

CSU FULLERTON

AUXILIARY SERVICES CORPORATION

Financial Statements and Supplementary Information

June 30, 2014

(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 financial statement of CSU Fullerton Auxiliary Services Corporation (a California State University Auxiliary Organization) (ASC), which comprise the financial position as of June 30, 2014, and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CSU Fullerton Auxiliary Services Corporation as of June 30, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information


Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included in schedules on pages 24-37 is presented for purposes of additional analysis and is not required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 3, 2014, on our consideration of ASC's internal control over financial reporting and our test of compliance with certain provisions of laws, regulations, contracts, and grant agreement and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering ASC's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited the Organization's financial statements for the year ended June 30, 2013, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 30, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.



GUZMAN & GRAY
Long Beach, CA
September 3, 2014

CSU FULLERTON AUXILIARY SERVICES CORPORATION

Statement of Financial Position

June 30, 2014

(With comparative financial information for the year ended June 30, 2013)

Assets	June 30,	
	2014	2013
Current Assets:		
Cash and cash equivalents	\$ 20,264,978	\$ 14,449,186
Investments	10,968,594	9,496,520
Accounts receivable:		
Sponsored programs	2,133,585	2,684,413
Other receivables	2,859,968	2,280,707
Less allowance for doubtful accounts	(713,785)	(629,636)
Total Accounts Receivable, net	<u>4,279,768</u>	<u>4,335,484</u>
Inventories	2,507,411	3,360,595
Capital lease receivable, current portion	1,805,000	845,000
Due from affiliates, current portion	905,882	918,143
Other current assets	217,066	441,482
Total Current Assets	<u>40,948,699</u>	<u>33,846,410</u>
Property, Plant, and Equipment:		
Land	19,990,205	9,503,078
Building and improvements	30,992,873	9,283,842
Equipment, furniture, and fixtures	1,412,234	5,378,319
Work in progress	9,431	225,220
Leasehold improvements	7,927,166	13,069,182
	<u>60,331,909</u>	<u>37,459,641</u>
Less accumulated depreciation and amortization	(4,575,453)	(14,238,770)
Total Property, Plant, and Equipment, net	<u>55,756,456</u>	<u>23,220,871</u>
Other Assets:		
Due from affiliates, net of current	2,071,084	17,803,800
Less allowance for doubtful accounts		(2,100,000)
Capital lease receivable, net of current	23,600,000	25,405,000
Annuity and life estate investments	464,067	455,394
Goodwill	241,291	
Total Other Assets	<u>26,376,442</u>	<u>41,564,194</u>
Total Assets	<u>\$ 123,081,597</u>	<u>\$ 98,631,475</u>

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

CSU FULLERTON AUXILIARY SERVICES CORPORATION

Statement of Financial Position

June 30, 2014

(With comparative financial information for the year ended June 30, 2013)

Liabilities and Net Assets	June 30,	
	2014	2013
Current Liabilities:		
Accounts payable	\$ 3,738,074	\$ 2,919,382
Accrued liabilities	3,117,217	2,690,282
Accrued interest payable	88,700	169,576
Receipts in excess of expenditures on sponsored programs	2,295,207	2,305,750
Deposits held in custody for others	1,337,923	1,440,563
Current portion of notes payable	2,206,338	1,271,909
Current portion post retirement benefit	104,849	118,056
Current portion of annuity and unitrust	24,279	24,521
Total Current Liabilities	<u>12,912,587</u>	<u>10,940,039</u>
Noncurrent Liabilities:		
Noncurrent portion of notes payable	76,463,877	58,369,916
Noncurrent portion post retirement benefit	8,215,464	6,959,406
Noncurrent portion of unitrust liabilities	323,948	310,183
Total Noncurrent Liabilities	<u>85,003,289</u>	<u>65,639,505</u>
Total Liabilities	<u>97,915,876</u>	<u>76,579,544</u>
Net Assets:		
Unrestricted:		
Designated	13,542,278	7,830,495
Undesignated	11,507,603	14,100,746
Unrestricted net assets	<u>25,049,881</u>	<u>21,931,241</u>
Temporarily restricted – annuity and life estate investments	115,840	120,690
Total Net Assets	<u>25,165,721</u>	<u>22,051,931</u>
Total Liabilities and Net Assets	<u>\$ 123,081,597</u>	<u>\$ 98,631,475</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, 2014

	Unrestricted	Temporarily Restricted	Total
Revenues, Gains, and Other Support:			
Enterprise Activities:			
Sales	\$ 23,161,367	\$	\$ 23,161,367
Commissions, fees, other	951,632		951,632
Total Enterprise Activities	<u>24,112,999</u>		<u>24,112,999</u>
Programs Activities:			
Grants and contracts	20,015,834		20,015,834
University support programs	2,618,947		2,618,947
University extended education programs	9,213,905		9,213,905
Total Programs Revenue	<u>31,848,686</u>		<u>31,848,686</u>
General Activities:			
Rental property	10,367,640		10,367,640
Investment Income	465,417	21,508	486,925
Net unrealized and realized gains on Investment	1,309,649	13,267	1,322,916
Administrative fees and other revenue	3,202,407		3,202,407
Total General Fund Activities	<u>15,345,113</u>	<u>34,775</u>	<u>15,379,888</u>
Total Revenues and Support	71,306,798	34,775	71,341,573
Net assets released from restrictions	<u>39,625</u>	<u>(39,625)</u>	
Total Support and Revenue and Net Assets Released From Restrictions	<u>71,346,423</u>	<u>(4,850)</u>	<u>71,341,573</u>
Expenses and Other Changes			
Enterprise Activities:			
Bookstores	17,050,880		17,050,880
Dining services	5,947,106		5,947,106
Total Enterprise Activities	<u>22,997,986</u>		<u>22,997,986</u>
Programs Activities:			
Grants and contracts	20,015,834		20,015,834
University support programs	2,551,248		2,551,248
University extended education programs	8,514,232		8,514,232
Charitable reminder trust expenses	39,625		39,625
Total Programs Expenses	<u>31,120,939</u>		<u>31,120,939</u>
General Expenses:			
Rental property expense	7,386,614		7,386,614
Administrative	5,914,392		5,914,392
Total General Expense	<u>13,301,006</u>		<u>13,301,006</u>
Designated expenses	740,271		740,271
Total Expenses	<u>68,160,202</u>		<u>68,160,202</u>
Increase (decrease) in net assets from operating activities	3,186,221	(4,850)	3,181,371
Non-operating activities:			
Pension-related changes other than net periodic pension cost	<u>(67,581)</u>		<u>(67,581)</u>
Total Nonoperating activities:	<u>(67,581)</u>		<u>(67,581)</u>
Change in net assets	3,118,640	(4,850)	3,113,790
Net assets at beginning of year	<u>21,931,241</u>	<u>120,690</u>	<u>22,051,931</u>
Net assets at end of year	<u>\$ 25,049,881</u>	<u>\$ 115,840</u>	<u>\$ 25,165,721</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, 2013

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

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

CSU FULLERTON AUXILIARY SERVICES CORPORATION

Statement of Cash Flows

Year ended June 30, 2014

(With comparative financial information for the year ended June 30, 2013)

	<u>June 30,</u>	
	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Change in net assets	\$ 3,113,790	\$ 2,778,879
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:		
Depreciation and amortization	1,642,069	810,924
Realized and unrealized (gain) loss on investments	(1,322,916)	(1,658,148)
Gain on the sale of equipment	7,390	102,334
Decrease (increase) in value of annuity and life estate investments	(8,673)	16,915
Changes in assets and liabilities:		
Decrease (increase) in accounts receivable	55,716	417,872
Decrease (increase) in inventories	853,184	722,172
Decrease (increase) in other current assets	(615,584)	(72,392)
Increase (decrease) in accounts payable	737,816	(690,739)
Increase (decrease) in post retirement benefit	1,242,851	(936,467)
Increase (decrease) in accrued liabilities	426,935	231,086
Increase (decrease) in receipts in excess of expenditures on specific sponsored programs	(10,543)	(656,129)
Increase (decrease) in deposits held in custody for others	(102,640)	31,543
Net cash and cash equivalents from operating activities	<u>6,019,395</u>	<u>1,097,850</u>
Cash and cash equivalents from investing activities:		
Purchase of property, plant, and equipment	(34,418,945)	(19,951,588)
Proceeds from sale of property, plant, and equipment	(7,390)	(102,334)
Purchase/sales of investments net of (gain)/ loss	(149,158)	(74,423)
Net cash and cash equivalents from investing activities	<u>(34,575,493)</u>	<u>(20,128,345)</u>
Cash and cash equivalents from financing activities:		
Payments on notes and capital lease obligations	16,928,390	(1,208,157)
Proceeds from issuance of notes payable		18,470,000
Decrease (increase) in due from affiliates	15,624,977	1,976,644
Decrease (increase) in capital lease receivable	1,805,000	815,000
Increase (decrease) in annuity and unitrust payable	13,523	(5,485)
Net cash and cash equivalents from financing activities	<u>34,371,890</u>	<u>20,048,002</u>
Net increase in cash and cash equivalents	5,815,792	1,017,507
Cash and cash equivalents at beginning of year	14,449,186	13,431,679
Cash and cash equivalents at end of year	<u>\$ 20,264,978</u>	<u>\$ 14,449,186</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	<u>\$ 1,550,867</u>	<u>\$ 2,058,706</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, 2014

(1) Organization

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

(2) Summary of Significant Accounting Policies

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

(a) *Basis of Accounting*

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

(b) *Basis of Presentation*

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

Unrestricted Net Assets

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

General

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

Designated

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

CSU FULLERTON AUXILIARY SERVICES CORPORATION

Notes to Financial Statements

June 30, 2014

(2) Summary of Significant Accounting Policies (continued)

Buildings Fund

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

Auxiliary Enterprises

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

University Support Programs

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

Assets Held in Custody of Others

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

University Extended Education

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

CSU FULLERTON AUXILIARY SERVICES CORPORATION

Notes to Financial Statements

June 30, 2014

(2) Summary of Significant Accounting Policies (continued)

Temporarily Restricted Net Assets

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

Annuity and Life Estate Investments

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

Permanently Restricted Net Assets

Permanently restricted net assets are net assets that are subject to donor-imposed restrictions that the principal be maintained in perpetuity and invested for the purposes of providing a permanent source of income. ASC had no permanently restricted net assets as of June 30, 2014.

(c) *Grants and Contracts*

ASC serves as administrator for the University on various grants and contracts awarded by both governmental and private institutions. As of June 30, 2014, contractual and earned receivables from grants and contracts activities totaled \$2,133,585 and are presented in the accompanying statement of financial position as sponsored programs receivables. As of June 30, 2014, amounts received by ASC in excess of expenditures totaled \$2,295,207, and are presented in the accompanying statement of financial position as receipts in excess of expenditures on sponsored programs. Support received under grants and contracts is recorded as revenue as it is earned through expenditures in accordance with the agreements. Grants and Contracts are subject to review by the grantor.

CSU FULLERTON AUXILIARY SERVICES CORPORATION

Notes to Financial Statements

June 30, 2014

(2) Summary of Significant Accounting Policies (continued)

(d) *Cash and Cash Equivalents*

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

(e) *Concentration of Credit*

ASC maintains its cash accounts with several major commercial banks and financial institutions and is exposed to credit risk for amounts exceeding amounts insured by the Federal Deposit Insurance Corporation. In addition, the majority of the investment portfolio at June 30, 2014 was held by Local Agency Investment Fund. ASC has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk for cash and cash equivalents.

(f) *Receivables*

Receivables are primarily comprised of reimbursements for grants and contract expenditures according to contractual agreements. There are other receivables for Auxiliary Enterprises University Support Programs for various sales and services. Accounts receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and credit to accounts receivable. As of June 30, 2014, the allowance for doubtful accounts for accounts receivable was \$713,785.

(g) *Investments*

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

CSU FULLERTON AUXILIARY SERVICES CORPORATION

Notes to Financial Statements

June 30, 2014

(2) Summary of Significant Accounting Policies (continued)

(h) *Inventories*

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

(i) *Property, Plant, and Equipment*

Fixed assets are stated at cost or, if donated, at their estimated fair market value at the date of donation. Betterments that materially prolong the life of assets are capitalized. Repairs and maintenance that do not prolong the life of assets are expensed currently. For the year ended June 30, 2014, depreciation and amortization expense was \$1,642,069.

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

(j) *Estimates*

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

(k) *Income Taxes*

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

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

CSU FULLERTON AUXILIARY SERVICES CORPORATION

Notes to Financial Statements

June 30, 2014

(2) Summary of Significant Accounting Policies (continued)

(l) Comparative Data/Reclassification

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with ASC's financial statements for the year ended June 30, 2013. Certain reclassifications have been made to assist in comparability.

(m) Functional Expense

For the year ended June 30, 2014, ASC's expenses were allocated between programs and management as follows:

Program	\$ 62,245,810
Administrative	<u>5,914,392</u>
Total Expenses	<u><u>\$ 68,160,202</u></u>

(o) Subsequent Events Accounting Pronouncement

The Organization has evaluated events and transactions for potential recognition or disclosure through September 3, 2014 which represents the date the financial statements were available to be issued.

(3) Investments

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

	June 30,	
	2014	2013
Investments:		
Cash and money market funds	\$ 1,768,778	\$ 1,223,582
Equity securities	6,130,731	6,348,282
Mutual funds	2,383,605	1,739,658
Corporate debt securities	<u>685,480</u>	<u>184,998</u>
Total	<u><u>\$ 10,968,594</u></u>	<u><u>\$ 9,496,520</u></u>

CSU FULLERTON AUXILIARY SERVICES CORPORATION

Notes to Financial Statements

June 30, 2014

(3) Investments (Continued)

	June 30,	
	2014	2013
Annuity and Life Estate Investments:		
Cash and money market funds	\$ 15,586	\$ 57,217
Equity securities	96,978	123,100
Mutual funds	130,803	60,754
Corporate debt securities	105,936	100,647
Annual fixed allocation	114,764	113,676
 Total	 \$ 464,067	 \$ 455,394

For the year ending June 30, 2014, investment revenues included the following:

Realized gains (losses)	\$ 699,334
Unrealized gains (losses)	623,582
	1,322,916
Interest and dividend income from investment assets	486,925
Total Investment Income	\$ 1,809,841

(4) Notes Payable/Capital Lease Receivable

(a) The ASC issued Auxiliary Organization Revenue Bonds, \$18,990,000 Series 2000A and \$9,275,000 Series B remarketed bonds to provide conduit financing for the acquisition of a ten-story office building adjacent to the University. During March 2010, ASC entered into a loan agreement with the State of California, acting through the Board of Trustees of the California State University (Board), to refund and defease the 2000A and 2000B bond. The board assisted ASC by issuing its System Revenue Bonds Series 2010A (SRB 2010A) and depositing \$23,628,147 into an irrevocable escrow account to redeem the 2000A and 2000B series bonds maturing in 2030. Bonds 2000A and 2000B are considered defeased and are not recorded on the financial statements. SRB 2010A loan amount of \$22,040,000 bears interest at a varying rate which has averaged 3.70% annually.

CSU FULLERTON AUXILIARY SERVICES CORPORATION

Notes to Financial Statements

June 30, 2014

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

- (a)* The CSU 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 \$ 19,635,000 (current portion: \$770,000; long term: \$18,865,000) representing the \$19,635,000 notes payable liability, less \$770,000 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, 2014 was \$975,075.
- (b)* During fiscal year 2008-2009 the ASC 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 was used to secure certain commercial paper notes). During the fiscal year 2013-2014, the University Heights project was sold for \$11,330,000. The funds were wired to the CSU Chancellor's office to pay against an outstanding liability of \$13,330,000. The \$1,900,000 balance remains on the ASC books as a long-term liability. This loan will be placed in commercial paper to be paid over the next five years at an average annual cost equivalent to 1.2%.
- (c)* During April 2008, ASC entered into a ground and facilities lease agreement (as lessee) and a sublease agreement (as lessor) with the State of California, acting through the Board of Trustees of the California State University (Board), to finance the construction of a one-story building on the campus of California State University Fullerton that provides administrative and operational space for a police station and related facilities. Both lease agreements have a term of 30 years. The Board assisted ASC by issuing its System Revenue Bond 2008A in the principal amount of \$6,305,000. The bond bears interest at a varying rate averaging 4.25% and the principal balance of the loan is to be paid in full by 2038. As of June 30, 2014, the capital lease receivable and payable was \$5,770,000.

CSU FULLERTON AUXILIARY SERVICES CORPORATION

Notes to Financial Statements

June 30, 2014

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

- (d)* During July 2012, the ASC Board approved the acquisition of two office buildings of approximately 86,500 square feet, with related on-site parking of 290 spaces, on 3.628 acres of land adjacent to the main campus at a total cost of \$18,470,000. The building is being leased-back to the seller for a period of three years. Subsequently, the University agreed to lease the building from the ASC at the current market value. During September 2012, the University assisted in funding the building acquisition by depositing \$5,000,000 (through its University Extended Education reserves) into a deposit account with ASC. Upon execution of the lease agreement between ASC and the University, the deposit will be appropriately amortized over the term of the lease. During October 2012, ASC entered into a loan agreement with the State of California, acting through the Board of Trustees of the California State University (Board), to finance a remaining portion of the building cost. The Board assisted ASC by issuing a commercial paper note in the principal amount of \$13,470,000. The loan bears interest at a varying rate which has averaged 2.9% annually. The principal balance of the loan is to be paid in full by 2045. As of June 30, 2014, the outstanding balance of the note was \$13,470,000 and amount owed to the University was \$5,000,000.
- (e)* During the fiscal year 2013-2014, the ASC Board approved the acquisition of two 2-story office buildings containing 139,610 net rentable square feet on 12.65 acres of land in the City of Irvine. The property includes approximately 877 surface parking spaces, at a total cost of \$30,000,000. The property was purchased to support the Cal State University Fullerton's educational mission to establish a presence in south Orange County. The property will be used for creating necessary facilities for an Irvine Satellite campus. One of the buildings was leased to the University, the second building was leased to a non-university entity. Once the lease on the second building expires, the University has agreed to lease the second building from the ASC. On September 1, 2013, ASC entered into a loan agreement with the State of California, acting through the Board of Trustees of the California State University (Board), to finance the property. The Board assisted ASC by issuing a commercial paper note in the principal amount of \$30,000,000. The loan bears interest at a varying rate which has averaged 1.30% annually.

CSU FULLERTON AUXILIARY SERVICES CORPORATION

Notes to Financial Statements

June 30, 2014

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

As of June 30, 2014, future minimum payments on the notes payable and loans are as follows:

Year Ending June 30:	Principal	Interest
2015	\$ 2,206,338	\$ 2,115,327
2016	3,650,709	2,985,679
2017	2,247,398	3,201,823
2018	2,317,912	3,123,535
2019	2,304,012	3,040,463
2020 – 2024	11,429,475	13,672,744
2025 – 2029	14,341,033	10,727,938
2030 – 2034	12,309,592	7,356,894
2035 – 2039	11,322,324	4,858,766
Thereafter	16,541,422	2,254,529
Total	\$ 78,670,215	\$ 53,337,698

(5) Due From Affiliates

(a) During the fiscal year 2013-2014, both the ASC and the CSU Fullerton Housing Authority Boards decided that it was in the best interests of both the ASC and the University to dissolve and distribute its assets and liabilities to ASC. This dissolution was approved by the University President and the CSU Chancellors office. On June 19, 2014, the Board approved the acceptance of the assets and liabilities of the Housing authority. The Housing Authority was established with the primary purpose of providing affordable housing opportunities of CSU Fullerton’s faculty and staff. The Primary activity of the Housing Authority is the University Gables, 86 attached and detached homes located in the city of Buena Park. The land for the project was donated to the Housing Authority by the Orange County Flood Control District. The primary source of revenue is the land lease to individual homeowners under formal standard ground lease agreements that provide various conditions and restrictions. The Housing Authority assets are \$5,619,199 and related liabilities are \$5,860,490, respectively. As of June 30, 2014, the acceptance of the Housing Authorities' assets and liabilities produced a net goodwill to ASC in the amount of \$241,291.

(b) During fiscal year 2010-2011, ASC entered in to a line of credit agreement with the University to provide funding for University’s purchase and installation of photo-voltaic equipment. The line of credit maximum is \$4,800,000. Interest is calculated on the outstanding balance at a rate of 0.5% above the Wall Street Journal Prime rate. The repayment of the outstanding balance is not to exceed six years from the date of completion of the project. As of June 30, 2014, the CSU Fullerton outstanding line of credit was \$1,630,395.

CSU FULLERTON AUXILIARY SERVICES CORPORATION

Notes to Financial Statements

June 30, 2014

(5) Due From Affiliates (Continued)

(c) During June 2005, the Board of Directors approved a loan request of \$3,500,000 to the University to assist in the funding of the construction of the College of Business and Economics building. The loan funds were transferred to the University during November 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. As of June 30, 2014, the outstanding balance was \$1,346,571.

(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 employees are eligible to participate immediately, with a two year "cliff" vesting period. Employees will have a choice of contribution level as follows:

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

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

Employees can choose to contribute additional funds into TIAA's Group Supplemental Retirement Annuity Certificates Defined Contribution Plan 403(b) and the Private Plan 457(b). Employee deferrals are limited to \$17,500 with an additional \$5,500 for age 50 or more per employee per year in aggregate for the 403(b) plan, and \$17,500 maximum deferral. For participants within three years of the Plan 457(b) normal retirement age, a special catch-up additional amount up to the lesser of twice the applicable limit or unused amounts from prior years. On termination of employment, each participant is entitled to the balance of his or her vested account. It is the policy of ASC to fund benefit costs as they are incurred. For the year ended June 30, 2014, total benefit expense was \$609,130.

CSU FULLERTON AUXILIARY SERVICES CORPORATION

Notes to Financial Statements

June 30, 2014

(7) Postretirement Health Benefit Plan

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

The assets of the VEBA Trust are invested primarily in equity and fixed income securities. The assets held in the VEBA trust reduce the accumulated post-retirement benefit obligation, as reported in the statement of financial position. As of June 30, 2014 the VEBA trust held assets at fair market value of \$1,989,150.

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

	June 30,	
	2014	2013
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 8,134,337	\$ 8,521,510
Service cost	758,183	901,220
Interest cost	399,469	359,781
Amendments	N/A	N/A
Actuarial loss	1,122,323	(1,530,118)
Acquisition	N/A	N/A
Benefits paid	(104,849)	(118,056)
	\$ 10,309,463	\$ 8,134,337
Change in plan assets:		
Fair value of plan assets at beginning of year	\$ 1,056,875	\$ 507,581
Actual return on plan assets	182,275	49,294
Acquisition	N/A	N/A
Employer contribution	750,000	500,000
Plan participants' contributions		
Benefits paid		
	\$ 1,989,150	\$ 1,056,875

CSU FULLERTON AUXILIARY SERVICES CORPORATION

Notes to Financial Statements

June 30, 2014

(7) Postretirement Health Benefit Plan (Continued)

	June 30,	
	2014	2013
Funded Status:		
Funded status at end of year	\$ 8,320,313	\$ 7,077,462
Benefit obligation at June 30	10,309,463	8,134,337
Unrecognized net transition obligation	17,346	34,685
Unamortized prior service cost		
Unrecognized net actuarial (gain) loss	3,818,628	2,681,682
Accrued benefit cost	4,484,339	4,361,096
Measurement date	6/30/2014	6/30/2013
Funded status at end of year	\$ (8,320,313)	\$ (7,077,462)
Net periodic benefit cost:		
Service cost	\$ 758,183	\$ 901,220
Interest cost	399,469	359,781
Expected return on plan assets	(82,731)	(44,281)
Amortization of transition obligation	17,339	17,339
Amortization of prior service cost		
Amortization of net (gain) loss	84,920	168,233
Net periodic benefit cost	\$ 1,177,180	\$ 1,402,292
Assumptions:		
Weighted-average assumptions used to determine benefit obligation		
Discount rate	4.47%	4.95%
Expected long-term return on plan assets	7.00%	7.00%
Rate of compensation increase	N/A	N/A
Health care cost trend rate assumed for next year	6.40%	6.70%
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	4 years	5 years

CSU FULLERTON AUXILIARY SERVICES CORPORATION

Notes to Financial Statements

June 30, 2014

(7) Postretirement Health Benefit Plan (Continued)

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

Projected Cost	
2015	\$ 104,849
2016	132,149
2017	142,228
2018	156,759
2019	<u>176,696</u>
	712,681
Thereafter	<u>1,569,987</u>
 Total	 <u>\$ 2,282,668</u>

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

	June 30,	
	<u>2014</u>	<u>2013</u>
Investments:		
Equity securities	\$ 925,050	\$ 267,214
Fixed income	982,630	588,278
Other	<u>81,470</u>	<u>201,383</u>
 Total	 <u>\$ 1,989,150</u>	 <u>\$ 1,056,875</u>

(8) Designated Net Assets

ASC designates 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.

	June 30,	
	<u>2014</u>	<u>2013</u>
Venture Capital Opportunity	\$ 1,164,385	\$ 3,623,000
Working Capital	4,831,957	2,177,000
Current Operations	2,313,189	200,000
Natural Disaster		200,000
Fixed Assets	3,570,724	
Other Designated	<u>1,662,023</u>	<u>1,630,495</u>
 Total	 <u>\$ 13,542,278</u>	 <u>\$ 7,830,495</u>

CSU FULLERTON AUXILIARY SERVICES CORPORATION

Notes to Financial Statements

June 30, 2014

(9) Operating Lease Commitments

The ASC has various land and facilities operating leases from both the University and Associated Students, Inc. These lease agreements are renegotiated periodically. Among other provisions, the leases require that ASC make payments based upon various percentages of net income received. ASC makes rental payments for various facilities. For the year ended June 30, 2014, rental expense was \$524,327. Future minimum payments under operating lease agreements are as follows:

Year Ending June 30:

2015	\$	273,851
2016		282,067
2017		290,529
2018		299,245
2019		<u>308,222</u>
Total	\$	<u>1,453,914</u>

As described in Note 4, ASC receives rental income from buildings on the Fullerton campus and the Irvine satellite campus. Future amounts to be received from these sources are as follows:

Year Ending June 30:

2015	\$	10,392,304
2016		10,440,663
2017		10,545,070
2018		10,650,520
2019		10,757,025
Thereafter		<u>149,787,309</u>
Total	\$	<u>202,572,891</u>

(10) Related Party Transactions

ASC and the University provide a variety of services on each other's behalf. As of June 30, 2014, receivables due from the University were \$1,911,094 and accounts payable due to the University were \$2,408,515. The balances are the results of transactions in providing and receiving services. For the year ending June 30, 2014, amounts billed by ASC and included in revenues totaled \$13,384,819 and amounts billed to ASC and included in expenses totaled \$5,672,826.

CSU FULLERTON AUXILIARY SERVICES CORPORATION

Notes to Financial Statements

June 30, 2014

(11) Fair Value Measurement

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

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

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

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

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

Fair values measured on a recurring basis

Fair values of assets measured on a recurring basis as of June 30, 2014 are as follows:

	Fair Value Measurements at June 30, 2014			Total
	Level 1	Level 2	Level 3	
Investments	\$ 10,968,594	\$	\$	\$ 10,968,594
Annuity and life estate assets	464,067			464,067
Due from affiliates		3,096,966		3,096,966
Capital lease receivables		25,285,000		25,285,000
	<u>\$ 11,432,661</u>	<u>\$ 28,381,966</u>	<u>\$</u>	<u>\$ 39,814,627</u>

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

SUPPLEMENATRY INFORMATION

CSU FULLERTON AUXILIARY SERVICES CORPORATION
Statement of Financial Position
June 30, 2014
(With comparative financial information for the year ended June 30, 2013)

Assets	General	Designated	Buildings Fund	Enterprises Activities	Univ. Support Programs	Total Unrestricted	Temporary Restricted	Total 2014	Total 2013
Current assets:									
Cash and cash equivalents	\$ 9,258,489	\$ 2,395,778	\$ 2,175,349	\$ (3,380,982)	\$ 9,816,344	\$ 20,264,978	\$ —	\$ 20,264,978	\$ 14,449,186
Investments	10,968,594	—	—	—	—	10,968,594	—	10,968,594	9,496,520
Accounts receivable:									
Sponsored programs	2,133,585	—	—	—	—	2,133,585	—	2,133,585	2,684,413
Other receivables	304,408	29,225	23,009	2,013,980	489,346	2,859,968	—	2,859,968	2,280,707
Less allowance for doubtful accounts	(695,920)	—	—	(17,865)	—	(713,785)	—	(713,785)	(629,636)
Total Accounts Receivable, net	<u>1,742,073</u>	<u>29,225</u>	<u>23,009</u>	<u>1,996,115</u>	<u>489,346</u>	<u>4,279,768</u>	<u>—</u>	<u>4,279,768</u>	<u>4,335,484</u>
Inventories	—	—	—	2,507,411	—	2,507,411	—	2,507,411	3,360,595
Capital lease receivable, current portion	—	—	1,805,000	—	—	1,805,000	—	1,805,000	845,000
Due from affiliates, current portion	905,882	—	—	—	—	905,882	—	905,882	918,143
Other current assets	153,539	—	—	63,527	—	217,066	—	217,066	441,482
Total Current Assets	<u>23,028,577</u>	<u>2,425,003</u>	<u>4,003,358</u>	<u>1,186,071</u>	<u>10,305,690</u>	<u>40,948,699</u>	<u>—</u>	<u>40,948,699</u>	<u>33,846,410</u>
Property, plant, and equipment:									
Land	2,730,000	—	17,257,127	—	3,078	19,990,205	—	19,990,205	9,503,078
Building and improvements	—	—	30,992,873	—	—	30,992,873	—	30,992,873	9,283,842
Equipment, furniture, and fixtures	282,789	—	—	1,129,445	—	1,412,234	—	1,412,234	5,378,319
Work in progress	—	—	9,431	—	—	9,431	—	9,431	225,220
Leasehold improvements	—	—	5,760,608	2,166,558	—	7,927,166	—	7,927,166	13,069,182
	<u>3,012,789</u>	<u>—</u>	<u>54,020,039</u>	<u>3,296,003</u>	<u>3,078</u>	<u>60,331,909</u>	<u>—</u>	<u>60,331,909</u>	<u>37,459,641</u>
Less accumulated depreciation and amortization	(49,305)	—	(3,173,345)	(1,352,803)	—	(4,575,453)	—	(4,575,453)	(14,238,770)
Total Property, Plant, and Equipment, net	<u>2,963,484</u>	<u>—</u>	<u>50,846,694</u>	<u>1,943,200</u>	<u>3,078</u>	<u>55,756,456</u>	<u>—</u>	<u>55,756,456</u>	<u>23,220,871</u>
Other assets:									
Due from affiliates, net of current	2,071,084	—	—	—	—	2,071,084	—	2,071,084	17,803,800
Less allowance for doubtful accounts	—	—	—	—	—	—	—	—	(2,100,000)
Capital lease receivable, net of current	—	—	23,600,000	—	—	23,600,000	—	23,600,000	25,405,000
Annuity and life estate investments	—	—	—	—	—	—	464,067	464,067	455,394
Goodwill	241,291	—	—	—	—	241,291	—	241,291	—
Total Other Assets	<u>2,312,375</u>	<u>—</u>	<u>23,600,000</u>	<u>—</u>	<u>—</u>	<u>25,912,375</u>	<u>464,067</u>	<u>26,376,442</u>	<u>41,564,194</u>
Total Assets	<u>\$ 28,304,436</u>	<u>\$ 2,425,003</u>	<u>\$ 78,450,052</u>	<u>\$ 3,129,271</u>	<u>\$ 10,308,768</u>	<u>\$ 122,617,530</u>	<u>\$ 464,067</u>	<u>\$ 123,081,597</u>	<u>\$ 98,631,475</u>

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

CSU FULLERTON AUXILIARY SERVICES CORPORATION
Statement of Financial Position (by fund)
June 30, 2014
(With comparative financial information for the year ended June 30, 2013)

Liabilities and Net Assets	General	Designated	Buildings Fund	Enterprises Activities	Univ. Support Programs	Total Unrestricted	Temporary Restricted	Total 2014	Total 2013
Current liabilities:									
Accounts payable	\$ 2,131,796	\$ —	\$ 179,644	\$ 1,426,634	\$ —	\$ 3,738,074	\$ —	\$ 3,738,074	\$ 2,919,382
Accrued liabilities	1,252,191	2,843	51,014	587,624	1,223,545	3,117,217	—	3,117,217	2,690,282
Accrued interest payable	—	—	88,700	—	—	88,700	—	88,700	169,576
Receipts in excess of expenditures on sponsored programs	2,295,207	—	—	—	—	2,295,207	—	2,295,207	2,305,750
Deposits held in custody for others	—	—	—	—	1,337,923	1,337,923	—	1,337,923	1,440,563
Current portion of notes payable	400,000	—	1,806,338	—	—	2,206,338	—	2,206,338	1,271,909
Current portion Post retirement benefit	104,849	—	—	—	—	104,849	—	104,849	118,056
Current portion of annuity and unitrust	—	—	—	—	—	—	24,279	24,279	24,521
Total Current Liabilities	<u>6,184,043</u>	<u>2,843</u>	<u>2,125,696</u>	<u>2,014,258</u>	<u>2,561,468</u>	<u>12,888,308</u>	<u>24,279</u>	<u>12,912,587</u>	<u>10,940,039</u>
Noncurrent liabilities:									
Noncurrent portion of notes payable	3,120,547	—	73,343,330	—	—	76,463,877	—	76,463,877	58,369,916
Noncurrent portion Post retirement benefit	8,215,464	—	—	—	—	8,215,464	—	8,215,464	6,959,406
Noncurrent portion of unitrust liabilities	—	—	—	—	—	—	323,948	323,948	310,183
Total Noncurrent Liabilities	<u>11,336,011</u>	<u>—</u>	<u>73,343,330</u>	<u>—</u>	<u>—</u>	<u>84,679,341</u>	<u>323,948</u>	<u>85,003,289</u>	<u>65,639,505</u>
Total Liabilities	<u>17,520,054</u>	<u>2,843</u>	<u>75,469,026</u>	<u>2,014,258</u>	<u>2,561,468</u>	<u>97,567,649</u>	<u>348,227</u>	<u>97,915,876</u>	<u>76,579,544</u>
Net assets:									
Unrestricted:									
Designated	11,880,255	1,662,023	—	—	—	13,542,278	—	13,542,278	7,830,495
Undesignated	(1,095,873)	760,137	2,981,026	1,115,013	7,747,300	11,507,603	—	11,507,603	14,100,746
Unrestricted net assets	<u>10,784,382</u>	<u>2,422,160</u>	<u>2,981,026</u>	<u>1,115,013</u>	<u>7,747,300</u>	<u>25,049,881</u>	<u>—</u>	<u>25,049,881</u>	<u>21,931,241</u>
Temporarily restricted – annuity and life estate investments	—	—	—	—	—	—	115,840	115,840	120,690
Total Net Assets	<u>10,784,382</u>	<u>2,422,160</u>	<u>2,981,026</u>	<u>1,115,013</u>	<u>7,747,300</u>	<u>25,049,881</u>	<u>115,840</u>	<u>25,165,721</u>	<u>22,051,931</u>
Total Liabilities and Net Assets	<u>\$ 28,304,436</u>	<u>\$ 2,425,003</u>	<u>\$ 78,450,052</u>	<u>\$ 3,129,271</u>	<u>\$ 10,308,768</u>	<u>\$ 122,617,530</u>	<u>\$ 464,067</u>	<u>\$ 123,081,597</u>	<u>\$ 98,631,475</u>

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, 2014
(With comparative financial information for the year ended June 30, 2013)

	<u>General</u>	<u>Designated</u>	<u>Buildings Fund</u>	<u>Enterprises Activities</u>	<u>University Support Programs</u>	<u>University Extended Education</u>	<u>Total Unrestricted</u>	<u>Temporary Restricted</u>	<u>Total 2014</u>	<u>Total 2013</u>
Operating:										
Revenues, gains, and other support:										
Sales	\$ —	\$ —	\$ —	\$ 23,161,367	\$ 55,954	\$ —	\$ 23,217,321	\$ —	\$ 23,217,321	\$ 21,988,309
Program income	—	—	—	—	2,382,147	9,213,905	11,596,052	—	11,596,052	11,511,361
Administrative services	877,000	—	4,000	—	—	—	881,000	—	881,000	879,312
Indirect cost recovery	965,232	851,950	—	—	—	—	1,817,182	—	1,817,182	1,870,595
Grants and contracts	20,015,834	—	—	—	—	—	20,015,834	—	20,015,834	23,036,746
Commission income	—	—	—	563,682	—	—	563,682	—	563,682	520,390
Investment Interest and dividend income	465,417	—	—	—	—	—	465,417	21,508	486,925	425,106
Rental income	—	—	9,940,297	308,775	8,033	—	10,257,105	—	10,257,105	7,562,381
Realized gain (loss) on investments	699,334	—	—	—	—	—	699,334	—	699,334	620,321
Unrealized gain (loss) on investments	610,315	—	—	—	—	—	610,315	13,267	623,582	1,037,827
Other income	184,767	323,458	423,343	79,175	172,813	—	1,183,556	—	1,183,556	893,531
Total revenues, and other support	<u>23,817,899</u>	<u>1,175,408</u>	<u>10,367,640</u>	<u>24,112,999</u>	<u>2,618,947</u>	<u>9,213,905</u>	<u>71,306,798</u>	<u>34,775</u>	<u>71,341,573</u>	<u>70,345,879</u>
Payroll expense:										
Salaries and wages	2,284,036	—	165,675	3,614,779	1,065,359	4,021,774	11,151,623	—	11,151,623	11,056,295
Staff benefits	2,616,099	—	33,182	824,817	195,028	1,433,281	5,102,407	—	5,102,407	2,385,148
Total payroll expenses	<u>4,900,135</u>	<u>—</u>	<u>198,857</u>	<u>4,439,596</u>	<u>1,260,387</u>	<u>5,455,055</u>	<u>16,254,030</u>	<u>—</u>	<u>16,254,030</u>	<u>13,441,443</u>
Operating expenses:										
Cost of sales	—	—	—	15,071,427	—	—	15,071,427	—	15,071,427	13,885,190
Advertising	1,224	—	—	187,014	19,974	51,289	259,501	—	259,501	88,375
Public Relations	64,461	—	—	128,635	84,447	135,161	412,704	—	412,704	127,523
Communications	29,331	—	—	72,433	8,299	134,153	244,216	—	244,216	248,696
Printing	3,051	—	—	8,407	1,609	213	13,280	—	13,280	128,699
Commissions Expense	—	—	11,367	489,908	—	—	501,275	—	501,275	253,505
Depreciation and amortization	30,086	—	1,215,165	396,818	—	—	1,642,069	—	1,642,069	810,924
Insurance	30,937	—	172,868	61,472	2,986	559,688	827,951	—	827,951	711,740
Audit and Legal fees	80,393	—	477,659	—	—	2,000	560,052	—	560,052	370,888
Repairs and maintenance	79,112	—	1,277,981	347,231	56,655	51,817	1,812,796	—	1,812,796	2,021,639
Supplies and materials	183,300	—	7,348	424,339	68,000	36,083	719,070	—	719,070	665,063
Scholarships	—	12,980	—	29,525	109,499	26,000	178,004	—	178,004	161,126
Rental	209,484	—	127,438	97,899	4,854	84,672	524,347	—	524,347	1,358,640
Contracted services	127,947	—	56,861	339,088	197,476	307,613	1,028,985	—	1,028,985	2,044,495
Travel	52,335	—	3,936	29,239	124,778	711,249	921,537	—	921,537	880,503
Utilities	—	—	801,992	338,406	10,482	—	1,150,880	—	1,150,880	296,266
Administrative fee	17,335	—	426,862	—	180,306	310,484	934,987	—	934,987	182,550
Debt service	72,570	—	1,109,700	—	—	—	1,182,270	—	1,182,270	1,282,249
Grants & contracts	20,015,834	—	—	—	—	—	20,015,834	—	20,015,834	23,036,746
Franchise royalty	—	—	—	—	—	—	—	—	—	135,530
Research support	—	506,768	—	—	—	—	506,768	—	506,768	309,735
Community outreach	—	187,923	—	—	—	—	187,923	—	187,923	196,873
General Faculty research awards	—	32,600	—	—	—	—	32,600	—	32,600	148,000
Property taxes	—	—	614,331	—	—	—	614,331	—	614,331	—
Other direct costs	32,691	—	884,249	536,549	421,496	648,755	2,523,740	39,625	2,563,365	4,629,708
Total operating expenses	<u>21,030,091</u>	<u>740,271</u>	<u>7,187,757</u>	<u>18,558,390</u>	<u>1,290,861</u>	<u>3,059,177</u>	<u>51,866,547</u>	<u>39,625</u>	<u>51,906,172</u>	<u>53,974,663</u>
Total expenses	<u>25,930,226</u>	<u>740,271</u>	<u>7,386,614</u>	<u>22,997,986</u>	<u>2,551,248</u>	<u>8,514,232</u>	<u>68,120,577</u>	<u>39,625</u>	<u>68,160,202</u>	<u>67,416,106</u>
Increase (Decrease) in net assets from operating activities	<u>(2,112,327)</u>	<u>435,137</u>	<u>2,981,026</u>	<u>1,115,013</u>	<u>67,699</u>	<u>699,673</u>	<u>3,186,221</u>	<u>(4,850)</u>	<u>3,181,371</u>	<u>2,929,773</u>
Nonoperating:										
Pension-related changes other than net periodic pension cost	(67,581)	—	—	—	—	—	(67,581)	—	(67,581)	(150,894)
Change in net assets	<u>\$ (2,179,908)</u>	<u>\$ 435,137</u>	<u>\$ 2,981,026</u>	<u>\$ 1,115,013</u>	<u>\$ 67,699</u>	<u>\$ 699,673</u>	<u>\$ 3,118,640</u>	<u>\$ (4,850)</u>	<u>\$ 3,113,790</u>	<u>\$ 2,778,879</u>

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

CSU FULLERTON AUXILIARY SERVICES CORPORATION

Schedule of Net Assets

Year ended June 30, 2014

(With comparative financial information for the year ended June 30, 2013)

	<u>General</u>	<u>Designated</u>	<u>Buildings Fund</u>	<u>Auxiliary Enterprises</u>	<u>Univ. Support Programs</u>	<u>Total Unrestricted</u>	<u>Temporary Restricted</u>	<u>Total 2014</u>	<u>Total 2013</u>
Net assets at beginning of year	\$ 7,080,255	\$ 1,662,023	\$ 5,900,133	\$ 308,902	\$ 6,979,928	\$ 21,931,241	\$ 120,690	\$ 22,051,931	\$ 19,273,052
Change in net assets	(2,179,908)	435,137	2,981,026	1,115,013	767,372	3,118,640	(4,850)	3,113,790	2,778,879
Designations from other classification	(325,000)	325,000	—	—	—	—	—	—	—
Transfer and reclassifications	<u>6,209,035</u>	<u>—</u>	<u>(5,900,133)</u>	<u>(308,902)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net assets at end of year	<u>\$ 10,784,382</u>	<u>\$ 2,422,160</u>	<u>\$ 2,981,026</u>	<u>\$ 1,115,013</u>	<u>\$ 7,747,300</u>	<u>\$ 25,049,881</u>	<u>\$ 115,840</u>	<u>\$ 25,165,721</u>	<u>\$ 22,051,931</u>

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

CSU FULLERTON AUXILIARY SERVICES CORPORATION
Combining Statement of Activities Information – Auxiliary Enterprise Activities
Year ended June 30, 2014
(With summarized financial information for the year ended June 30, 2013)

	<u>Bookstore</u>	<u>Food Services</u>	<u>Total 2014</u>	<u>Total 2013</u>
Sales	\$ 17,559,427	\$ 5,601,940	\$ 23,161,367	\$ 21,901,480
Cost of sales	<u>13,252,272</u>	<u>1,819,155</u>	<u>15,071,427</u>	<u>13,885,190</u>
Gross margin	<u>4,307,155</u>	<u>3,782,785</u>	<u>8,089,940</u>	<u>8,016,290</u>
Other revenue:				
Commissions	309,022	254,660	563,682	520,390
Other	<u>85,834</u>	<u>302,116</u>	<u>387,950</u>	<u>424,904</u>
Total other revenues	<u>394,856</u>	<u>556,776</u>	<u>951,632</u>	<u>945,294</u>
Operating expenses:				
Salaries and wages	1,810,330	1,804,449	3,614,779	3,431,012
Staff benefits	404,791	420,026	824,817	751,938
Administration service fees	—	6,002	6,002	6,000
Advertising	129,009	58,005	187,014	75,477
Communications	53,438	18,995	72,433	74,884
Commissions expense	47,244	442,664	489,908	388,994
Contracted services	173,422	25,140	198,562	263,918
Custodial services and supplies	72,760	67,767	140,527	147,045
Depreciation and amortization	185,345	210,400	395,745	375,364
Discount charges	264,960	199,209	464,169	436,701
Equipment	41,252	47,445	88,697	70,037
Franchise royalty	—	—	—	135,530
Insurance	31,401	30,071	61,472	69,812
Repairs and maintenance	169,043	178,189	347,232	308,766
Supplies	3,716	4,691	8,407	22,163
Scholarships	29,525	—	29,525	43,600
Rental	45,884	52,015	97,899	81,722
Travel	18,850	10,389	29,239	18,013
Utilities	153,822	184,584	338,406	286,277
Other direct costs	<u>163,816</u>	<u>367,910</u>	<u>531,726</u>	<u>592,016</u>
Total operating expenses	<u>3,798,608</u>	<u>4,127,951</u>	<u>7,926,559</u>	<u>7,579,269</u>
Excess revenues over expenses	<u>\$ 903,403</u>	<u>\$ 211,610</u>	<u>\$ 1,115,013</u>	<u>\$ 1,382,315</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, 2014

Source of funding (direct):

Federal government	\$ 16,729,176
State of California and local governments	2,239,342
For-profit organizations	128,338
Foundations and other tax-exempt organizations	918,978
Total direct funding	<u>20,015,834</u>

Source of indirect cost reimbursement:

Federal government	1,469,414
State of California and local governments	257,926
For-profit organizations	16,838
Foundations and other tax-exempt organizations	73,004
Total indirect cost reimbursement	<u>1,817,182</u>
Total funding	<u>\$ 21,833,016</u>

Direct expenditures:

Salaries and wages	\$ 8,131,415
Staff benefits	1,736,666
Operating expenditures	3,338,291
Consultants	497,336
Sub-Contractors	4,155,491
Equipment	80,799
Stipends	2,075,836
Total direct expenditures	<u>20,015,834</u>

Indirect expenditures:

Salaries and wages	545,870
Staff benefits	146,125
Operating expenditures	691,994
Other administration support	433,193
Total indirect expenditures	<u>1,817,182</u>
Total expenditures	<u>\$ 21,833,016</u>

CSU FULLERTON AUXILIARY SERVICES CORPORATION

Schedule of Net Position

June 30, 2014

(for inclusion in the California State University)

Assets:	
Current assets:	
Cash and cash equivalents	\$ 8,180,684
Short-term investments	23,052,888
Accounts receivable, net	4,279,768
Leases receivable, current portion	1,805,000
Notes receivable, current portion	905,882
Pledges receivable, net	—
Prepaid expenses and other assets	2,724,477
Total current assets	<u>40,948,699</u>
Noncurrent assets:	
Restricted cash and cash equivalents	—
Accounts receivable, net	—
Leases receivable, net of current portion	23,600,000
Notes receivable, net of current portion	2,071,084
Student loans receivable, net	—
Pledges receivable, net	—
Endowment investments	—
Other long-term investments	464,067
Capital assets, net	55,756,456
Other assets	241,291
Total noncurrent assets	<u>82,132,898</u>
Total assets	<u>123,081,597</u>
Deferred outflows of resources:	
Unamortized loss on refunding(s)	—
Total deferred outflows of resources	<u>—</u>
Liabilities:	
Current liabilities:	
Accounts payable	3,738,074
Accrued salaries and benefits payable	—
Accrued compensated absences— current portion	—
Unearned revenue	—
Capitalized lease obligations – current portion	—
Long-term debt obligations – current portion	2,129,181
Self-insurance claims liability - current portion	—
Depository accounts	—
Other liabilities	6,348,360
Total current liabilities	<u>12,215,615</u>
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	619,815
Unearned revenue	—
Grants refundable	—
Capitalized lease obligations, net of current portion	—
Long-term debt obligations, net of current portion	75,281,366
Self-insurance claims liabilities, net of current portion	—
Depository accounts	—
Other postemployment benefits obligation	8,215,464
Other liabilities	323,948
Total noncurrent liabilities	<u>84,440,593</u>
Total liabilities	<u>96,656,208</u>
Deferred inflows of resources:	
Deferred service concession arrangement receipts	—
Total deferred inflows of resources	<u>—</u>
Net Position:	
Net investment in capital assets	(4,528,759)
Restricted for:	
Nonexpendable – endowments	
Expendable:	
Scholarships and fellowships	—
Research	—
Loans	—
Capital projects	—
Debt service	—
Other	—
Unrestricted	29,694,480
Total net position	<u>\$ 25,165,721</u>

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

CSU FULLERTON AUXILIARY SERVICES CORPORATION

Schedule of Revenues, Expenses, and Changes in Net Position

Year Ended June 30, 2014

(for inclusion in the California State University)

Revenues:	
Operating revenues:	
Student tuition and fees (net of scholarship allowances of \$ _____)	\$ —
Grants and contracts, noncapital:	
Federal	18,198,590
State	2,497,268
Local	145,176
Nongovernmental	991,982
Sales and services of educational activities	—
Sales and services of auxiliary enterprises (net of scholarship allowances of \$ _____)	35,945,851
Other operating revenues	10,367,640
Total operating revenues	<u>68,146,507</u>
Expenses:	
Operating expenses:	
Instruction	3,080,826
Research	5,633,227
Public service	4,278,647
Academic support	336,797
Student services	6,664,367
Institutional support	1,773,842
Operation and maintenance of plant	7,386,614
Student grants and scholarships	65,310
Auxiliary enterprise expenses	32,461,022
Depreciation and amortization	1,642,069
Total operating expenses	<u>63,322,721</u>
Operating income (loss)	<u>4,823,786</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	486,925
Endowment income (loss), net	—
Interest Expenses	(1,550,867)
Other nonoperating revenues (expenses)	(646,054)
Net nonoperating revenues (expenses)	<u>(1,709,996)</u>
Income (loss) before other additions	3,113,790
State appropriations, capital	—
Grants and gifts, capital	—
Additions (reductions) to permanent endowments	—
Increase (decrease) in net position	<u>3,113,790</u>
Net position:	
Net position at beginning of year, as previously reported	22,051,931
Restatements	—
Net position at beginning of year, as restated	<u>22,051,931</u>
Net position at end of year	<u>\$ 25,165,721</u>

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

CSU FULLERTON AUXILIARY SERVICES CORPORATION

Other Information
June 30, 2014
(for inclusion in the California State University)

1	Restricted cash and cash equivalents at June 30, 2014:								
	Portion of restricted cash and cash equivalents related to endowme\$	-							
	All other restricted cash and cash equivalents	-							
	Total restricted cash and cash equivalents	\$ -							
2.1	Composition of investments at June 30, 2014:								
	State of California Surplus Money Investment Fund (SMIF)	\$	12,084,294	-	-	-	-	-	12,084,294
	State of California Local Agency Investment Fund (LAIF)								
	Wachovia Short Term Fund								
	Wachovia Medium Term Fund								
	Wachovia Equity Fund								
	CSU Consolidated Investment Pool (includes SWIFT and 0948 SMIF								
	Common Fund - Short Term Fund								
	Common Fund - Others								
	Debt securities	685,480						43,417	728,897
	Equity securities	6,130,731						227,781	6,358,512
	Fixed income securities (Treasury notes, GNMA's)								
	Land and other real estate								
	Certificates of deposit								
	Notes receivable								
	Mutual funds	2,383,605						62,520	2,446,125
	Money Market funds	1,768,778						15,585	1,784,363
	Collateralized mortgage obligations:								
	Inverse floaters								
	Interest-only strips								
	Agency pass-through								
	Partnership interests (includes private pass-through)								
	Alternative investments								
	Hedge funds								
	Other major investments:								
	Annuity							114,764	114,764
	Add description								
	Add description								
	Add description								
	Total investments	23,052,888	23,052,888	-	-	-	464,067	464,067	23,516,955
	Less endowment investments (enter as negative number)								
	Total investments	23,052,888	23,052,888	-	-	-	464,067	464,067	23,516,955
2.2	Investments held by the University under contractual agreements at June 30, 2014:								
	Portion of investments in note 2.1 held by the University under contractual								
	agreements at June 30, 2014:								
2.3	Restricted current investments at June 30, 2014 related to:								
	Amount								
	Add description								
	Add description								
	Total restricted current investments at June 30, 2014	\$ -							
2.4	Restricted noncurrent investments at June 30, 2014 related to:								
	Amount								
	Add description								
	Add description								
	Total restricted noncurrent investments at June 30, 2014	\$ 464,067							
	Add description								
	Add description								
	Total restricted noncurrent investments at June 30, 2014	\$ 464,067							

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

CSU FULLERTON AUXILIARY SERVICES CORPORATION

Other Information
June 30, 2014
(for inclusion in the California State University)

3.1 Composition of capital assets at June 30, 2014:

	Balance June 30, 2013	Prior period Adjustments	Reclassifications	Balance June 30, 2013 (restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2014
Nondepreciable/nonamortizable capital assets:								
Land and land improvements	\$ 9,503,078	-	-	9,503,078	10,487,127	-	-	19,990,205
Works of art and historical treasures	-	-	-	-	-	-	-	-
Construction work in progress (CWIP)	225,219	-	-	225,219	9,431	(225,219)	-	9,431
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	9,728,297	-	-	9,728,297	10,496,558	(225,219)	-	19,999,636
Depreciable/amortizable capital assets:								
Buildings and building improvements	9,283,843	-	-	9,283,843	22,242,873	(533,842)	-	30,992,874
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	11,426,659	-	(896,517)	10,530,142	678,320	(4,713,127)	-	6,495,335
Personal property:								
Equipment	7,020,842	-	896,517	7,917,359	983,723	(6,057,018)	-	2,844,064
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	27,731,344	-	-	27,731,344	23,904,916	(11,303,987)	-	40,332,273
Total capital assets	37,459,641	-	-	37,459,641	34,401,474	(11,529,206)	-	60,331,909
Less accumulated depreciation/amortization:								
Buildings and building improvements	(752,624)	-	31	(752,593)	(971,310)	533,842	-	(1,190,061)
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	(7,064,053)	-	120,788	(6,943,265)	(347,904)	4,713,127	-	(2,578,042)
Leasehold improvements	(6,422,093)	-	(120,819)	(6,542,912)	(322,855)	6,058,417	-	(807,350)
Personal property:								
Equipment	-	-	-	-	-	-	-	-
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	(14,238,770)	-	-	(14,238,770)	(1,642,069)	11,305,386	-	(4,575,453)
Total capital assets, net	23,220,871	-	-	23,220,871	32,759,405	(223,820)	-	55,756,456

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3.2 Detail of depreciation and amortization expense for the year ended June 30, 2014:

Depreciation and amortization expense related to capital assets	\$ 1,642,069
Amortization expense related to other assets	—
Total depreciation and amortization	<u>\$ 1,642,069</u>

4 Long-term liabilities activity schedule:

	Balance June 30, 2013	Prior period adjustments	Reclassifications	Balance June 30, 2013 (restated)	Additions	Reductions	Balance June 30, 2014	Current portion	Long-term portion
Accrued compensated absences	\$ 601,745	—	—	601,745	676,401	(658,331)	619,815	—	619,815
Capitalized lease obligations:									
Gross balance	—	—	—	—	—	—	—	—	—
Unamortized premium / (discount) on capitalized lease obligations	—	—	—	—	—	—	—	—	—
Total capitalized lease obligations	—	—	—	—	—	—	—	—	—
Long-term debt obligations:									
Revenue Bonds	26,250,000	—	—	26,250,000	—	(845,000)	25,405,000	890,000	24,515,000
Other bonds (non-Revenue Bonds)	—	—	—	—	—	—	—	—	—
Commercial Paper	—	—	—	—	—	—	—	—	—
Note Payable related to SRB	—	—	—	—	—	—	—	—	—
Other:									
Bond anticipated note	27,055,000	—	—	27,055,000	30,015,000	(11,685,000)	45,385,000	1,195,000	44,190,000
Other long-term liability	5,000,000	—	—	5,000,000	—	—	5,000,000	—	5,000,000
Obligation to Fullerton Lodge Building Corp.	—	—	—	—	1,620,547	—	1,620,547	44,181	1,576,366
Total long-term debt obligations	<u>58,305,000</u>	<u>—</u>	<u>—</u>	<u>58,305,000</u>	<u>31,635,547</u>	<u>(12,530,000)</u>	<u>77,410,547</u>	<u>2,129,181</u>	<u>75,281,366</u>
Unamortized bond premium / (discount)	1,336,825	—	—	1,336,825	—	(77,157)	1,259,668	—	1,259,668
Unamortized loss on refunding	59,641,825	—	—	59,641,825	31,635,547	(12,607,157)	78,670,215	2,129,181	76,541,034
Total long-term debt obligations, net	<u>59,641,825</u>	<u>—</u>	<u>—</u>	<u>59,641,825</u>	<u>31,635,547</u>	<u>(12,607,157)</u>	<u>78,670,215</u>	<u>2,129,181</u>	<u>76,541,034</u>
Total long-term liabilities	<u>\$ 60,243,570</u>	<u>—</u>	<u>—</u>	<u>\$ 60,243,570</u>	<u>\$ 32,311,948</u>	<u>\$ (13,265,488)</u>	<u>\$ 79,290,030</u>	<u>\$ 2,129,181</u>	<u>\$ 77,160,849</u>

5 Future minimum lease payments - capital lease obligations:

Year ending June 30:	Principal	Interest	Principal and Interest
2015	—	—	—
2016	—	—	—
2017	—	—	—
2018	—	—	—
2019	—	—	—
2020 - 2024	—	—	—
2025 - 2029	—	—	—
2030 - 2034	—	—	—
2035 - 2039	—	—	—
2040 - 2044	—	—	—
2045 - 2049	—	—	—
2050 - 2054	—	—	—
2055 - 2059	—	—	—
2060 - 2064	—	—	—
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	<u>\$ —</u>	<u>—</u>	<u>\$ —</u>

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6 Long-term debt obligation schedule

Year ending June 30:	Revenue Bonds		All other long-term debt obligations		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 890,000	1,222,150	1,239,181	893,177	2,129,181	2,115,327
2016	930,000	1,179,750	2,643,552	1,805,929	3,573,552	2,985,679
2017	980,000	1,134,462	1,190,241	2,067,361	2,170,241	3,201,823
2018	1,020,000	1,090,525	1,220,755	2,033,010	2,240,755	3,123,535
2019	1,070,000	1,043,475	1,156,855	1,996,988	2,226,855	3,040,463
2020 - 2024	6,180,000	4,375,438	4,863,690	9,297,306	11,043,690	13,672,744
2025 - 2029	7,915,000	2,634,125	6,040,248	8,093,813	13,955,248	10,727,938
2030 - 2034	4,635,000	790,625	7,572,279	6,566,269	12,207,279	7,356,894
2035 - 2039	1,785,000	232,375	9,537,324	4,626,391	11,322,324	4,858,766
2040 - 2044	-	-	12,094,632	2,161,561	12,094,632	2,161,561
2045 - 2049	-	-	4,446,790	92,968	4,446,790	92,968
2050 - 2054	-	-	-	-	-	-
2055 - 2059	-	-	-	-	-	-
2060 - 2064	-	-	-	-	-	-
Total	\$ 25,405,000	13,702,925	52,005,547	39,634,773	77,410,547	53,337,698

7 Calculation of net position

	Auxiliary Organizations		Total
	GASB	FASB	
7.1 Calculation of net position - Net investment in capital assets			
Capital assets, net of accumulated depreciation	\$ -	55,756,456	55,756,456
Capitalized lease obligations - current portion	-	-	-
Capitalized lease obligations, net of current portion	-	-	-
Long-term debt obligations - current portion	-	(2,129,181)	(2,129,181)
Long-term debt obligations, net of current portion	-	(76,541,034)	(76,541,034)
Portion of outstanding debt that is unspent at year-end	-	-	-
Other adjustments: (please list)			
College Park	-	13,470,000	13,470,000
Housing Authority Refinance	-	3,015,000	3,015,000
Police Building	-	1,900,000	1,900,000
Add description	-	-	-
Add description	-	-	-
Net position - net investment in capital asset	\$ -	<u>(4,528,759)</u>	<u>(4,528,759)</u>
7.2 Calculation of net position - Restricted for nonexpendable - endowments			
Portion of restricted cash and cash equivalents related to endowme\$	-	-	-
Endowment investments	-	-	-
Other adjustments: (please list)			
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Net position - Restricted for nonexpendable - endowments per \$	-	-	-

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8 Transactions with Related Entities

	<u>Amount</u>
Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$ 5,672,826
Payments to University for other than salaries of University personnel	2,908,343
Payments received from University for services, space, and programs	13,384,819
Gifts-in-kind to the University from Auxiliary Organizations	211,998
Gifts (cash or assets) to the University from recognized Auxiliary Organizations	—
Accounts (payable to) University (enter as negative number)	(2,408,515)
Other amounts (payable to) University (enter as negative number)	—
Accounts receivable from University	1,911,942
Other amounts receivable from University	—

9 Other Postemployment Benefits Obligation (OPEB)

Annual required contribution (ARC)	\$ 492,851
Contributions during the year	750,000
Increase (decrease) in net OPEB obligation (NOO)	<u>1,242,851</u>
NOO - beginning of year	<u>7,077,462</u>
NOO - end of year	<u><u>8,320,313</u></u>

10 Pollution remediation liabilities under GASB Statement No. 49:

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

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

Net Position Class	Amount	
	Dr. (Cr.)	
Net position as of June 30, 2013, as previously reported	\$	22,051,931
Prior period adjustments:		
1 (list description of each adjustment)		—
2 (list description of each adjustment)		—
3 (list description of each adjustment)		—
4 (list description of each adjustment)		—
5 (list description of each adjustment)		—
6 (list description of each adjustment)		—
7 (list description of each adjustment)		—
8 (list description of each adjustment)		—
9 (list description of each adjustment)		—
10 (list description of each adjustment)		—
Net position as of June 30, 2013, as restated	\$	22,051,931

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

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

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