—	—
Net assets - Restricted for nonexpendable - endowments per SNA	—	—	—

8 Transactions with Related Entities

Reimbursements to University for salaries of University personnel working on contracts, grants, and other programs
 Reimbursements to University for other than salaries of University personnel
 Payments received from University for services, space, and programs
 Gifts (cash) from Auxiliary Organizations
 Gifts (cash) from University
 Accounts receivable from recognized Auxiliary Organizations
 Other amounts (payable to) University (enter as negative number)
 Accounts receivable from University (enter as negative number)
 Other amounts receivable from University

Amount
\$ 4,426,720
1,298,434
4,455,181
—
327,471
(663,491)
—
551,951
—

9 Other Postemployment Benefits Obligation (OPEB)

Annual required contribution (ARC)	\$ 411,819
Contributions during the year	68,155
Increase (decrease) in net OPEB obligation (NOO)	479,974
NOO - beginning of year	2,912,309
NOO - end of year	\$ 3,422,283

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

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

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

Net Asset Class	Amount Dr. (Cr.)
Net assets as of June 30, 2008, as previously reported	\$ 18,150,844
Prior period adjustments:	
1 (first description of each adjustment)	—
2 (first description of each adjustment)	—
3 (first description of each adjustment)	—
4 (first description of each adjustment)	—
5 (first description of each adjustment)	—
6 (first description of each adjustment)	—
7 (first description of each adjustment)	—
8 (first description of each adjustment)	—
9 (first description of each adjustment)	—
10 (first description of each adjustment)	—
Net assets as of June 30, 2008, as restated	\$ 18,150,844

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

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