

**CSU FULLERTON  
AUXILIARY SERVICES CORPORATION**

Financial Statements and Supplementary Information  
June 30, 2015  
(With Independent Auditors' Report Thereon)

# CSU FULLERTON AUXILIARY SERVICES CORPORATION

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# *Guzman & Gray*

Certified Public Accountants

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Mark Gray, C.P.A.  
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## INDEPENDENT AUDITORS' REPORT

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

### Report on the Financial Statements

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, 2015, 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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.

## INDEPENDENT AUDITORS' REPORT (Continued)

### 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, 2015, 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*

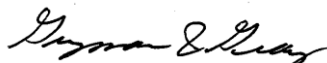
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The statements on pages 24 through 38 are presented for the purpose of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management 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 Schedule of Expenditures of Federal Awards and supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 10, 2015, 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, 2014, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 3, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.



GUZMAN & GRAY  
Long Beach, CA  
September 10, 2015

# CSU FULLERTON AUXILIARY SERVICES CORPORATION

## Statement of Financial Position

June 30, 2015

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

Assets	<u>Total 2015</u>	<u>Total 2014</u>
Current assets:		
Cash and cash equivalents	\$ 24,949,439	20,264,978
Investments	11,318,670	10,968,594
Accounts receivable:		
Sponsored programs	1,703,250	2,133,585
Other receivables	952,781	2,859,968
Less allowance for doubtful accounts	<u>(804,261)</u>	<u>(713,785)</u>
Total accounts receivable, net	<u>1,851,770</u>	<u>4,279,768</u>
Inventories	2,569,854	2,507,411
Capital lease receivable, current portion	930,000	1,805,000
Due from affiliates, current portion	581,481	905,882
Other current assets	<u>178,705</u>	<u>217,066</u>
Total current assets	<u>42,379,919</u>	<u>40,948,699</u>
Property, plant, and equipment:		
Land	19,990,205	19,990,205
Building and improvements	30,992,873	30,992,873
Equipment, furniture, and fixtures	1,484,303	1,412,234
Work in progress	514,375	9,431
Leasehold improvements	<u>9,603,035</u>	<u>7,927,166</u>
	62,584,791	60,331,909
Less accumulated depreciation and amortization	<u>(6,301,500)</u>	<u>(4,575,453)</u>
Total property, plant, and equipment, net	<u>56,283,291</u>	<u>55,756,456</u>
Other assets:		
Due from affiliates, net of current	1,801,422	2,071,084
Capital lease receivable, net of current	23,585,000	23,600,000
Annuity and life estate investments	323,408	464,067
Goodwill	<u>241,291</u>	<u>241,291</u>
Total other assets	<u>25,951,121</u>	<u>26,376,442</u>
Total assets	<u>\$ 124,614,331</u>	<u>123,081,597</u>

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

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**

Statement of Financial Position

June 30, 2015

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

<b>Liabilities and Net Assets</b>	<b>Total 2015</b>	<b>Total 2014</b>
	<hr/>	<hr/>
Current liabilities:		
Accounts payable	\$ 4,914,994	3,738,074
Accrued liabilities	3,183,370	3,117,217
Accrued interest payable	229,203	88,700
Receipts in excess of expenditures on sponsored programs	3,332,457	2,295,207
Deposits held in custody for others	1,426,895	1,337,923
Current portion of notes payable	3,871,713	2,206,338
Current portion Post retirement benefit	152,716	104,849
Current portion of annuity and unitrust	18,126	24,279
Total current liabilities	<hr/> 17,129,474	<hr/> 12,912,587
Noncurrent liabilities:		
Noncurrent portion of notes payable	72,668,580	76,463,877
Noncurrent portion Post retirement benefit	3,534,622	8,215,464
Noncurrent portion of unitrust liabilities	219,469	323,948
Total noncurrent liabilities	<hr/> 76,422,671	<hr/> 85,003,289
Total liabilities	<hr/> 93,552,145	<hr/> 97,915,876
Net assets:		
Unrestricted:		
Designated	16,746,565	13,542,278
Undesignated	14,229,808	11,507,603
Unrestricted net assets	<hr/> 30,976,373	<hr/> 25,049,881
Temporarily restricted – annuity and life estate investments	85,813	115,840
Total net assets	<hr/> 31,062,186	<hr/> 25,165,721
Total liabilities and net assets	\$ <u>124,614,331</u>	<u>123,081,597</u>

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

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**

Statement of Activities

Year ended June 30, 2015

	Unrestricted	Temporarily Restricted	Total
Revenues, gains, and other support:			
Enterprise Activities:			
Sales	\$ 21,898,811	\$	\$ 21,898,811
Commissions, Fees, Other	1,035,180		1,035,180
Total Enterprise Activities	22,933,991	-	22,933,991
Programs Activities:			
Grants and Contracts	19,692,755		19,692,755
University support programs	3,110,670		3,110,670
University Extended Education programs	8,993,503		8,993,503
Total Programs Revenue	31,796,928	-	31,796,928
General activities:			
Rental property	10,043,206		10,043,206
Investment Income	261,096	23,230	284,326
Net unrealized and realized gains on Investment	(43,144)	36,600	(6,544)
Administrative Fees and Other Revenue	2,723,946		2,723,946
Total General Fund Activities	12,985,104	59,830	13,044,934
Total revenues and support	67,716,023	59,830	67,775,853
Net assets released from restrictions	89,857	(89,857)	-
Total support and revenue and net assets released from restrictions	67,805,880	(30,027)	67,775,853
Expenses and other changes			
Enterprise Activities:			
Bookstores	15,554,554		15,554,554
Dining services	6,238,672		6,238,672
Total Enterprise Activities	21,793,226	-	21,793,226
Programs Activities:			
Grants and Contracts	19,692,755		19,692,755
University support programs	3,067,855		3,067,855
University Extended Education programs	8,252,647		8,252,647
Charitable reminder trust expenses	89,857		89,857
Total programs expenses	31,103,114	-	31,103,114
General expenses:			
Rental Property Expense	7,673,478		7,673,478
Administrative	83,489		83,489
Total General expense	7,756,967	-	7,756,967
Designated expense	1,071,374		1,071,374
Total expenses	61,724,681	-	61,724,681
Increase (Decrease) in net assets from operating activities	6,081,199	(30,027)	6,051,172
Non-operating activities:			
Pension-related changes other than net periodic pension cost	(154,707)	-	(154,707)
Total Nonoperating activities:	(154,707)	-	(154,707)
Change in net assets	5,926,492	(30,027)	5,896,465
Net assets at beginning of year	25,049,881	115,840	25,165,721
Net assets at end of year	\$ 30,976,373	\$ 85,813	\$ 31,062,186

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

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**

Statement of Activities

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>-</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	39,625	(39,625)	-
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>-</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>-</u>	<u>13,301,006</u>
Designated expense	740,271		740,271
Total expenses	<u>68,160,202</u>	<u>-</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	(67,581)	-	(67,581)
Total Nonoperating activities:	<u>(67,581)</u>	<u>-</u>	<u>(67,581)</u>
Change in net assets	3,118,640	(4,850)	3,113,790
Net assets at beginning of year	21,931,241	120,690	22,051,931
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 Cash Flows

Year ended June 30, 2015

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

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Change in net assets	\$ 5,896,465	3,113,790
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:		
Depreciation and amortization	1,729,542	1,641,900
Realized and unrealized (gain) loss on investments	(6,544)	(1,322,916)
Gain on the sale of equipment	23,110	7,390
Decrease (increase) in value of annuity and life estate investments	140,659	(8,673)
Changes in assets and liabilities:		
Decrease (increase) in accounts receivable	2,427,998	55,716
Decrease (increase) in inventories	(62,443)	853,184
Decrease (increase) in other current assets	913,361	(615,584)
Increase (decrease) in accounts payable	1,317,423	737,816
Increase (decrease) in post retirement benefit	(4,632,975)	1,242,851
Increase (decrease) in accrued liabilities on specific sponsored programs	66,153	426,935
Increase (decrease) in deposits held in custody for others	1,037,250	(10,543)
	88,972	(102,640)
Net cash and cash equivalents provided by operating activities	<u>8,938,971</u>	<u>6,019,226</u>
Cash and cash equivalents from investing activities:		
Purchase of fixed assets	(2,256,377)	(34,418,776)
Proceeds from sale of fixed assets	(23,110)	(7,390)
Purchase /Sales of investments net	(343,532)	(149,158)
Net cash and cash equivalents used in investing activities	<u>(2,623,019)</u>	<u>(34,575,324)</u>
Cash and cash equivalents from financing activities:		
Payments on notes and capital lease obligations	(2,129,922)	16,928,390
Decrease (increase) in due from affiliates	594,063	15,624,977
Decrease (increase) in capital lease receivable	15,000	1,805,000
Increase (decrease) in annuity and unitrust payable	(110,632)	13,523
Net cash and cash equivalents used in financing activities	<u>(1,631,491)</u>	<u>34,371,890</u>
Net increase in cash and cash equivalents	4,684,461	5,815,792
Cash and cash equivalents at beginning of year	<u>20,264,978</u>	<u>14,449,186</u>
Cash and cash equivalents at end of year	\$ <u>24,949,439</u>	\$ <u>20,264,978</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	\$ <u>2,261,560</u>	<u>1,550,867</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, 2015

### (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, 2015

### (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. 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, 2015

### (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, 2015.

### (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, 2015, contractual and earned receivables from grants and contracts activities totaled \$1,703,250 and are presented in the accompanying statement of financial position as sponsored programs receivables. As of June 30, 2015, amounts received by ASC in excess of expenditures totaled \$3,332,457, 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, 2015

### (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, 2015 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, 2015, the allowance for doubtful accounts for accounts receivable was \$804,261.

#### (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, 2015

### (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, 2015, depreciation and amortization expense was \$1,729,542.

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, 2015

### (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, 2014. Certain reclassifications have been made to assist in comparability.

#### (m) Functional Expense

For the year ended June 30, 2015, ASC's expenses were allocated between programs and management as follows:

Program	\$ 61,641,192
Administrative	<u>83,489</u>
Total Expenses	<u><u>\$ 61,724,681</u></u>

During the fiscal year, the administrative expenses included a reduction in the (post-retirement benefit obligation cost) in the amount of \$4,468,595.

#### (n) Subsequent Events Accounting Pronouncement

The Organization has evaluated events and transactions for potential recognition or disclosure through September 10, 2015 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,	
	2015	2014
Investments:		
Cash and money market funds	\$ 1,057,066	\$ 1,768,778
Equity securities	8,103,627	6,130,731
Mutual funds	1,538,202	2,383,605
Corporate debt securities	<u>619,775</u>	<u>685,480</u>
Total	<u><u>\$ 11,318,670</u></u>	<u><u>\$ 10,968,594</u></u>

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**

Notes to Financial Statements

June 30, 2015

**(3) Investments (Continued)**

	June 30,	
	2015	2014
Annuity and Life Estate Investments:		
Cash and money market funds	\$ 7,989	\$ 15,586
Equity securities	97,355	96,978
Mutual funds	58,634	130,803
Corporate debt securities	43,590	105,936
Annual fixed allocation	115,840	114,764
 Total	 \$ 323,408	 \$ 464,067

For the year ending June 30, 2015, investment revenues included the following:

Realized gains (losses)	\$ 2,882,014
Unrealized gains (losses)	(2,888,558)
	(6,544)
Interest and dividend income from investment assets	284,326
Total Investment Income	\$ 277,782

**(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.

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.



# CSU FULLERTON AUXILIARY SERVICES CORPORATION

## Notes to Financial Statements

June 30, 2015

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

- (a) Accordingly, ASC has recorded a capital lease receivable of \$18,865,000 (current portion: \$800,000; long term: \$18,065,000) representing the \$18,865,000 notes payable liability. 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, 2015 was \$941,300.
- (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 \$2,000,000 balance remain on the ASC books as a long-term liability. This loan was placed in commercial paper to be paid over the next four years at an average annual cost equivalent to 1.2%. As of June 30, 2015, the outstanding balance of the note was \$1,500,000.
- (c) During July 2012, the ASC Board approved the acquisition of two office buildings of approximately 86,500 square feet, with related on-site parking of 290 spaces, on 3.628 acres of land adjacent to the main campus at a total cost of \$18,470,000. The building 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, 2015, the outstanding balance of the note was \$13,470,000 and amount owed to the University was \$5,000,000.

# CSU FULLERTON AUXILIARY SERVICES CORPORATION

## Notes to Financial Statements

June 30, 2015

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

- (d) 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. During the fiscal year 2014-2015, the loan agreement was amended due to conversion of the commercial paper note to a system-wide revenue bond (Series 2014A). The bond was issued at a premium, netting a long term liability of \$26,390,000. The effective rate of the bond was 5%, with payments being paid semiannually at May 1 and November 1 of each year, commencing November 11, 2014, through November 1, 2044. As of June 30, 2015, the outstanding balance of the note was \$25,595,000 and the interest expense was \$878,119.
- (e) 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 the Housing Authority's assets and liabilities to ASC. This dissolution was approved by the University President and the CSU Chancellor's 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 to 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. As of June 30, 2015, the acceptance of the Housing Authority's assets and liabilities produced a net goodwill to ASC in the amount of \$241,291. The Housing Authority liabilities included an obligation to the Fullerton Lodge Building Corporation (FLBC) to pay monthly land lease payments of \$4,200 ending in November, 2108. The monthly payments are subject to adjustments at five year intervals based upon the Consumer Price Index. The stated balance of the obligation, included in the accompanying statements of financial position, has been computed assuming a 99 year payment period with periodic adjustments for inflation, and the resulting stream of cash payments has been discounted at a rate of 6%. As of June 30, 2015, the outstanding obligation balance was \$1,620,547.

# CSU FULLERTON AUXILIARY SERVICES CORPORATION

## Notes to Financial Statements

June 30, 2015

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

(f) 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 varying rates averaging 4.25% and the principal balance of the loan is to be paid in full by 2038. As of June 30, 2015, the capital lease receivable and payable was \$5,650,000.

As of June 30, 2015, future minimum payments on the notes payable and loans are as follows:

Year Ending June 30:	Principal	Interest
2016	\$ 3,871,713	\$ 3,012,532
2017	2,367,428	3,124,068
2018	2,432,942	3,053,833
2019	2,414,042	2,964,788
2020	11,979,627	13,377,643
2021 – 2025	14,871,185	10,478,521
2026 – 2030	12,814,744	7,136,742
2031 – 2035	11,797,476	4,639,693
2036 – 2040	12,524,775	1,899,262
Thereafter	1,466,361	72,709
Total	\$ 76,540,293	\$ 49,759,791

### (5) Due From Affiliates

(a) 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, 2015, the CSU Fullerton outstanding line of credit was \$1,086,930.

(b) 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.

# CSU FULLERTON AUXILIARY SERVICES CORPORATION

## Notes to Financial Statements

June 30, 2015

### (5) Due From Affiliates (Continued)

- (b) Loan payments were to 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.

In June 2015, an agreement was executed between the University and ASC to modify the repayment terms of the loan. Under the agreement, all lease payments due to the University under Sublease Agreement F08-19, which total \$38,016 annually, would be applied by ASC against the outstanding balance due under the Loan Agreement, through November 30, 2018. No interest will be due on the outstanding balance. Prior to November 30, 2018, ASC and the University will revisit the terms of the repayment agreement and consider various options, including payoff of the entire loan agreement outstanding balance.

As of June 30, 2015, the outstanding balance was \$1,295,973.

### (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, 2015, total benefit expense was \$609,130.

# CSU FULLERTON AUXILIARY SERVICES CORPORATION

## Notes to Financial Statements

June 30, 2015

### (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, 2015 the VEBA trust held assets at fair market value of \$2,843,054.

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

	June 30,	
	2015	2014
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 10,309,463	\$ 8,134,337
Service cost	488,163	758,183
Interest cost	301,816	399,469
Actuarial loss	(4,468,585)	1,122,323
Benefits paid	(100,455)	(104,849)
Benefit obligation at end of year	\$ 6,530,392	\$ 10,309,463
Change in plan assets:		
Fair value of plan assets at beginning of year	\$ 1,989,150	\$ 1,056,875
Actual return on plan assets	3,904	182,275
Acquisition	N/A	N/A
Employer contribution	950,455	750,000
Benefits paid	(100,455)	
Fair value of plan assets at end of year	\$ 2,843,054	\$ 1,989,150
Funded Status:		
Fair value of plan assets at end of year	\$ 2,843,054	\$ 1,989,150
APBO, at end of year	(6,530,392)	(10,309,463)
Funded status at end of year	\$ (3,687,338)	\$ (8,320,313)

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**

Notes to Financial Statements

June 30, 2015

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

	June 30,	
	2015	2014
Amounts Recognized in Statement of Financial Position(SFP):		
Non-current assets	\$ 0	\$ 0
Current liabilities	(152,716)	(146,551)
Non-current liabilities	(3,534,622)	(8,173,762)
Total Recognized in SFP	(3,687,338)	(8,320,313)
Amounts Recognized in Changes in Unrestricted Net Assets (CUNA)		
Net transaction (asset) obligation	\$ 0	\$ 17,346
Prior service cost (credit)	0	0
Net actuarial loss (gain)	(656,933)	3,818,628
Total Recognized in CUNA	\$ (656,933)	\$ 3,835,974
Net periodic benefit cost:		
Service cost	\$ 488,163	\$ 758,183
Interest cost	301,816	399,469
Expected return on plan assets	(168,991)	(82,731)
Amortization of transition obligation	17,346	17,339
Amortization of prior service cost		
Amortization of net (gain) loss	172,053	84,920
Net periodic benefit cost	\$ 810,387	\$ 1,177,180
Assumptions:		
Weighted-average assumptions used to determine benefit obligation		
Discount rate	4.54%	4.47%
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	7.0%	6.40%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	5.00%	5.50%
Year that the rate reaches the ultimate trend rate	4 years	4 years

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**

Notes to Financial Statements

June 30, 2015

**(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	
2016	\$ 152,716
2017	164,920
2018	179,275
2019	193,615
2020	213,031
Thereafter	<u>1,339,720</u>
 Total	 <u><u>\$ 2,243,277</u></u>

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

	June 30,	
	<u>2015</u>	<u>2014</u>
Investments:		
Equity securities	\$ 1,403,350	\$ 925,050
Fixed income	1,436,195	982,630
Other	<u>3,509</u>	<u>81,470</u>
 Total	 <u><u>\$ 2,843,054</u></u>	 <u><u>\$ 1,989,150</u></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>2015</u>	<u>2014</u>
Venture Capital Opportunity	\$ 1,581,980	\$ 1,164,385
Working Capital	5,235,290	4,831,957
Current Operations	2,875,507	2,313,189
Fixed Assets	3,778,609	3,570,724
Other Designated	<u>3,275,179</u>	<u>1,662,023</u>
 Total	 <u><u>\$ 16,746,565</u></u>	 <u><u>\$ 13,542,278</u></u>

# CSU FULLERTON AUXILIARY SERVICES CORPORATION

## Notes to Financial Statements

June 30, 2015

### (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, 2015, rental expense was \$244,175. Future minimum payments under operating lease agreements are as follows:

#### Year Ending June 30:

2016	\$	251,500
2017		259,045
2018		266,816
2019		274,821
2020		<u>283,065</u>
Total	\$	<u>1,335,247</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:

2016	\$	9,569,203
2017		9,664,895
2018		9,761,544
2019		9,859,159
2020		9,957,751
Thereafter		<u>137,217,179</u>
Total	\$	<u>186,029,731</u>

### (10) Related Party Transactions

ASC and the University provide a variety of services on each other's behalf. As of June 30, 2015, receivables due from the University were \$148,768 and accounts payable due to the University were \$1,983,400. The balances are the results of transactions in providing and receiving services. For the year ending June 30, 2015, amounts billed by ASC and included in revenues totaled \$13,567,632 and amounts billed to ASC and included in expenses totaled \$7,227,267.



# CSU FULLERTON AUXILIARY SERVICES CORPORATION

## Notes to Financial Statements

June 30, 2015

### (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, 2015 are as follows:

	Fair Value Measurements at June 30, 2015			
	Level 1	Level 2	Level 3	Total
Investments	\$ 11,318,670	\$	\$	\$ 11,318,670
Annuity and life estate assets	323,408			323,408
Due from affiliates		2,382,903		2,382,903
Capital lease receivables		24,515,000		24,515,000
	<u>\$ 11,642,078</u>	<u>\$ 26,897,903</u>	<u>\$</u>	<u>\$ 38,539,981</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, 2015

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

Assets	<u>General</u>	<u>Other Designated</u>	<u>Buildings Fund</u>	<u>Enterprises Activities</u>	<u>Univ. Support Programs</u>	<u>Total Unrestricted</u>	<u>Temporary Restricted</u>	<u>Total 2015</u>	<u>Total 2014</u>
Current assets:									
Cash and cash equivalents	\$ 10,403,494	3,266,098	2,796,698	(2,219,379)	10,702,528	24,949,439	-	24,949,439	20,264,978
Investments	11,318,670	-	-	-	-	11,318,670	-	11,318,670	10,968,594
Accounts receivable:									
Sponsored programs	1,703,250	-	-	-	-	1,703,250	-	1,703,250	2,133,585
Other receivables	13,968	16,810	54,927	584,487	282,589	952,781	-	952,781	2,859,968
Less allowance for doubtful accounts	(785,097)	-	-	(19,164)	-	(804,261)	-	(804,261)	(713,785)
Total accounts receivable, net	<u>932,121</u>	<u>16,810</u>	<u>54,927</u>	<u>565,323</u>	<u>282,589</u>	<u>1,851,770</u>	<u>-</u>	<u>1,851,770</u>	<u>4,279,768</u>
Inventories	-	-	-	2,569,854	-	2,569,854	-	2,569,854	2,507,411
Capital lease receivable, current portion	-	-	930,000	-	-	930,000	-	930,000	1,805,000
Due from affiliates, current portion	581,481	-	-	-	-	581,481	-	581,481	905,882
Other current assets	139,394	-	-	39,311	-	178,705	-	178,705	217,066
Total current assets	<u>23,375,160</u>	<u>3,282,908</u>	<u>3,781,625</u>	<u>955,109</u>	<u>10,985,117</u>	<u>42,379,919</u>	<u>-</u>	<u>42,379,919</u>	<u>40,948,699</u>
Property, plant, and equipment:									
Land	-	-	19,987,127	-	3,078	19,990,205	-	19,990,205	19,990,205
Building and improvements	-	-	30,992,873	-	-	30,992,873	-	30,992,873	30,992,873
Equipment, furniture, and fixtures	279,293	-	-	1,205,010	-	1,484,303	-	1,484,303	1,412,234
Work in progress	-	-	514,375	-	-	514,375	-	514,375	9,431
	-	-	-	-	-	-	-	-	-
Leasehold improvements	-	-	7,391,005	2,212,030	-	9,603,035	-	9,603,035	7,927,166
	<u>279,293</u>	<u>-</u>	<u>58,885,380</u>	<u>3,417,040</u>	<u>3,078</u>	<u>62,584,791</u>	<u>-</u>	<u>62,584,791</u>	<u>60,331,909</u>
Less accumulated depreciation and amortization	(82,190)	-	(4,460,045)	(1,759,265)	-	(6,301,500)	-	(6,301,500)	(4,575,453)
Total property, plant, and equipment, net	<u>197,103</u>	<u>-</u>	<u>54,425,335</u>	<u>1,657,775</u>	<u>3,078</u>	<u>56,283,291</u>	<u>-</u>	<u>56,283,291</u>	<u>55,756,456</u>
Other assets:									
Due from affiliates, net of current	1,801,422	-	-	-	-	1,801,422	-	1,801,422	2,071,084
Less Allowance for doubtful accounts	-	-	-	-	-	-	-	-	-
Capital lease receivable, net of current	-	-	23,585,000	-	-	23,585,000	-	23,585,000	23,600,000
Annuity and life estate investments	-	-	-	-	-	-	323,408	323,408	464,067
Good will	-	-	241,291	-	-	241,291	-	241,291	241,291
Total other assets	<u>1,801,422</u>	<u>-</u>	<u>23,826,291</u>	<u>-</u>	<u>-</u>	<u>25,627,713</u>	<u>323,408</u>	<u>25,951,121</u>	<u>26,376,442</u>
Total assets	<u>\$ 25,373,685</u>	<u>3,282,908</u>	<u>82,033,251</u>	<u>2,612,884</u>	<u>10,988,195</u>	<u>124,290,923</u>	<u>323,408</u>	<u>124,614,331</u>	<u>123,081,597</u>

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

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**

Statement of Financial Position

June 30, 2015

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

<b>Liabilities and Net Assets</b>	<b>General</b>	<b>Other Designated</b>	<b>Buildings Fund</b>	<b>Enterprises Activities</b>	<b>Univ. Support Programs</b>	<b>Total Unrestricted</b>	<b>Temporary Restricted</b>	<b>Total 2015</b>	<b>Total 2014</b>
<b>Current liabilities:</b>									
Accounts payable	\$ 1,888,713	-	2,243,628	766,953	15,700	4,914,994	-	4,914,994	3,738,074
Accrued liabilities	805,448	7,729	650,399	705,165	1,014,629	3,183,370	-	3,183,370	3,117,217
Accrued interest payable	-	-	229,203	-	-	229,203	-	229,203	88,700
Receipts in excess of expenditures on sponsored programs	3,332,457	-	-	-	-	3,332,457	-	3,332,457	2,295,207
Deposits held in custody for others	-	-	-	-	1,426,895	1,426,895	-	1,426,895	1,337,923
Current portion of notes payable	-	-	3,871,713	-	-	3,871,713	-	3,871,713	2,206,338
Current portion Post retirement benefit	152,716	-	-	-	-	152,716	-	152,716	104,849
Current portion of annuity and unitrust	-	-	-	-	-	-	18,126	18,126	24,279
<b>Total current liabilities</b>	<b>6,179,334</b>	<b>7,729</b>	<b>6,994,943</b>	<b>1,472,118</b>	<b>2,457,224</b>	<b>17,111,348</b>	<b>18,126</b>	<b>17,129,474</b>	<b>12,912,587</b>
<b>Noncurrent liabilities:</b>									
Noncurrent portion of notes payable	-	-	72,668,580	-	-	72,668,580	-	72,668,580	76,463,877
Noncurrent portion Post retirement benefit	3,534,622	-	-	-	-	3,534,622	-	3,534,622	8,215,464
Noncurrent portion of unitrust liabilities	-	-	-	-	-	-	219,469	219,469	323,948
<b>Total noncurrent liabilities</b>	<b>3,534,622</b>	<b>-</b>	<b>72,668,580</b>	<b>-</b>	<b>-</b>	<b>76,203,202</b>	<b>219,469</b>	<b>76,422,671</b>	<b>85,003,289</b>
<b>Total liabilities</b>	<b>9,713,956</b>	<b>7,729</b>	<b>79,663,523</b>	<b>1,472,118</b>	<b>2,457,224</b>	<b>93,314,550</b>	<b>237,595</b>	<b>93,552,145</b>	<b>97,915,876</b>
<b>Net assets:</b>									
<b>Unrestricted:</b>									
Designated	13,471,386	3,275,179	-	-	-	16,746,565	-	16,746,565	13,542,278
Undesignated	2,188,343	-	2,369,728	1,140,766	8,530,971	14,229,808	-	14,229,808	11,507,603
<b>Unrestricted net assets</b>	<b>15,659,729</b>	<b>3,275,179</b>	<b>2,369,728</b>	<b>1,140,766</b>	<b>8,530,971</b>	<b>30,976,373</b>	<b>-</b>	<b>30,976,373</b>	<b>25,049,881</b>
<b>Temporarily restricted – annuity and life estate investments</b>									
	-	-	-	-	-	-	85,813	85,813	115,840
<b>Total net assets</b>	<b>15,659,729</b>	<b>3,275,179</b>	<b>2,369,728</b>	<b>1,140,766</b>	<b>8,530,971</b>	<b>30,976,373</b>	<b>85,813</b>	<b>31,062,186</b>	<b>25,165,721</b>
<b>Total liabilities and net assets</b>	<b>\$ 25,373,685</b>	<b>3,282,908</b>	<b>82,033,251</b>	<b>2,612,884</b>	<b>10,988,195</b>	<b>124,290,923</b>	<b>323,408</b>	<b>124,614,331</b>	<b>123,081,597</b>

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

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**  
**Schedule of Activity Information by Natural Classification**  
Year ended June 30, 2015  
(With comparative financial information for the year ended June 30, 2014)

	<u>General</u>	<u>Other 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 2015</u>	<u>Total 2014</u>
Operating:										
Revenues, gains, and other support:										
Sales	\$ -	-	-	21,898,811	58,783	-	21,957,594	-	21,957,594	23,217,321
Unrealized Gain/Loss Investmnt	(2,869,769)	-	-	-	-	-	(2,869,769)	(18,789)	(2,888,558)	623,582
Investment Gain/Loss	2,826,625	-	-	-	-	-	2,826,625	55,389	2,882,014	699,334
Administrative Services	116,318	-	-	-	-	-	116,318	-	116,318	881,000
Indirect Cost Recoveries	939,590	846,733	-	-	-	-	1,786,323	-	1,786,323	1,817,182
Grants and Contracts Revenue	19,692,755	-	-	-	-	-	19,692,755	-	19,692,755	20,015,834
Program Income	-	-	-	3,740	2,496,191	8,993,503	11,493,434	-	11,493,434	11,596,052
Commissions Income	80,000	-	-	461,514	3,783	-	545,297	-	545,297	563,682
Investment/Interest Income	261,096	-	-	-	-	-	261,096	23,230	284,326	486,925
Rental Income	-	-	9,479,534	312,112	270,436	-	10,062,082	-	10,062,082	10,257,105
Other Income	248,645	492,660	563,672	257,814	281,477	-	1,844,268	-	1,844,268	1,183,556
Total revenues, and other support	<u>21,295,260</u>	<u>1,339,393</u>	<u>10,043,206</u>	<u>22,933,991</u>	<u>3,110,670</u>	<u>8,993,503</u>	<u>67,716,023</u>	<u>59,830</u>	<u>67,775,853</u>	<u>71,341,573</u>
Cost of Goods Sold										
Cost of Goods	-	-	-	13,443,476	-	-	13,443,476	-	13,443,476	15,071,427
Total Cost of Goods Sold	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,443,476</u>	<u>-</u>	<u>-</u>	<u>13,443,476</u>	<u>-</u>	<u>13,443,476</u>	<u>15,071,427</u>
Payroll expense:										
Salaries and wages	2,328,600	-	224,794	3,905,983	1,165,810	4,173,537	11,798,724	-	11,798,724	11,151,623
Benefits	(3,239,072)	-	44,742	837,093	249,237	1,505,745	(602,255)	-	(602,255)	5,102,407
Total payroll expenses	<u>(910,472)</u>	<u>-</u>	<u>269,536</u>	<u>4,743,076</u>	<u>1,415,047</u>	<u>5,679,282</u>	<u>11,196,469</u>	<u>-</u>	<u>11,196,469</u>	<u>16,254,030</u>
Operating expenses:										
Administrative fee	-	-	38,117	500	-	-	38,617	-	38,617	934,987
Advertising & Promotion	3,021	-	-	223,072	37,697	28,162	291,952	-	291,952	259,501
Audit and Legal	116,810	-	74,397	-	180	2,000	193,387	-	193,387	560,370
Bank and Discount Charges	28,497	-	18,296	543,167	16,889	3,634	610,483	-	610,483	644,314
Commission & Royalty	-	-	-	357,275	3,960	-	361,235	-	361,235	501,275
Communications	30,324	-	14,433	64,303	21,959	82,143	213,162	-	213,162	244,216
Conference & Travel	44,836	-	2,449	30,545	113,827	656,194	847,851	-	847,851	921,537
Debt Service & Interest Exp.	-	-	2,261,560	-	-	-	2,261,560	-	2,261,560	1,182,270
Departmental Allocation	121,382	-	-	-	2,744	-	124,126	-	124,126	1,042,232
Depreciation & Amortization	36,380	-	1,286,700	406,462	-	-	1,729,542	-	1,729,542	1,642,069
Donations & Scholarships	29,694	24,779	-	125,670	145,164	10,000	335,307	74,620	409,927	178,004
Employee Development	143,799	-	-	122,296	8,336	10,081	284,512	-	284,512	96,332
Equipment Rental/Expense	32,451	-	8,243	58,349	33,066	21,240	153,349	-	153,349	162,119
Grants and Contracts Expenses	19,692,755	-	-	-	-	-	19,692,755	-	19,692,755	20,015,834

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, 2015  
(With comparative financial information for the year ended June 30, 2014)

	<u>General</u>	<u>Other 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 2015</u>	<u>Total 2014</u>
Insurance	20,972	-	230,425	53,451	11,480	621,601	937,929	-	937,929	827,951
Other Direct Costs	(217,570)	-	685,821	24,479	466,987	412,571	1,372,288	15,237	1,387,525	610,695
Professional Serv/Consultants	106,607	-	350,778	187,761	285,355	244,204	1,174,705	-	1,174,705	1,028,985
Public Relations	39,050	-	400	9,324	82,676	115,907	247,357	-	247,357	412,704
Rentals	215,532	-	-	160,039	6,838	242,600	625,009	-	625,009	524,347
Repairs and Maintenance	90,945	-	1,138,617	306,704	121,190	22,062	1,679,518	-	1,679,518	1,812,796
Stipends/Honorariums	-	-	-	-	19,800	-	19,800	-	19,800	7,355
Supplies	148,471	-	55,089	525,313	222,934	101,179	1,052,986	-	1,052,986	732,350
Utilities	-	-	805,503	395,446	47,338	-	1,248,287	-	1,248,287	1,150,880
Taxes & Licenses	2,760	-	433,114	12,518	4,388	(213)	452,567	-	452,567	614,331
Research support		718,661					718,661	-	718,661	506,768
Community outreach		225,124					225,124	-	225,124	187,923
Faculty research awards		102,810					102,810	-	102,810	32,600
Total operating expenses	<u>20,686,716</u>	<u>1,071,374</u>	<u>7,403,942</u>	<u>3,606,674</u>	<u>1,652,808</u>	<u>2,573,365</u>	<u>36,994,879</u>	<u>89,857</u>	<u>37,084,736</u>	<u>36,834,745</u>
Total expenses	<u>19,776,244</u>	<u>1,071,374</u>	<u>7,673,478</u>	<u>21,793,226</u>	<u>3,067,855</u>	<u>8,252,647</u>	<u>61,634,824</u>	<u>89,857</u>	<u>61,724,681</u>	<u>68,160,202</u>
Increase ( Decrease) in net assets from operating activities	<u>1,519,016</u>	<u>268,019</u>	<u>2,369,728</u>	<u>1,140,765</u>	<u>42,815</u>	<u>740,856</u>	<u>6,081,199</u>	<u>(30,027)</u>	<u>6,051,172</u>	<u>3,181,371</u>
Nonoperating:										
Pension-related changes other than net periodic pension cc	(154,707)						(154,707)		(154,707)	(67,581)
Change in net assets	<u>\$ 1,364,309</u>	<u>268,019</u>	<u>2,369,728</u>	<u>1,140,765</u>	<u>42,815</u>	<u>740,856</u>	<u>5,926,492</u>	<u>(30,027)</u>	<u>5,896,465</u>	<u>3,113,790</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, 2015

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

	<u>General</u>	<u>Other 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 2015</u>	<u>Total 2014</u>
Net assets at beginning of year	\$ 10,784,382	2,422,160	2,981,026	1,115,013	7,747,300	25,049,881	115,840	25,165,721	22,051,931
Change in net assets	1,364,309	268,019	2,369,728	1,140,765	783,671	5,926,492	(30,027)	5,896,465	3,113,790
Designations from other classifications	(585,000)	585,000	-	-	-	-	-	-	-
Reserves allocation	4,096,038	-	(2,981,026)	(1,115,012)	-	-	-	-	-
Net assets at end of year	<u>\$ 15,659,729</u>	<u>3,275,179</u>	<u>2,369,728</u>	<u>1,140,766</u>	<u>8,530,971</u>	<u>30,976,373</u>	<u>85,813</u>	<u>31,062,186</u>	<u>25,165,721</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, 2015  
(With summarized financial information for the year ended June 30, 2014)

	<u>Bookstore</u>	<u>Food Services</u>	<u>Total 2015</u>	<u>Total 2014</u>
Sales	\$ 15,831,309	6,067,502	21,898,811	23,161,367
Cost of sales	<u>11,434,151</u>	<u>2,009,325</u>	<u>13,443,476</u>	<u>15,071,427</u>
Gross margin	<u>4,397,158</u>	<u>4,058,177</u>	<u>8,455,335</u>	<u>8,089,940</u>
Other revenue:				
Commissions	218,203	243,311	461,514	563,682
Other	<u>218,439</u>	<u>355,227</u>	<u>573,666</u>	<u>387,950</u>
Total other revenues	<u>436,642</u>	<u>598,538</u>	<u>1,035,180</u>	<u>951,632</u>
Operating expenses:				
Salaries and wages	1,928,714	1,977,269	3,905,983	3,614,779
Staff and benefits	<u>413,704</u>	<u>423,389</u>	<u>837,093</u>	<u>824,817</u>
Total payroll expenses	2,342,418	2,400,658	4,743,076	4,439,596
Administrative Fee	-	500	500	6,002
Advertising & Promotion	157,676	65,396	223,072	187,014
Bank and Discount Charges	333,977	209,190	543,167	464,196
Commission & Royalty	42,513	314,762	357,275	489,908
Communications	48,441	15,862	64,303	72,433
Conference & Travel	18,255	12,291	30,546	29,239
Depreciation	160,312	246,149	406,461	395,745
Donations & Scholarships	112,819	12,851	125,670	29,525
Employee Development	81,291	41,005	122,296	102,169
Equipment Rental/Expense	30,183	28,166	58,349	88,697
Insurance	24,909	28,542	53,451	61,472
Merchant Supplies	93,375	264,240	357,615	335,641
Other Direct Costs	13,180	11,299	24,479	21,946
Professional Serv/Consultants	163,109	24,652	187,761	339,089
Public Relations	8,523	801	9,324	8,289
Rentals	64,413	95,626	160,039	97,899
Repairs and Maintenance	160,514	146,190	306,704	347,232
Supplies	80,499	87,199	167,698	63,654
Taxes & Licenses	3,127	9,391	12,518	8,407
Utilities	<u>180,869</u>	<u>214,577</u>	<u>395,446</u>	<u>338,406</u>
Total operating expenses	<u>1,777,985</u>	<u>1,828,689</u>	<u>3,606,674</u>	<u>3,486,963</u>
Total expenses	<u>4,120,403</u>	<u>4,229,347</u>	<u>8,349,750</u>	<u>7,926,559</u>
Excess revenues over expense \$	<u>713,397</u>	<u>427,368</u>	<u>1,140,765</u>	<u>1,115,013</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, 2015

Source of funding (direct):

Federal government	\$ 16,137,506
State of California and local governments	2,392,944
For-profit organizations	119,570
Foundations and other tax-exempt organizations	1,042,735
Total source of direct funding	<u>19,692,755</u>

Source of indirect cost reimbursement:

Federal government	1,406,324
State of California and local governments	305,771
For-profit organizations	23,177
Foundations and other tax-exempt organizations	51,051
Total source of indirect cost reimbursement	<u>1,786,323</u>
Total funding	<u>\$ 21,479,078</u>

Direct expenditures:

Salaries and wages	\$ 8,093,563
Staff benefits	1,698,660
Operating expenditures	2,910,496
Consultants	475,999
Sub-Contractors	3,650,562
Equipment	332,207
Stipends	2,531,268
Total direct expenditures	<u>19,692,755</u>

Indirect expenditures:

Salaries and wages	642,202
Staff benefits	163,871
Operating expenditures	806,074
Equipment	0
Research and support	0
Other administration support	174,176
Total indirect expenditures	<u>1,786,323</u>
Total expenditures	<u>\$ 21,479,078</u>

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

**CSU Fullerton Auxiliary Services Corporation**

Schedule of Net Position

June 30, 2015

(for inclusion in the California State University)

Assets:

Current assets:	
Cash and cash equivalents	\$ 11,468,976
Short-term investments	24,799,133
Accounts receivable, net	1,851,770
Leases receivable, current portion	930,000
Notes receivable, current portion	581,481
Pledges receivable, net	
Prepaid expenses and other assets	<u>2,748,559</u>
Total current assets	<u>42,379,919</u>
Noncurrent assets:	
Restricted cash and cash equivalents	-
Accounts receivable, net	-
Leases receivable, net of current portion	23,585,000
Notes receivable, net of current portion	1,801,422
Student loans receivable, net	-
Pledges receivable, net	
Endowment investments	-
Other long-term investments	323,408
Capital assets, net	56,283,291
Other assets	<u>241,291</u>
Total noncurrent assets	<u>82,234,412</u>
Total assets	<u>124,614,331</u>
Deferred outflows of resources:	
Unamortized loss on debt refunding	-
Net pension obligation	-
Others	<u>-</u>
Total deferred outflows of resources	<u>-</u>

Liabilities:

Current liabilities:	
Accounts payable	4,914,994
Accrued salaries and benefits payable	-
Accrued compensated absences— current portion	-
Unearned revenue	
Capitalized lease obligations – current portion	-
Long-term debt obligations – current portion	3,871,713
Claims Liability for losses and LAE - current portion	-
Depository accounts	-
Other liabilities	<u>7,734,599</u>
Total current liabilities	<u>16,521,306</u>
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	608,168
Unearned revenue	
Grants refundable	-
Capitalized lease obligations, net of current portion	-
Long-term debt obligations, net of current portion	72,668,580
Claims Liability for losses and LAE, net of current portion	-
Depository accounts	-
Other postemployment benefits obligation	3,534,622
Pension obligation	-
Other liabilities	<u>219,469</u>
Total noncurrent liabilities	<u>77,030,839</u>
Total liabilities	<u>93,552,145</u>
Deferred inflows of resources:	
Unamortized gain on debt refunding	-
Non-exchange transactions	-
Service concession arrangements	-
Net pension obligation	-
Others	<u>-</u>
Total deferred inflows of resources	<u>-</u>

Net Position:

Net investment in capital assets	(5,287,002)
Restricted for:	
Nonexpendable – endowments	-
Expendable:	
Scholarships and fellowships	
Research	
Loans	
Capital projects	-
Debt service	
Other	
Unrestricted	<u>36,349,188</u>
Total net position	<u>\$ 31,062,186</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, 2015  
(for inclusion in the California State University)

Revenues:

Operating revenues:	
Student tuition and fees (net of scholarship allowances of \$_____)	\$
Grants and contracts, noncapital:	
Federal	17,543,830
State	2,698,715
Local	142,747
Nongovernmental	1,093,786
Sales and services of educational activities	-
Sales and services of auxiliary enterprises (net of scholarship allowances of \$_____)	35,038,164
Other operating revenues	10,043,206
Total operating revenues	<u>66,560,448</u>

Expenses:

Operating expenses:	
Instruction	3,331,734
Research	4,540,363
Public service	3,558,508
Academic support	545,484
Student services	5,490,273
Institutional support	1,974,911
Operation and maintenance of plant	7,673,478
Student grants and scholarships	251,482
Auxiliary enterprise expenses	31,474,043
Depreciation and amortization	1,729,542
Total operating expenses	<u>60,569,818</u>
Operating income (loss)	<u>5,990,630</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	284,326
Endowment income (loss), net	-
Interest Expenses	-
Other nonoperating revenues (expenses)	(378,491)
Net nonoperating revenues (expenses)	<u>(94,165)</u>

Income (loss) before other additions 5,896,465

State appropriations, capital	-
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	-
Increase (decrease) in net position	<u>5,896,465</u>

Net position:

Net position at beginning of year, as previously reported	25,165,721
Restatements	-
Net position at beginning of year, as restated	<u>25,165,721</u>
Net position at end of year	<u>\$ 31,062,186</u>

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



CSU Fullerton Auxiliary Services Corporation  
Other Information  
June 30, 2015  
(for inclusion in the California State University)

3.1 Composition of capital assets at June 30, 2015:

	Balance June 30, 2014	Prior period Adjustments	Reclassifications	Balance June 30, 2014 (restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2015
Nondepreciable/nonamortizable capital assets:								
Land and land improvements	\$ 19,990,205	-	-	19,990,205	-	-	-	19,990,205
Works of art and historical treasures	-	-	-	-	-	-	-	-
Construction work in progress (CWIP)	9,431	-	-	9,431	514,375	(9,431)	-	514,375
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	19,999,636	-	-	19,999,636	514,375	(9,431)	-	20,504,580
Depreciable/amortizable capital assets:								
Buildings and building improvements	30,992,874	-	-	30,992,874	-	-	-	30,992,874
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	6,495,335	-	-	6,495,335	1,699,210	(23,342)	-	8,171,203
Personal property:								
Equipment	2,844,064	-	-	2,844,064	75,566	(3,496)	-	2,916,134
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	40,332,273	-	-	40,332,273	1,774,776	(26,838)	-	42,080,211
Total capital assets	60,331,909	-	-	60,331,909	2,289,151	(36,269)	-	62,584,791
Less accumulated depreciation/amortization:								
Buildings and building improvements	(1,190,061)	-	-	(1,190,061)	(1,033,095)	-	-	(2,223,156)
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	(2,578,042)	-	-	(2,578,042)	(373,728)	-	-	(2,951,770)
Personal property:								
Equipment	(807,350)	-	-	(807,350)	(322,719)	3,495	-	(1,126,574)
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets:								
Software and websites	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyright and trademarks	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets:	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	(4,575,453)	-	-	(4,575,453)	(1,729,542)	3,495	-	(6,301,500)
Total capital assets, net	\$ 55,756,456	-	-	55,756,456	559,609	(32,774)	-	56,283,291

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3.2 Detail of depreciation and amortization expense for the year ended June 30, 2015:

Depreciation and amortization expense related to capital assets	\$ 1,729,542
Amortization expense related to other assets	-
Total depreciation and amortization	<u>\$ 1,729,542</u>

4 Long-term liabilities activity schedule:

	Balance June 30, 2014	Prior period adjustments	Reclassifications	Balance June 30, 2014 (restated)	Additions	Reductions	Balance June 30, 2015	Current portion	Long-term portion
Accrued compensated absences	\$ 619,815	-	-	619,815	787,324	(798,971)	608,168	-	608,168
Capitalized lease obligations:									
Gross balance	-	-	-	-	-	-	-	-	-
Unamortized premium / (discount) on capitalized lease obligations	-	-	-	-	-	-	-	-	-
Total capitalized lease obligations	-	-	-	-	-	-	-	-	-
Long-term debt obligations:									
Revenue Bonds	25,405,000	-	-	25,405,000	-	(890,000)	24,515,000	930,000	23,585,000
Other bonds (non-Revenue Bonds)	-	-	-	-	-	-	-	-	-
Commercial Paper	-	-	-	-	-	-	-	-	-
Note Payable related to SRB	-	-	-	-	-	-	-	-	-
Other:									
Bond anticipated note	45,385,000	-	-	45,385,000	-	(4,820,000)	40,565,000	910,519	39,654,481
Other long-term liability	5,000,000	-	-	5,000,000	-	-	5,000,000	166,667	4,833,333
Obligation to Fullerton Lodge Building Corp.	1,620,547	-	-	1,620,547	41,793	-	1,662,340	1,662,340	-
Add description	-	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-	-
Total long-term debt obligations	<u>77,410,547</u>	-	-	<u>77,410,547</u>	<u>41,793</u>	<u>(5,710,000)</u>	<u>71,742,340</u>	<u>3,669,526</u>	<u>68,072,814</u>
Unamortized bond premium / (discount)	1,259,668	-	-	1,259,668	3,750,890	(212,605)	4,797,953	202,187	4,595,766
Total long-term debt obligations, net	<u>78,670,215</u>	-	-	<u>78,670,215</u>	<u>3,792,683</u>	<u>(5,922,605)</u>	<u>76,540,293</u>	<u>3,871,713</u>	<u>72,668,580</u>
Total long-term liabilities	<u>\$ 79,290,030</u>	-	-	<u>\$ 79,290,030</u>	<u>4,580,007</u>	<u>(6,721,576)</u>	<u>77,148,461</u>	<u>3,871,713</u>	<u>73,276,748</u>

5 Future minimum lease payments - capital lease obligations:

	Principal	Interest	Principal and Interest
Year ending June 30:			
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		-	-
<b>Capitalized lease obligation, net of current portion</b>		<u>\$ -</u>	<u>-</u>

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**6 Long-term debt obligation schedule**

	Revenue Bonds			All other long-term debt obligations			Total		
	Principal	Interest	Principal and	Principal	Interest	Principal and	Principal	Interest	Principal and
			Interest			Interest			Interest
Year ending June 30:									
2015	\$ 930,000	1,179,750	2,109,750	2,739,526	-	2,739,526	3,669,526	1,179,750	4,849,276
2016	980,000	1,134,463	2,114,463	1,185,241	1,989,605	3,174,846	2,165,241	3,124,068	5,289,309
2017	1,020,000	1,090,526	2,110,526	1,210,755	1,963,307	3,174,062	2,230,755	3,053,833	5,284,588
2018	1,070,000	1,043,475	2,113,475	1,141,855	1,921,313	3,063,168	2,211,855	2,964,788	5,176,643
2019	6,180,000	4,375,438	10,555,438	4,788,692	9,002,205	13,790,897	10,968,692	13,377,643	24,346,335
2020 - 2024	7,915,000	2,634,125	10,549,125	5,945,250	7,844,396	13,789,646	13,860,250	10,478,521	24,338,771
2025 - 2029	4,635,000	790,625	5,425,625	7,452,281	6,346,117	13,798,398	12,087,281	7,136,742	19,224,023
2030 - 2034	1,785,000	232,374	2,017,374	9,387,326	4,407,319	13,794,645	11,172,326	4,639,693	15,812,019
2035 - 2039	-	-	-	11,899,635	1,899,262	13,798,897	11,899,635	1,899,262	13,798,897
2040 - 2044	-	-	-	1,476,779	72,709	1,549,488	1,476,779	72,709	1,549,488
2045 - 2049	-	-	-	-	-	-	-	-	-
2050 - 2054	-	-	-	-	-	-	-	-	-
2055 - 2059	-	-	-	-	-	-	-	-	-
2060 - 2064	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ 24,515,000</b>	<b>12,480,776</b>	<b>36,995,776</b>	<b>47,227,340</b>	<b>35,446,233</b>	<b>82,673,573</b>	<b>71,742,340</b>	<b>47,927,009</b>	<b>119,669,349</b>

**7 Calculation of net position**

	Auxiliary Organizations		Total
	GASB	FASB	Auxiliaries

**7.1 Calculation of net position - Net investment in capital assets**

Capital assets, net of accumulated depreciation	\$	—	56,283,291	56,283,291
Capitalized lease obligations - current portion		—	-	-
Capitalized lease obligations, net of current portion		—	-	-
Long-term debt obligations - current portion		—	(3,871,713)	(3,871,713)
Long-term debt obligations, net of current portion		—	(72,668,580)	(72,668,580)
Portion of outstanding debt that is unspent at year-end		—	-	-
Other adjustments: (please list)				
College Park West		—	13,470,000	13,470,000
Housing Authority Refinance		—	1,500,000	1,500,000
Add description		—	-	-
Add description		—	-	-
Add description		—	-	-
<b>Net position - net investment in capital asset</b>	<b>\$</b>	<b>—</b>	<b>(5,287,002)</b>	<b>(5,287,002)</b>

**7.2 Calculation of net position - 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		—	—	—
<b>Net position - Restricted for nonexpendable - endowments per SNP</b>	<b>\$</b>	<b>—</b>	<b>—</b>	<b>—</b>

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**8 Transactions with Related Entities**

	<b>Amount</b>
Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$ 7,227,267
Payments to University for other than salaries of University personnel	1,983,400
Payments received from University for services, space, and programs	13,567,632
Gifts-in-kind to the University from discretely presented component units	484,591
Gifts (cash or assets) to the University from discretely presented component units	38,016
Accounts (payable to) University (enter as negative number)	(1,975,454)
Other amounts (payable to) University (enter as negative number)	-
Accounts receivable from University	148,768
Other amounts receivable from University	-

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

Annual required contribution (ARC)	\$	(3,682,520)
Contributions during the year		(950,455)
Increase (decrease) in net OPEB obligation (NOO)		(4,632,975)
NOO - beginning of year		8,320,313
NOO - end of year	\$	3,687,338

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

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

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

	<u>Net Position Class</u>	<u>Amount Dr. (Cr.)</u>
Net position as of June 30, 20PY, as previously reported	\$	—
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	\$	<u>—</u>

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

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