

CSU FULLERTON
AUXILIARY SERVICES CORPORATION

Financial Statements and Supplementary Information

June 30, 2012

(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, 2012, 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, 2011 financial statements and, in our report dated September 7, 2011 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, 2012, 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 August 31, 2012, 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 21-35 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 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 basic 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 additional procedures in accordance with auditing standards or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

A handwritten signature in cursive script, reading "Guzman & Gray".

Guzman & Gray CPAs
Long Beach, California
August 31, 2012

CSU FULLERTON AUXILIARY SERVICES CORPORATION

Statement of Financial Position

June 30, 2012

(With comparative financial information for the year ended June 30, 2011)

Assets	Total 2012	Total 2011
Current assets:		
Cash and cash equivalents	\$ 13,431,679	17,620,149
Investments	7,763,949	7,714,918
Accounts receivable:		
Sponsored programs	2,055,997	1,984,477
Other receivables	1,217,498	814,136
Less allowance for doubtful accounts	(620,139)	(561,771)
Total accounts receivable, net	2,653,356	2,236,842
Inventories	4,082,767	4,157,208
Capital lease receivable, current portion	815,000	795,000
Due from affiliates, current portion	1,274,319	449,141
Other current assets	369,090	112,870
Total current assets	30,390,160	33,086,128
Property, plant, and equipment:		
Land	3,078	3,078
Building and improvements	582,870	582,870
Equipment, furniture, and fixtures	5,103,362	6,735,570
Work in progress	342,192	103,458
Leasehold improvements	11,581,549	9,822,503
	17,613,051	17,247,479
Less accumulated depreciation and amortization	(13,532,844)	(13,022,838)
Total property, plant, and equipment, net	4,080,207	4,224,641
Other assets:		
Due from affiliates, net of current	19,424,268	17,203,741
Capital lease receivable, net of current	26,250,000	27,065,000
Annuity and life estate investments	472,309	472,958
Total other assets	46,146,577	44,741,699
Total assets	\$ 80,616,944	82,052,468

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

CSU FULLERTON AUXILIARY SERVICES CORPORATION**Statement of Financial Position****June 30, 2012**

(With comparative financial information for the year ended June 30, 2011)

Liabilities and Net Assets	Total 2012	Total 2011
Current liabilities:		
Accounts payable	\$ 3,587,197	4,305,839
Accrued liabilities	2,459,196	2,505,607
Accrued interest payable	192,500	195,950
Receipts in excess of expenditures on sponsored programs	2,961,879	4,163,665
Deposits held in custody for others	1,409,020	114,290
Current portion of notes payable	1,207,157	1,102,157
Current portion Post retirement benefit	87,868	100,501
Current portion of annuity and unitrust	41,481	25,790
Total current liabilities	11,946,298	12,513,799
Noncurrent liabilities:		
Noncurrent portion of notes payable	41,172,825	42,381,982
Noncurrent portion Post retirement benefit	7,926,061	4,730,305
Noncurrent portion of unitrust liabilities	298,708	309,030
Total noncurrent liabilities	49,397,594	47,421,317
Total liabilities	61,343,892	59,935,116
Net assets:		
Unrestricted net assets	19,140,932	21,979,214
Temporarily restricted – annuity and life estate investments	132,120	138,138
Total net assets	19,273,052	22,117,352
Total liabilities and net assets	\$ 80,616,944	82,052,468

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

	Unrestricted	Temporarily Restricted	Total
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>-</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 Investment	(183,328)	8,491	(174,837)
Charitable remainder trust investment income			-
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>	<u>-</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>-</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 remainder 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>-</u>	<u>12,757,789</u>
Designated expense	629,934		629,934
Total expenses	<u>65,261,164</u>	<u>-</u>	<u>65,261,164</u>
Increase (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>-</u>	<u>(487,937)</u>
Change in net assets	(2,838,282)	(6,018)	(2,844,300)
Net assets at beginning of year	21,979,214	138,138	22,117,352
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 Activities and Changes in Net Assets

Year ended June 30, 2011

	Unrestricted	Temporarily Restricted	Total
Revenues, gains, and other support:			
Enterprise Activities:			
Sales	\$ 22,071,318	\$	\$ 22,071,318
Commissions, Fees, Other	1,573,900		1,573,900
Total Enterprise Activities	<u>23,645,218</u>		<u>23,645,218</u>
Programs Activities:			
Grants and Contracts	20,132,343		20,132,343
University support programs	2,540,908		2,540,908
University Extended Education programs	6,833,871		6,833,871
Total Programs Revenue	<u>29,507,122</u>	<u>-</u>	<u>29,507,122</u>
General activities:			
Rental property	5,769,663		5,769,663
Investment Income	112,313		112,313
Net unrealized and realized gains on Investment	1,535,528		1,535,528
Charitable remainder trust investment income		63,033	63,033
Administrative Fees and Other Revenue	3,283,261		3,283,261
Total General Fund Activities	<u>10,700,765</u>	<u>63,033</u>	<u>10,763,798</u>
Total revenues and support	63,853,105	63,033	63,916,138
Net assets released from restrictions	<u>58,397</u>	<u>(58,397)</u>	<u>-</u>
Total support and revenue and net assets released from restrictions	<u>63,911,502</u>	<u>4,636</u>	<u>63,916,138</u>
Expenses and other changes			
Enterprise Activities:			
Bookstores	16,691,745		16,691,745
Dining services	5,714,901		5,714,901
Total Enterprise Activities	<u>22,406,646</u>	<u>-</u>	<u>22,406,646</u>
Programs Activities:			
Grants and Contracts	20,132,343		20,132,343
University support programs	2,830,059		2,830,059
University Extended Education programs	6,506,132		6,506,132
Charitable remainder trust expenses	58,397		58,397
Total programs expenses	<u>29,526,931</u>		<u>29,526,931</u>
General expenses:			
Rental Property Expense	4,718,573		4,718,573
Administrative	4,500,660		4,500,660
Total General expense	<u>9,219,233</u>	<u>-</u>	<u>9,219,233</u>
Designated expense	586,822		586,822
Total expenses	<u>61,739,632</u>	<u>-</u>	<u>61,739,632</u>
Increase (Decrease) in net assets from operating activities	2,171,870	4,636	2,176,506
Non-operating activities:			
Other income recognizing university support programs			-
Pension-related changes other than net periodic pension cost	(58,300)	-	(58,300)
Loss on defeasement of 2000A and 2000B bonds			-
Total Nonoperating activities:	<u>(58,300)</u>	<u>-</u>	<u>(58,300)</u>
Change in net assets	2,113,570	4,636	2,118,206
Net assets at beginning of year	19,865,644	133,502	19,999,146
Net assets at end of year	\$ <u>21,979,214</u>	\$ <u>138,138</u>	\$ <u>22,117,352</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, 2012

(With comparative financial information for the year ended June 30, 2011)

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Change in net assets	\$ (2,844,300)	2,118,206
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:		
Depreciation and amortization	830,267	875,321
Realized and unrealized (gain) loss on investments	174,837	(1,598,561)
(Gain) loss on the sale of equipment	(141,328)	36,798
Decrease (increase) in value of annuity and life estate investments	649	(35,219)
Changes in assets and liabilities:		
Decrease (increase) in accounts receivable	(416,514)	480,491
Decrease (increase) in inventories	74,441	(1,045,336)
Decrease (increase) in other current assets	(276,220)	(333,772)
Decrease (increase) in restricted cash	—	—
Increase (decrease) in accounts payable	(722,092)	2,112,507
Increase (decrease) in post retirement benefit	3,183,123	191,747
Increase (decrease) in accrued liabilities	(46,411)	514,694
Increase (decrease) in receipts in excess of expenditures on specific sponsored programs	(1,201,786)	767,704
Increase (decrease) in deposits held in custody for others	1,294,730	(69,536)
Net cash and cash equivalents provided by operating activities	<u>(90,604)</u>	<u>4,015,044</u>
Cash and cash equivalents from investing activities:		
Purchase of fixed assets	(685,833)	(591,467)
Proceeds from sale of fixed assets	141,328	(36,798)
Purchase /Sales of investments net of (gain)/ loss	<u>(223,868)</u>	<u>(12,996)</u>
Net cash and cash equivalents used in investing activities	<u>(768,373)</u>	<u>(641,261)</u>
Cash and cash equivalents from financing activities:		
Payments on notes and capital lease obligations	(1,104,157)	(618,157)
Decrease (increase) in due from affiliates	(3,045,705)	97,753
Decrease (increase) in capital lease receivable	815,000	795,000
Increase (decrease) in annuity and unitrust payable	<u>5,369</u>	<u>30,583</u>
Net cash and cash equivalents used in financing activities	<u>(3,329,493)</u>	<u>305,179</u>
Net increase in cash and cash equivalents	(4,188,470)	3,678,962
Cash and cash equivalents at beginning of year	<u>17,620,149</u>	<u>13,941,187</u>
Cash and cash equivalents at end of year	\$ <u><u>13,431,679</u></u>	<u><u>17,620,149</u></u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	\$ <u><u>1,337,629</u></u>	<u><u>1,447,884</u></u>
Cash paid during the year for income taxes	<u><u>None</u></u>	<u><u>None</u></u>

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

CSU FULLERTON AUXILIARY SERVICES CORPORATION

Notes to Financial Statements

June 30, 2012

(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.

Buildings Fund

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

CSU FULLERTON AUXILIARY SERVICES CORPORATION

Notes to Financial Statements

June 30, 2012

(2) Summary of Significant Accounting Policies (continued)

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. For fiscal year 2012, a net loss totaling (\$801,447) is included in the statement of activities under the general funds activities.

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. For fiscal year 2012, net income totaling \$464,956 is included in the statement of activities under the general funds activities.

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

CSU FULLERTON AUXILIARY SERVICES CORPORATION

Notes to Financial Statements

June 30, 2012

(2) Summary of Significant Accounting Policies (continued)

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, 2012.

(c) Grants and Contracts

ASC serves as administrator for the University on various grants and contracts awarded by both governmental and private institutions. Contractual and earned receivables from grants and contracts activities totaled \$2,055,997 for June 30, 2012 and are shown in the accompanying statement of financial position as sponsored programs receivables. Amounts received by ASC in excess of expenditures, totaling \$2,961,879, for June 30, 2012 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.

(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.

CSU FULLERTON AUXILIARY SERVICES CORPORATION

Notes to Financial Statements

June 30, 2012

(2) Summary of Significant Accounting Policies (continued)

(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, 2012 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, 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.

(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.

(h) *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.

(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. Depreciation and amortization for the year ended June 30, 2012 was \$830,267.

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, 2012

(2) Summary of Significant Accounting Policies (continued)

(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.

(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, 2011. Certain reclassifications have been made to assist in comparability.

(m) *Functional Expense*

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

Program	\$ 58,099,861
Administrative	<u>7,161,303</u>
Total Expenses	<u>\$ 65,261,164</u>

(n) *Subsequent Events Accounting Pronouncement*

The Organization has evaluated events and transactions for potential recognition or disclosure through August 31, 2012 which represents the date the financial statements were available to be issued.

CSU FULLERTON AUXILIARY SERVICES CORPORATION

Notes to Financial Statements

June 30, 2012

(3) 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. On March 1, 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 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 loan. Accordingly, ASC has recorded a capital lease receivable of \$21,070,000 (current portion: \$705,000; long term: \$20,365,000) representing the \$21,070,000 notes payable liability, less \$705,000 current portion. Title to the Office Building will be transferred to the University upon the retirement or defeasance of all the outstanding bonds. The Interest expense on the SRB 2010A loan for the year ended June 30, 2012 was \$1,317,750.
- (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.
- (c) 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 (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

CSU FULLERTON AUXILIARY SERVICES CORPORATION

Notes to Financial Statements

June 30, 2012

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

of \$6,305,000. The bond bears interest at a varying rate averaging 4.25%. The principal balance of the loan is to be paid in full by 2038.

Future minimum payments on the notes payable and loans are as follows:

Year Ending June 30:	Principal	Interest
2013	\$ 1,207,157	1,343,733
2014	1,262,157	1,311,468
2015	1,322,156	1,272,326
2016	1,377,157	1,229,870
2017	1,447,157	1,184,527
2018-2022	16,896,785	4,993,015
2023-2027	7,205,785	3,392,787
2028-2032	9,006,628	1,396,374
2033-2037	1,530,000	402,000
2038-2039	1,125,000	39,000
	<u>\$ 42,379,982</u>	<u>16,565,100</u>

(4) Investments

ASC investments are generally equity securities and publicly traded debt and are recorded at fair market value. Investments include the following at June 30, 2012:

	2012	2011
Investments:		
Equity securities	\$ 5,351,944	4,348,536
Common Fund Equity	—	2,260,305
Annuities	—	370,428
Corporate Debt Securities	106,734	255,626
Other short term-investments	2,305,271	480,023
Total	<u>\$ 7,763,949</u>	<u>7,714,918</u>
Annuity & Life Estate Investments:		
Cash	\$ 4,264	2,061
Equity Securities	258,804	255,340
Money Market Funds	2,824	11,084
Mutual Funds	60,665	58,547
Debt Securities	41,611	38,436
Annual Fixed Allocation	104,141	107,490
Total	<u>\$ 472,309</u>	<u>472,958</u>

CSU FULLERTON AUXILIARY SERVICES CORPORATION

Notes to Financial Statements

June 30, 2012

(4) Investments (continued)

Investment return for the year ending June 30, 2012:

Realized gains and losses	\$	33,728
Unrealized gains and losses		<u>(208,565)</u>
Total	\$	<u>(174,837)</u>
Interest and dividend income	\$	<u>149,349</u>

(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 (2) year "cliff" vesting period. Employee 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 (2) years of employment. The contributions accumulate earnings in an account on a tax-deferred basis, while the employee remains employed.

Employees can also 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 \$17,000 with an additional \$5,500 for age 50 or more per employee per year in aggregate for the 403(b) plan, and \$17,000 maximum deferral limit for the 457(b) plan. On termination of employment each employee 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. Total benefit expense for the year ended June 30, 2012 was \$522,739.52

(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.

CSU FULLERTON AUXILIARY SERVICES CORPORATION

Notes to Financial Statements

June 30, 2012

(6) Postretirement Health Benefit Plan (continued)

On December 8, 2011, the ASC board of directors approved the participation in the Auxiliary Multiple Employer VEBA, a consortium of CSU Auxiliary organizations organized to provide retiree health care benefits through a Voluntary Employees Benefit Association (VEBA) recognized under IRC 501(c)(9). In June 2012, the ASC board of directors also approved initial contribution of \$500,000 to the VEBA Trust. 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, 2012 the VEBA trust held assets at fair market value of \$507,581.

The following table summarizes ASC's accrued postretirement benefit cost recorded in accrued liabilities in the accompanying statement of financial position at June 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Change in benefit obligation		
Benefit obligation at beginning of year	4,830,806	4,639,059
Service cost	537,303	275,062
Interest cost	297,740	251,999
Amendments	N/A	N/A
Actuarial loss	2,943,529	(234,813)
Acquisition	N/A	N/A
Benefits paid	<u>(87,868)</u>	<u>(100,501)</u>
Benefit obligation at end of year	<u>8,521,510</u>	<u>4,830,806</u>
Change in plan assets		
Fair value of plan assets at beginning of year	0	0
Actual return on plan assets	7,581	0
Acquisition	N/A	N/A
Employer contribution	500,000	0
Plan participants' contributions	0	0
Benefits paid	<u>0</u>	<u>0</u>
Fair value of plan assets at end of year	<u>507,581</u>	<u>0</u>
	<u>2012</u>	<u>2011</u>
Funded Status		
Funded status <i>at end of year</i>	8,013,929	4,830,806
Benefit Obligation at June 30	8,521,510	4,830,806
Unrecognized net Transition Obligation	52,024	69,363
Unamortized prior service cost	0	0
Unrecognized net actuarial (gain)/loss	4,385,046	1,514,955
Accrued benefit cost	3,576,859	3,246,488

CSU FULLERTON AUXILIARY SERVICES CORPORATION

Notes to Financial Statements

June 30, 2012

(6) Postretirement Health Benefit Plan (continued)

Measurement date	06/30/2012	06/30/2011
Funded status <i>at end of year</i>	<u>(8,013,929)</u>	<u>(4,830,806)</u>
Net Periodic Benefit Cost		
Service Cost	537,303	275,062
Interest Cost	297,740	251,999
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>65,857</u>	<u>75,639</u>
Net periodic benefit cost	918,240	620,039

Assumptions

Weighted-average assumptions used to determine benefit obligations at June 30	2012	2011
Discount Rate	4.25%	5.75%
Expected long-term return on plan assets	7.00%	N/A
Rate of compensation increase	N/A	N/A
Health care cost trend rate assumed for next year	7.00%	7.30%
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	6 yrs	7 yrs

For measurement purposes the 2012 weighted average assumptions used to determine the Health care cost trend rate is 7%, decreasing gradually to 4.25% in 2018 and remain at that level thereafter. The health care cost trend rate assumption has a significant effect on the amounts reported. The following table contains annual projections for postretirement costs.

Projected Cost	
2013	\$ 118,935
2014	133,596
2015	132,149
2016	142,228
2017	<u>156,759</u>
Total	683,667
In aggregate for the next five years thereafter	<u>881,481</u>
	<u>\$ 1,565,085</u>

CSU FULLERTON AUXILIARY SERVICES CORPORATION

Notes to Financial Statements

June 30, 2012

(6) Postretirement Health Benefit Plan (continued)

The following tables summarize as of June 30, 2012 investments held in the VEBA trust, measured at fair Market value

	<u>2012</u>	<u>2011</u>
Investments:		
Equity securities	\$ 215,134	—
Fixed Income	291,540	—
Other	821	—
Total	<u>\$ 507,495</u>	<u>—</u>

(7) 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, 2012:

	<u>2012</u>
Working Capital	\$ 2,177,000
Capital Replacement	3,623,000
Current Operations	200,000
Natural Disaster	<u>200,000</u>
Total	<u>\$ 6,200,000</u>

In addition, as shown on the Statement of Changes in Net Assets, \$1,630,495 was designated at June 30, 2012 for Cal State University Fullerton.

(8) 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, 2012 was \$1,427,349.

CSU FULLERTON AUXILIARY SERVICES CORPORATION

Notes to Financial Statements

June 30, 2012

(8) Operating Lease Commitments (continued)

Future minimum payments under operating lease agreements are as follows:

Year ending June 30:

2013	\$	1,487,785
2014		1,507,076
2015		1,520,570
2016		1,539,262
2017		1,558,259
Total	\$	<u>7,612,952</u>

As described more fully in Note 3a, ASC receives rental income for a building on the Fullerton campus. It also receives lease income from a building on its Irvine campus. Future amounts to be received from these sources are:

Year ending June 30:

2013	\$	5,821,698
2014		5,860,065
2015		5,948,590
2016		6,039,199
2017		6,131,958
Thereafter		<u>70,565,994</u>
Total	\$	<u>100,367,503</u>

(9) 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 College of Business and Economics building. The loan funds were transferred to the University on November 15, 2007. 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 \$188,556.

(b) 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

CSU FULLERTON AUXILIARY SERVICES CORPORATION

Notes to Financial Statements

June 30, 2012

(9) Commitments and Contingencies (continued)

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, 2012, the CSU Housing Authority has utilized \$1,249,991.

- (c) During fiscal year 2010-2011, ASC entered in to a line of credit agreement with CalStateUniversity Fullerton to support the University in the purchase and installation of photovoltaic 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 should not exceed six (6) years from the date of completion of the project. As of June 30, 2012, the CSU Fullerton outstanding line of credit was \$3,468,032.

(10) Related party Transactions

ASC and the University provide a variety of services on each other's behalf. At June 30, 2012, receivables due from the University are \$877,169. Accounts payable include \$2,493,591 due to the University on June 30, 2012. These are the results of transactions in providing and receiving services. Amounts billed by ASC and included in revenues for the year ended June 30, 2012 total \$8,914,031. Amounts billed to ASC included in expenses for the year ended June 30, 2012 totaled \$9,629,511. Amounts due to CSU Fullerton ASI at June 30, 2012 totaled \$2,626. Amounts billed to CSU Fullerton ASI and included in receivables at June 30, 2012 totaled \$31,080.

(11) Fair Value Measurement

Fair values of assets measured on a recurring basis at June 30, 2012 are as follows:

	Fair Value	Quoted Prices in Active Markets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Investments	\$ 7,763,949	7,763,949		
Annuity & Life Estate	472,309	472,309		
Investments due from affiliates	20,698,587		20,698,587	
Capital lease receivable	27,065,000		27,065,000	

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.

SUPPLEMENTARY INFORMATION

CSU FULLERTON AUXILIARY SERVICES CORPORATION

Statement of Financial Position By Fund

June 30, 2012

(With summarized financial information for the year ended June 30, 2011)

Assets	General	Designated	Buildings Fund	Enterprises Activities	Univ. Support Programs	Quasi- endowments	Total Unrestricted	Temporary Restricted	Total 2012	Total 2011
Current assets:										
Cash and cash equivalents	\$ 3,370,499	1,616,564	3,506,494	(3,078,329)	8,016,451	—	13,431,679	—	13,431,679	17,620,149
Investments	7,763,949	—	—	—	—	—	7,763,949	—	7,763,949	7,714,918
Accounts receivable:										
Sponsored programs	2,055,997	—	—	—	—	—	2,055,997	—	2,055,997	1,984,477
Other receivables	30,785	13,931	165,029	573,661	434,092	—	1,217,498	—	1,217,498	814,136
Less allowance for doubtful accounts	(552,704)	—	—	(67,435)	—	—	(620,139)	—	(620,139)	(561,771)
Total accounts receivable, net	1,534,078	13,931	165,029	506,226	434,092	—	2,653,356	—	2,653,356	2,236,842
Inventories	—	—	—	4,082,767	—	—	4,082,767	—	4,082,767	4,157,208
Capital lease receivable, current portion	—	—	815,000	—	—	—	815,000	—	815,000	795,000
Due from affiliates, current portion	1,274,319	—	—	—	—	—	1,274,319	—	1,274,319	449,141
Other current assets	131,419	—	215,135	22,536	—	—	369,090	—	369,090	112,870
Total current assets	14,074,264	1,630,495	4,701,658	1,533,200	8,450,543	—	30,390,160	—	30,390,160	33,086,128
Property, plant, and equipment:										
Land	—	—	—	—	3,078	—	3,078	—	3,078	3,078
Building and improvements	—	—	—	533,842	49,028	—	582,870	—	582,870	582,870
Equipment, furniture, and fixtures	253,170	—	161,328	4,660,907	27,957	—	5,103,362	—	5,103,362	6,735,570
Work in progress	23,321	—	—	318,871	—	—	342,192	—	342,192	103,458
Leasehold improvements	1,728,605	—	4,130,913	5,694,033	27,998	—	11,581,549	—	11,581,549	9,822,503
Total	2,005,096	—	4,292,241	11,207,653	108,061	—	17,613,051	—	17,613,051	17,247,479
Less accumulated depreciation and amortization	(1,892,954)	—	(1,802,031)	(9,732,875)	(104,984)	—	(13,532,844)	—	(13,532,844)	(13,022,838)
Total property, plant, and equipment, net	112,142	—	2,490,210	1,474,778	3,077	—	4,080,207	—	4,080,207	4,224,641
Other assets:										
Due from affiliates, net of current	19,424,268	—	—	—	—	—	19,424,268	—	19,424,268	17,203,741
Capital lease receivable, net of current	—	—	26,250,000	—	—	—	26,250,000	—	26,250,000	27,065,000
Annuity and life estate investments	—	—	—	—	—	—	—	472,309	472,309	472,958
Total other assets	19,424,268	—	26,250,000	—	—	—	45,674,268	472,309	46,146,577	44,741,699
Total assets	\$ 33,610,674	1,630,495	33,441,868	3,007,978	8,453,620	—	80,144,635	472,309	80,616,944	82,052,468

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

CSU FULLERTON AUXILIARY SERVICES CORPORATION

Statement of Financial Position By Fund

June 30, 2012

(With summarized financial information for the year ended June 30, 2011)

Liabilities and Net Assets	General	Designated	Buildings Fund	Enterprises Activities	Univ. Support Programs	Quasi- endowments	Total Unrestricted	Temporary Restricted	Total 2012	Total 2011
Current liabilities:										
Accounts payable	\$ 1,533,608	—	157,805	1,895,784	—	—	3,587,197	—	3,587,197	4,305,839
Accrued liabilities	139,277	—	72,522	944,928	1,302,469	—	2,459,196	—	2,459,196	2,505,607
Accrued interest payable	23,850	—	168,650	—	—	—	192,500	—	192,500	195,950
Receipts in excess of expenditures on sponsored programs	2,961,879	—	—	—	—	—	2,961,879	—	2,961,879	4,163,665
Deposits held in custody for others	—	—	—	—	1,409,020	—	1,409,020	—	1,409,020	114,290
Current portion of notes payable	315,000	—	892,157	—	—	—	1,207,157	—	1,207,157	1,102,157
Current portion Post retirement benefit	87,868	—	—	—	—	—	87,868	—	87,868	100,501
Current portion of annuity and unitrust	—	—	—	—	—	—	—	41,481	41,481	25,790
Total current liabilities	5,061,482	—	1,291,134	2,840,712	2,711,489	—	11,904,817	41,481	11,946,298	12,513,799
Noncurrent liabilities:										
Noncurrent portion of notes payable	13,586,000	—	27,586,825	—	—	—	41,172,825	—	41,172,825	42,381,982
Noncurrent portion Post retirement benefit	7,926,061	—	—	—	—	—	7,926,061	—	7,926,061	4,730,305
Noncurrent portion of unitrust liabilities	—	—	—	—	—	—	—	298,708	298,708	309,030
Total noncurrent liabilities	21,512,061	—	27,586,825	—	—	—	49,098,886	298,708	49,397,594	47,421,317
Total liabilities	26,573,543	—	28,877,959	2,840,712	2,711,489	—	61,003,703	340,189	61,343,892	59,935,116
Net assets:										
Unrestricted net assets	7,037,131	1,630,495	4,563,909	167,266	5,742,131	—	19,140,932	—	19,140,932	21,979,214
Temporarily restricted – annuity and life estate investments	—	—	—	—	—	—	—	132,120	132,120	138,138
Total net assets	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
Total liabilities and net assets	\$ 33,610,674	1,630,495	33,441,868	3,007,978	8,453,620	—	80,144,635	472,309	80,616,944	82,052,468

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, 2012
(With summarized financial information for the year ended June 30, 2011)

	General	Designated	Buildings Fund	Enterprises Activities	University Support Programs	University Extended Education	Total Unrestricted	Temporary Restricted	Total 2012	Total 2011
Operating:										
Revenues, gains, and other support:										
Sales	\$ —	—	—	19,521,392	97,196	414	19,619,002	—	19,619,002	22,130,431
Program income	—	—	—	—	2,013,061	8,000,190	10,013,251	—	10,013,251	9,087,290
Administrative services	905,486	—	48,000	—	—	—	953,486	—	953,486	834,670
Indirect cost recovery	1,476,487	262,994	—	—	—	—	1,739,481	—	1,739,481	1,848,187
Grants and contracts	21,203,482	—	—	—	—	—	21,203,482	—	21,203,482	20,132,343
Quasi Endowment Interest income	—	—	—	—	—	—	—	—	—	35
Commission income	10,507	—	—	496,111	—	—	506,618	—	506,618	445,884
Investment Interest and dividend income	128,485	—	—	—	—	—	128,485	20,864	149,349	300,028
Rental income	—	—	6,336,960	726,052	—	—	7,063,012	—	7,063,012	5,767,795
Realized gain (loss) on investments	33,728	—	—	—	—	—	33,728	—	33,728	455,213
Unrealized gain (loss) on investments	(217,056)	—	—	—	—	—	(217,056)	8,491	(208,565)	1,143,348
Other income	755,712	75,990	—	808,816	191,439	—	1,831,957	—	1,831,957	1,770,914
Total revenues, and other support	24,296,831	338,984	6,384,960	21,552,371	2,301,696	8,000,604	62,875,446	29,355	62,904,801	63,916,138
Payroll expense:										
Salaries and wages	2,197,784	—	200,304	3,399,056	1,007,628	3,572,281	10,377,053	—	10,377,053	10,599,244
Staff and benefits	4,036,849	—	15,745	725,206	162,521	1,082,182	6,022,503	—	6,022,503	2,397,107
Total payroll expenses	6,234,633	—	216,049	4,124,262	1,170,149	4,654,463	16,399,556	—	16,399,556	12,996,351
Operating expenses:										
Cost of sales	—	—	—	12,739,071	—	—	12,739,071	—	12,739,071	14,716,039
Advertising	—	—	—	54,515	1,005	10,276	65,796	—	65,796	66,796
Public Relations	27,705	—	—	26,165	414,039	10,603	478,512	—	478,512	111,149
Communications	31,346	—	—	106,302	24,917	102,846	265,411	—	265,411	205,462
Printing	8,905	—	6,582	4,452	19,745	65,280	104,964	—	104,964	110,451
Commissions Expense	—	—	—	286,932	—	—	286,932	—	286,932	431,811
Depreciation and amortization	33,269	—	204,482	592,516	—	—	830,267	—	830,267	875,321
Insurance	21,640	—	164,398	69,563	1,295	327,143	584,039	—	584,039	532,471
Audit and Legal fees	88,013	—	34,205	—	400	500	123,118	—	123,118	190,437
Repairs and maintenance	134,645	—	503,311	281,274	49,202	15,431	983,863	—	983,863	1,386,927
Supplies and materials	94,321	—	2,203	463,587	128,542	80,911	769,564	—	769,564	1,281,385
Scholarships	—	12,700	—	39,000	126,206	250	178,156	—	178,156	181,143
Rental	190,388	—	922,265	105,225	3,158	104,390	1,325,426	—	1,325,426	722,004
Contracted services	102,996	—	718,423	856,753	258,049	253,113	2,189,334	—	2,189,334	1,532,691
Travel	24,031	—	—	16,706	107,110	932,182	1,080,029	—	1,080,029	1,124,350
Utilities	—	—	584,927	257,656	6,578	—	849,161	—	849,161	814,293
Administrative fee	—	—	430,960	18,000	122,740	218,681	790,381	—	790,381	436,737
Debt service	—	—	941,643	—	—	—	941,643	—	941,643	949,068
Grants & contracts	21,203,482	—	—	—	—	—	21,203,482	—	21,203,482	20,132,343
Franchise royalty	—	—	—	119,673	—	—	119,673	—	119,673	145,139
Research support	—	375,567	—	—	—	—	375,567	—	375,567	265,690
Community outreach	—	198,986	—	—	—	—	198,986	—	198,986	269,886
General Faculty research awards	—	42,681	—	—	—	—	42,681	—	42,681	41,771
Property taxes	—	—	—	—	—	—	—	—	—	41,773
Other direct costs	169,411	—	867,038	273,570	230,581	759,579	2,300,179	35,373	2,335,552	2,178,144
Total operating expenses	22,130,152	629,934	5,380,437	16,310,960	1,493,567	2,881,185	48,826,235	35,373	48,861,608	48,743,281
Total expenses	28,364,785	629,934	5,596,486	20,435,222	2,663,716	7,535,648	65,225,791	35,373	65,261,164	61,739,632
Increase (Decrease) in net assets from operating activities	(4,067,954)	(290,950)	788,474	1,117,149	(362,020)	464,956	(2,350,345)	(6,018)	(2,356,363)	2,176,506
Nonoperating:										
Other expense reclassifying COTA to CSU Fullerton asset	—	—	—	—	(439,419)	—	(439,419)	—	(439,419)	—
Pension-related changes other than net periodic pension cost	(48,518)	—	—	—	—	—	(48,518)	—	(48,518)	(58,300)
Change in net assets	\$ (4,116,472)	(290,950)	788,474	1,117,149	(801,439)	464,956	(2,838,282)	(6,018)	(2,844,300)	2,118,206

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, 2012
(With summarized financial information for the year ended June 30, 2011)

	<u>Bookstore</u>	<u>Food Services</u>	<u>Vending</u>	<u>Total 2012</u>	<u>Total 2011</u>
Sales	\$ 14,593,958	4,927,434	—	19,521,392	22,169,658
Cost of sales	<u>11,122,899</u>	<u>1,616,172</u>	<u>—</u>	<u>12,739,071</u>	<u>14,716,040</u>
Gross margin	<u>3,471,059</u>	<u>3,311,262</u>	<u>—</u>	<u>6,782,321</u>	<u>7,453,618</u>
Other revenue:					
Commissions	265,842	177,590	52,679	496,111	445,884
Rental	627,042	99,010	—	726,052	464,572
Other	<u>511,368</u>	<u>70,323</u>	<u>227,125</u>	<u>808,816</u>	<u>565,104</u>
Total other revenues	<u>1,404,252</u>	<u>346,923</u>	<u>279,804</u>	<u>2,030,979</u>	<u>1,475,560</u>
Operating expenses:					
Salaries and wages	1,733,276	1,665,780	—	3,399,056	3,598,902
Staff and benefits	339,401	385,805	—	725,206	781,004
Administration and general transfers and service fees	6,000	12,000	—	18,000	48,000
Advertising	1,480	53,035	—	54,515	53,747
Communications	87,758	18,545	—	106,303	78,081
Commissions expense	92,181	138,059	176,366	406,606	431,811
Computer costs	—	—	—	—	—
Contracted services	174,134	96,974	—	271,108	159,705
Custodial services and supplies	71,908	67,168	—	139,076	151,496
Depreciation and amortization	466,972	125,545	—	592,517	580,610
Discount charges	284,466	162,103	—	446,569	440,668
Equipment	37,501	30,571	—	68,072	40,535
Franchise royalty	—	119,673	—	119,673	145,139
Insurance	31,111	38,452	—	69,563	67,711
Legal and accounting	—	—	—	—	—
Repairs and maintenance	139,523	136,709	5,042	281,274	257,693
Supplies	5,614	11,455	—	17,069	328,743
Scholarships	39,000	—	—	39,000	41,850
Rental	77,970	27,255	—	105,225	26,458
Travel	9,153	7,553	—	16,706	18,661
Utilities	119,067	121,074	17,515	257,656	265,518
Other direct costs	<u>304,970</u>	<u>257,987</u>	<u>—</u>	<u>562,957</u>	<u>174,064</u>
Total operating expenses	<u>4,021,485</u>	<u>3,475,743</u>	<u>198,923</u>	<u>7,696,151</u>	<u>7,690,396</u>
Excess revenues over expenses	\$ <u>853,826</u>	<u>182,442</u>	<u>80,881</u>	<u>1,117,149</u>	<u>1,238,782</u>

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, 2012

(With summarized financial information for the year ended June 30, 2011)

	<u>General</u>	<u>Designated</u>	<u>Buildings Fund</u>	<u>Auxiliary Enterprises</u>	<u>Univ. Support Programs</u>	<u>Quasi- endowments</u>	<u>Total Unrestricted</u>	<u>Temporary Restricted</u>	<u>Total 2012</u>	<u>Total 2011</u>
Net assets at beginning of year	\$ 5,234,130	1,359,813	4,246,935	4,823,090	6,308,315	6,931	21,979,214	138,138	22,117,352	19,999,146
Change in net assets	(4,116,472)	(290,950)	788,474	1,117,149	(336,483)	—	(2,838,282)	(6,018)	(2,844,300)	2,118,206
Designations from other classifications	(325,000)	325,000	—	—	—	—	0	—	—	—
Transfer and reclassifications	<u>6,244,473</u>	<u>236,632</u>	<u>(471,500)</u>	<u>(5,772,973)</u>	<u>(229,701)</u>	<u>(6,931)</u>	<u>0</u>	<u>0</u>	<u>—</u>	<u>—</u>
Net assets at end of year	<u>\$ 7,037,131</u>	<u>1,630,495</u>	<u>4,563,909</u>	<u>167,266</u>	<u>5,742,131</u>	<u>0</u>	<u>19,140,932</u>	<u>132,120</u>	<u>19,273,052</u>	<u>22,117,352</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, 2012

Source of funding (direct):

Federal government	\$ 13,802,312
State of California and local governments	5,978,893
For-profit organizations	420,113
Foundations and other tax-exempt organizations	1,002,164
Total source of direct funding	<u>21,203,482</u>

Source of indirect cost reimbursement:

Federal government	1,191,368
State of California and local governments	400,552
For-profit organizations	68,368
Foundations and other tax-exempt organizations	79,193
Total source of indirect cost reimbursement	<u>1,739,481</u>
Total funding	<u>\$ 22,942,963</u>

Direct expenditures:

Salaries and wages	\$ 8,288,286
Staff benefits	1,400,396
Operating expenditures	4,104,980
Consultants	539,013
Sub-Contractors	5,025,280
Equipment	43,670
Stipends	1,801,857
Total direct expenditures	<u>21,203,482</u>

Indirect expenditures:

Salaries and wages	639,362
Staff benefits	159,148
Operating expenditures	291,565
Equipment	—
Research and support	507,896
Other administration support	141,510
Total indirect expenditures	<u>1,739,481</u>
Total expenditures	<u>\$ 22,942,963</u>

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

CSU FULLERTON AUXILIARY SERVICES CORPORATION

Schedule of Net Assets

June 30, 2012

(for inclusion in the California State University)

Assets:

Current assets:

Cash and cash equivalents	\$ 4,239,796
Short-term investments	16,955,832
Accounts receivable, net	2,653,356
Leases receivable, current portion	815,000
Notes receivable, current portion	1,274,319
Pledges receivable, net	—
Prepaid expenses and other assets	4,451,857
Total current assets	<u>30,390,160</u>

Noncurrent assets:

Restricted cash and cash equivalents	—
Accounts receivable, net	—
Leases receivable, net of current portion	26,250,000
Notes receivable, net of current portion	19,424,268
Student loans receivable, net	—
Pledges receivable, net	—
Endowment investments	—
Other long-term investments	472,309
Capital assets, net	4,080,207
Other assets	—
Total noncurrent assets	<u>50,226,784</u>
Total assets	<u>80,616,944</u>

Liabilities:

Current liabilities:

Accounts payable	3,587,197
Accrued salaries and benefits payable	—
Accrued compensated absences— current portion	—
Deferred revenue	—
Capitalized lease obligations – current portion	—
Long-term debt obligations – current portion	1,130,000
Self-insurance claims liability - current portion	—
Depository accounts	—
Other liabilities	6,658,499
Total current liabilities	<u>11,375,696</u>

Noncurrent liabilities:

Accrued compensated absences, net of current portion	493,445
Deferred revenue	—
Grants refundable	—
Capitalized lease obligations, net of current portion	—
Long-term debt obligations, net of current portion	41,249,982
Self-insurance claims liabilities, net of current portion	—
Depository accounts	—
Other postemployment benefits obligation	7,926,061
Other liabilities	298,708
Total noncurrent liabilities	<u>49,968,196</u>
Total liabilities	<u>61,343,892</u>

Net assets:

Invested in capital assets, net of related debt	4,080,207
Restricted for:	
Nonexpendable – endowments	—
Expendable:	
Scholarships and fellowships	—
Research	—
Loans	—
Capital projects	—
Debt service	—
Other	—
Unrestricted	<u>15,192,845</u>
Total net assets	<u>\$ 19,273,052</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, 2012

(for inclusion in the California State University)

Revenues:

Operating revenues:

Student tuition and fees (net of scholarship allowances of \$ _____)	\$ —
Grants and contracts, noncapital:	
Federal	13,802,312
State	3,298,313
Local	2,680,580
Nongovernmental	1,422,277
Sales and services of educational activities	—
Sales and services of auxiliary enterprises (net of scholarship allowances of \$ _____)	31,854,671
Other operating revenues	6,384,960
Total operating revenues	<u>59,443,113</u>

Expenses:

Operating expenses:

Instruction	6,282,906
Research	2,251,568
Public service	2,131,532
Academic support	6,183,696
Student services	4,353,780
Institutional support	629,934
Operation and maintenance of plant	5,596,486
Student grants and scholarships	—
Auxiliary enterprise expenses	30,634,586
Depreciation and amortization	830,267
Total operating expenses	<u>58,894,755</u>
Operating income (loss)	<u>548,358</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	149,349
Endowment income (loss), net	—
Interest Expenses	(1,337,629)
Other nonoperating revenues (expenses)	<u>(2,204,378)</u>
Net nonoperating revenues (expenses)	<u>(3,392,658)</u>
Income (loss) before other additions	<u>(2,844,300)</u>
State appropriations, capital	—
Grants and gifts, capital	—
Additions (reductions) to permanent endowments	<u>—</u>
Increase (decrease) in net assets	<u>(2,844,300)</u>

Net assets:

Net assets at beginning of year, as previously reported	22,117,352
Restatements	—
Net assets at beginning of year, as restated	<u>22,117,352</u>
Net assets at end of year	<u>\$ 19,273,052</u>

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

CSU FULLERTON AUXILIARY SERVICES CORPORATION

Other Information

June 30, 2012

(for inclusion in the California State University)

1 Restricted cash and cash equivalents at June 30, 2012:

Portion of restricted cash and cash equivalents related to endowments	\$ -
All other restricted cash and cash equivalents	-
Total restricted cash and cash equivalents	\$ -

2.1 Composition of investments at June 30, 2012:

	Current Unrestricted	Current Restricted	Total Current	Noncurrent Unrestricted	Noncurrent Restricted	Total Noncurrent	Total
State of California Surplus Money Investment Fund (SMIF)	\$ -	-	-	-	-	-	-
State of California Local Agency Investment Fund (L.A.I.F.)	9,084,210	-	9,084,210	-	-	-	9,084,210
Wachovia Short Term Fund	-	-	-	-	-	-	-
Wachovia Medium Term Fund	-	-	-	-	-	-	-
Wachovia Equity Fund	-	-	-	-	-	-	-
US Bank SWIFT pool	-	-	-	-	-	-	-
Common Fund - Short Term Fund	-	-	-	-	-	-	-
Common Fund - Others	-	-	-	-	-	-	-
Debt securities	106,734	-	106,734	-	41,611	41,611	148,345
Equity securities	5,351,943	-	5,351,943	-	258,805	258,805	5,610,748
Fixed income securities (Treasury notes, GNMA's)	-	-	-	-	-	-	-
Land and other real estate	-	-	-	-	-	-	-
Certificates of deposit	107,673	-	107,673	-	-	-	107,673
Notes receivable	-	-	-	-	-	-	-
Mutual funds	-	-	-	-	60,665	60,665	60,665
Money Market funds	2,305,272	-	2,305,272	-	7,087	7,087	2,312,359
Collateralized mortgage obligations	-	-	-	-	-	-	-
Inverse floaters	-	-	-	-	-	-	-
Interest-only strips	-	-	-	-	-	-	-
Agency pass-through	-	-	-	-	-	-	-
Private pass-through	-	-	-	-	-	-	-
Other major investments	-	-	-	-	-	-	-
Annuity	-	-	-	-	104,141	104,141	104,141
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Total investments	16,955,832	-	16,955,832	-	472,309	472,309	17,428,141
Less endowment investments (enter as negative number)	-	-	-	-	-	-	-
Total investments	16,955,832	-	16,955,832	-	472,309	472,309	17,428,141

2.2 Investments held by the University under contractual agreements at June 30, 2012:

Portion of investments in note 2.1 held by the University under contractual agreements at June 30, 2012	-	-	-	-	-	-	-
---	---	---	---	---	---	---	---

2.3 Restricted current investments at June 30, 2012 related to:

Amount
\$ -
-
-
-
-
-
-
-
-
-
-
Total restricted current investments at June 30, 2012
\$ -

2.4 Restricted noncurrent investments at June 30, 2012 related to:

Amount
\$ -
472,309
-
-
-
-
-
-
-
-
-
Total restricted noncurrent investments at June 30, 2012
\$ 472,309

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

CSU FULLERTON AUXILIARY SERVICES CORPORATION
Other Information
June 30, 2012
(for inclusion in the California State University)

3.1 Composition of capital assets at June 30, 2012:

	Balance June 30, 2011	Prior period Adjustments	Reclassifications	Balance June 30, 2011 (restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2012
Nondepreciable/nonamortizable capital assets:								
Land and land improvements	\$ 3,078	-	-	3,078	-	-	-	3,078
Works of art and historical treasures	-	-	-	-	-	-	-	-
Construction work in progress (CWIP)	103,457	-	-	103,457	336,358	-	(97,623)	342,192
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	106,535	-	-	106,535	336,358	-	(97,623)	345,270
Depreciable/amortizable capital assets:								
Buildings and building improvements	582,870	-	-	582,870	-	-	-	582,870
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	9,819,204	-	-	9,819,204	61,616	-	58,206	9,939,026
Personal property:								
Equipment	6,738,870	-	-	6,738,870	275,499	(307,901)	39,417	6,745,885
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	17,140,944	-	-	17,140,944	337,115	(307,901)	97,623	17,267,781
Total capital assets	17,247,479	-	-	17,247,479	673,473	(307,901)	-	17,613,051
Less accumulated depreciation/amortization:								
Buildings and building improvements	(582,902)	-	-	(582,902)	-	-	-	(582,902)
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	(6,385,122)	-	-	(6,385,122)	(339,579)	12,359	-	(6,712,342)
Personal property:								
Equipment	(6,054,814)	-	-	(6,054,814)	(490,688)	307,902	-	(6,237,600)
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	(13,022,838)	-	-	(13,022,838)	(830,267)	320,261	-	(13,532,844)
Total capital assets, net	\$ 4,224,641	-	-	4,224,641	(156,794)	12,360	-	4,080,207

3.2 Detail of depreciation and amortization expense for the year ended June 30, 2012:

Depreciation and amortization expense related to capital assets \$ 830,267

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

CSU FULLERTON AUXILIARY SERVICES CORPORATION

Other Information

June 30, 2012

(for inclusion in the California State University)

Amortization expense related to other assets
Total depreciation and amortization

 —
\$ 830,267

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

CSU FULLERTON AUXILIARY SERVICES CORPORATION
Other Information
June 30, 2012
(for inclusion in the California State University)

4 Long-term liabilities activity schedule:

	Balance June 30, 2011	Prior period adjustments	Reclassifications	Balance June 30, 2011 (restated)	Additions	Reductions	Balance June 30, 2012	Current portion	Long-term portion
Accrued compensated absences	\$ 388,313	—	—	388,313	105,132	-	493,445	—	493,445
Capitalized lease obligations:									
Gross balance	—	—	—	—	-	-	—	—	—
Unamortized premium / (discount) on capitalized lease obligations	—	—	—	—	-	-	—	—	—
Total capitalized lease obligations	—	—	—	—	-	-	—	—	—
Long-term debt obligations:									
Revenue Bonds	27,860,000	—	—	27,860,000	-	(795,000)	27,065,000	815,000	26,250,000
Other bonds (non-Revenue Bonds)	—	—	—	—	-	-	—	—	—
Commercial Paper	—	—	—	—	-	-	—	—	—
Other:									
Bond anticipated note	14,133,000	—	—	14,133,000	-	(232,000)	13,901,000	315,000	13,586,000
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Total long-term debt obligations	41,993,000	—	—	41,993,000	-	(1,027,000)	40,966,000	1,130,000	39,836,000
Unamortized bond premium / (discount)	1,491,139	—	—	1,491,139	-	(77,157)	1,413,982	—	1,413,982
Unamortized loss on refunding	—	—	—	—	-	-	—	—	—
Total long-term debt obligations, net	43,484,139	—	—	43,484,139	—	(1,104,157)	42,379,982	1,130,000	41,249,982
Total long-term liabilities	\$ 43,872,452	—	—	43,872,452	105,132	(1,104,157)	42,873,427	1,130,000	41,743,427

5 Future minimum lease payments - capital lease obligations:

	Principal	Interest	Principal and Interest
Year ending June 30:			
2013	-	-	—
2014	-	-	—
2015	-	-	—
2016	-	-	—
2017	-	-	—
2018 - 2022	-	-	—
2023 - 2027	-	-	—
2028 - 2032	-	-	—
2033 - 2037	-	-	—
2038 - 2042	-	-	—
2043 - 2047	-	-	—
2048 - 2052	-	-	—
2053 - 2057	-	-	—
2058 - 2062	-	-	—
Total minimum lease payments	—	—	—
Less amounts representing interest	—	—	—
Present value of future minimum lease payments	—	—	—
Less: current portion	—	—	—
Capitalized lease obligation, net of current portion	—	—	\$ —

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

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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:									
2013	\$ 815,000	1,293,150	2,108,150	315,000	50,583	365,583	1,130,000	1,343,733	2,473,733
2014	845,000	1,261,200	2,106,200	340,000	50,268	390,268	1,185,000	1,311,468	2,496,468
2015	890,000	1,222,150	2,112,150	355,000	50,176	405,176	1,245,000	1,272,326	2,517,326
2016	930,000	1,179,750	2,109,750	370,000	50,120	420,120	1,300,000	1,229,870	2,529,870
2017	980,000	1,134,462	2,114,462	390,000	50,065	440,065	1,370,000	1,184,527	2,554,527
2018 - 2022	4,380,000	4,942,950	9,322,950	12,131,000	50,065	12,181,065	16,511,000	4,993,015	21,504,015
2023 - 2027	6,820,000	3,386,238	10,206,238	-	6,549	6,549	6,820,000	3,392,787	10,212,787
2028 - 2032	8,750,000	1,396,375	10,146,375	-	-	-	8,750,000	1,396,375	10,146,375
2033 - 2037	1,530,000	402,000	1,932,000	-	-	-	1,530,000	402,000	1,932,000
2038 - 2042	1,125,000	39,000	1,164,000	-	-	-	1,125,000	39,000	1,164,000
2043 - 2047	-	-	-	-	-	-	-	-	-
2048 - 2052	-	-	-	-	-	-	-	-	-
2053 - 2057	-	-	-	-	-	-	-	-	-
2058 - 2062	-	-	-	-	-	-	-	-	-
Total	\$ 27,065,000	16,257,275	43,322,275	13,901,000	307,826	14,208,826	40,966,000	16,565,101	57,531,101

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	\$ —	4,080,207	4,080,207
Capitalized lease obligations - current portion	—	—	—
Capitalized lease obligations, net of current portion	—	—	—
Long-term debt obligations - current portion	—	(1,130,000)	(1,130,000)
Long-term debt obligations, net of current portion	—	(41,249,982)	(41,249,982)
Portion of outstanding debt that is unspent at year-end	—	—	—
Other adjustments: (please list)			
College Park	—	28,478,982	28,478,982
Housing Authority Refinance	—	13,901,000	13,901,000
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Net assets - invested in capital assets, net of related debt	\$ —	4,080,207	4,080,207
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)			
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Net assets - Restricted for nonexpendable - endowments per SNA	\$ —	—	—

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

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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	\$ 6,614,685
Payments to University for other than salaries of University personnel	3,014,826
Payments received from University for services, space, and programs	8,914,031
Gifts-in-kind to the University from Auxiliary Organizations	154,554
Gifts (cash or assets) to the University from recognized Auxiliary Organizations	250,894
Accounts (payable to) University (enter as negative number)	(2,493,591)
Other amounts (payable to) University (enter as negative number)	—
Accounts receivable from University	877,169
Other amounts receivable from University	—

9 Other Postemployment Benefits Obligation (OPEB)

Annual required contribution (ARC)	\$ 3,690,704
Contributions during the year	<u>(507,581)</u>
Increase (decrease) in net OPEB obligation (NOO)	3,183,123
NOO - beginning of year	<u>4,830,806</u>
NOO - end of year	<u>\$ 8,013,929</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	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Total pollution remediation liabilities	\$ —
Less current portion	<u>—</u>
Pollution remediation liabilities, net of current portion	<u>—</u>

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

	<u>Net Asset</u>	<u>Amount</u>
	<u>Class</u>	<u>Dr. (Cr.)</u>
Net assets as of June 30, 2011, as previously reported		\$ 22,117,352
Prior period adjustments		
1 (list description of each adjustment)		—
2 (list description of each adjustment)		—
3 (list description of each adjustment)		—
4 (list description of each adjustment)		—
5 (list description of each adjustment)		—
6 (list description of each adjustment)		—
7 (list description of each adjustment)		—
8 (list description of each adjustment)		—
9 (list description of each adjustment)		—
10 (list description of each adjustment)		—
Net assets as of June 30, 2011, as restated		<u>\$ 22,117,352</u>

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

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