

**CSU FULLERTON**  
**AUXILIARY SERVICES CORPORATION**  
Financial Statements and Supplementary Information  
June 30, 2008  
(With Independent Auditors' Report Thereon)

# CSU FULLERTON AUXILIARY SERVICES CORPORATION

## Table of Contents

	<b>Page</b>
<b>Independent Auditors' Report</b>	1
<b>Financial Statements:</b>	
Statement of Financial Position	2-3
Statement of Activities	4
Statement of Changes in Net Assets	5
Statement of Cash Flow	6
Notes to Financial Statements	7-17
<b>Supplementary Information</b>	
Schedule of Activity Information by Natural Classification	18
Combining Statement of Activities Information – Auxiliary Enterprise Activities	19
Source of Funding and Expenditures for Sponsored Programs	20
Statement of Net Assets	21
Statement Revenues, Expenses and Changes in Net Assets	22
Other Information	23-27

# Guzman & Gray

Certified Public Accountants

4510 East Pacific Coast Highway, Suite 270  
Long Beach, California 90804

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

(562) 498-0997 Fax: (562) 597-7359

## INDEPENDENT AUDITORS' REPORT

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

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects. The financial position of ASC as of June 30, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 9, 2008, on our consideration of ASC's internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in schedules on pages 18 – 27 is presented for purposes of additional analysis and is not required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Guzman & Gray CPAs  
Long Beach, California  
September 9, 2008

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**

Statement of Financial Position

June 30, 2008

(With comparative financial information for the year ended June 30, 2007)

Assets	General	Designated	College Park	Auxiliary Enterprises	Agency accounts	Quasi-endowments	Total unrestricted	Temporary restricted	Total 2008	Total 2007
Current assets:										
Cash and cash equivalents	\$ 1,482,809	1,119,101	(144,160)	4,205,528	4,218,214	60,580	10,942,072	—	10,942,072	11,859,468
Accounts receivable:										
Sponsored programs	2,445,371	—	—	—	—	—	2,445,371	—	2,445,371	1,345,169
Other receivables	213,217	6,606	10,372	399,379	75,996	—	705,570	3,794	709,364	1,071,379
Less allowance for doubtful accounts	(250,937)	—	—	(75,139)	—	—	(326,076)	—	(326,076)	(59,879)
Total accounts receivable, net	2,407,651	6,606	10,372	324,240	75,996	—	2,824,865	3,794	2,828,659	2,356,669
Investments	6,137,046	—	—	—	80,726	236,000	6,453,772	—	6,453,772	7,018,062
Inventories	—	—	—	3,178,238	—	—	3,178,238	—	3,178,238	5,192,042
Capital lease receivable, current portion	—	—	605,000	—	—	—	605,000	—	605,000	580,000
Due from affiliates, current portion	592,931	—	—	—	—	—	592,931	—	592,931	—
Other current assets	—	—	—	86	—	—	86	—	86	121,179
Total current assets	10,620,437	1,125,707	471,212	7,708,092	4,374,936	296,580	24,596,964	3,794	24,600,758	27,127,420
Property, plant, and equipment:										
Land	—	—	—	3,078	—	—	3,078	—	3,078	3,078
Building and improvements	87,700	—	—	582,870	—	—	670,570	—	670,570	732,105
Equipment, furniture, and fixtures	1,639,222	—	15,696	3,768,134	—	—	5,423,052	—	5,423,052	4,994,664
Leasehold improvements	89,383	—	3,347,707	5,345,964	—	—	8,783,054	—	8,783,054	8,936,840
Less accumulated depreciation and amortization	1,816,305	—	3,363,403	9,700,046	—	—	14,879,754	—	14,879,754	14,666,687
	(1,644,988)	—	(566,005)	(8,277,430)	—	—	(10,488,423)	—	(10,488,423)	(10,291,998)
Total property, plant, and equipment, net	171,317	—	2,797,398	1,422,616	—	—	4,391,331	—	4,391,331	4,374,689
Other assets:										
Restricted cash – debt reserve	958,331	—	2,721,667	—	—	—	3,679,998	—	3,679,998	2,721,667
Restricted cash – debt service	—	—	1,579,660	—	—	—	1,579,660	—	1,579,660	1,359,052
Due from affiliates, net of current	2,555,789	—	615,038	—	—	—	3,170,827	—	3,170,827	615,038
Capital lease receivable, net of current	—	—	22,948,333	—	—	—	22,948,333	—	22,948,333	23,553,333
Annuity and life estate investments	—	—	—	—	—	—	—	455,009	455,009	538,931
Total other assets	3,514,120	—	27,864,698	—	—	—	31,378,818	455,009	31,833,827	28,788,021
Total assets	\$ 14,305,874	1,125,707	31,133,308	9,130,708	4,374,936	296,580	60,367,113	458,803	60,825,916	60,290,130

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

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**

Statement of Financial Position

June 30, 2008

(With comparative financial information for the year ended June 30, 2007)

	General	Designated	College Park	Auxiliary Enterprises	Agency accounts	Quasi-endowments	Total unrestricted	Temporary restricted	Total 2008	Total 2007
<b>Liabilities and Net Assets</b>										
Current liabilities:										
Accounts payable	\$ 338,184	—	61,302	1,993,234	—	—	2,392,720	—	2,392,720	3,221,141
Accrued liabilities	1,418,545	2,045	116,908	698,418	90,294	—	2,326,210	—	2,326,210	3,147,014
Accrued interest payable	—	—	752,974	—	—	—	752,974	—	752,974	764,904
Amount held for others	—	—	—	—	—	—	—	—	0	—
Receipts in excess of expenditures on sponsored programs	3,313,612	—	—	—	—	—	3,313,612	—	3,313,612	2,152,753
Deposits held in custody for others	—	—	—	—	4,284,642	—	4,284,642	—	4,284,642	3,783,338
Current portion of bonds payable	—	—	605,000	—	—	—	605,000	—	605,000	580,000
Current portion Post retirement benefit	74,104	—	—	—	—	—	74,104	—	74,104	75,512
Current portion of annuity and unitrust	—	—	—	—	—	—	—	29,102	29,102	30,286
Total current liabilities	5,144,445	2,045	1,536,184	2,691,652	4,374,936	—	13,749,262	29,102	13,778,364	13,754,948
Noncurrent liabilities:										
Noncurrent portion of bonds payable	—	—	25,670,000	—	—	—	25,670,000	—	25,670,000	26,275,000
Noncurrent portion Post retirement benefit payable	2,942,309	—	—	—	—	—	2,942,309	—	2,942,309	2,855,883
Total noncurrent liabilities	2,942,309	—	25,670,000	—	—	—	28,612,309	—	28,896,708	29,455,384
Total liabilities	8,086,754	2,045	27,206,184	2,691,652	4,374,936	—	42,361,571	313,501	42,675,072	43,210,332
Net assets:										
Unrestricted:										
Designated	5,567,302	1,123,662	3,927,124	5,805,749	—	296,580	16,720,417	—	16,720,417	15,316,332
Undesignated	651,818	—	—	633,307	—	—	1,285,125	—	1,285,125	1,575,528
Total unrestricted net assets	6,219,120	1,123,662	3,927,124	6,439,056	—	296,580	18,005,542	—	18,005,542	16,891,860
Temporarily restricted -- remainder interest for support of Auxiliary services	—	—	—	—	—	—	—	145,302	145,302	187,938
Total net assets	6,219,120	1,123,662	3,927,124	6,439,056	—	296,580	18,005,542	145,302	18,150,844	17,079,798
Total liabilities and net assets	\$ 14,305,874	1,125,707	31,133,308	9,130,708	4,374,936	296,580	60,367,113	458,803	60,825,916	60,290,130

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

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**

Statement of Activities

Year ended June 30, 2008

(With summarized financial information for the year ended June 30, 2007)

	General	Designated	College Park	Auxiliary Enterprises	Quasi-endowments	Total unrestricted	Temporary restricted	Total 2008	Total 2007
<b>Operating:</b>									
Revenues, gains, and other support:									
Bookstore and Dining services sales	1,000	—	—	24,001,929	—	24,001,929	—	24,001,929	23,771,327
Contributions and gifts	530,526	—	—	5,426	—	6,426	—	6,426	6,711
Administrative services	1,514,651	—	—	—	—	530,526	—	530,526	501,843
Indirect cost recovery	14,999,792	—	—	—	—	1,514,651	—	1,514,651	1,345,420
Grants and contracts	5,035,261	—	—	—	—	14,999,792	—	14,999,792	13,904,429
University extended education programs	407,095	—	—	541,106	—	5,035,261	—	5,035,261	3,809,945
Commission income	10,668	—	—	7,747	—	541,106	—	541,106	493,854
Interest and dividend income	(595,104)	—	161,787	434,718	—	576,629	—	576,629	501,453
Rental income	86,791	229,244	4,411	—	18,315	5,106,653	(42,636)	5,106,653	4,513,066
Realized and unrealized gain (loss) on investments				837,983		(576,789)		(619,425)	1,191,805
Other income						1,158,429		1,158,429	1,101,080
Total revenues, gains, and other support	21,990,680	229,244	4,827,465	25,828,909	18,315	52,894,613	(42,636)	52,851,977	51,140,933
<b>Expenses:</b>									
Auxiliary activities	—	—	4,195,398	23,945,891	—	28,141,289	—	28,141,289	27,772,987
Sponsored programs	4,383,445	545,626	—	—	2,892	14,999,792	—	14,999,792	13,904,429
Other programs	3,733,225	—	—	—	—	4,931,963	—	4,931,963	3,524,838
Management and general	23,116,462	545,626	4,195,398	23,945,891	2,892	3,733,225	—	3,733,225	3,401,444
Total expenses	(1,125,782)	(316,382)	632,067	1,883,018	15,423	1,088,344	(42,636)	1,045,708	48,603,698
Increase in net assets from operating activities	25,338					25,338		25,338	(1,200,040)
<b>Nonoperating:</b>									
Pension-related changes other than net periodic pension cost									
Effect of adoption FASB Statement No. 158									
Change in net assets	(1,100,444)	(316,382)	632,067	1,883,018	15,423	1,113,682	(42,636)	1,071,046	1,337,195

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

CSU FULLERTON AUXILIARY SERVICES CORPORATION

Statement of Changes in Net Assets

Year ended June 30, 2008

(With summarized financial information for the year ended June 30, 2007)

	General	Designated	College Park	Auxiliary Enterprises	Agency accounts	Quasi-endowments	Total unrestricted	Temporary restricted	Total 2008	Total 2007
Net assets at beginning of year	\$ 4,853,578	1,115,044	4,008,785	6,633,296	—	281,157	16,891,860	187,958	17,079,798	15,742,603
Change in net assets	(1,100,444)	(316,382)	632,067	1,883,018	—	15,423	1,113,682	(42,636)	1,071,046	1,337,195
Transfer and reclassifications	713,728	325,000	(713,728)	(325,000)	—	—	—	—	—	—
Designations from other classifications	1,752,258	—	—	(1,752,258)	—	—	—	—	—	—
Net assets at end of year	\$ 6,219,120	1,123,662	3,927,124	6,439,056	—	296,580	18,005,542	145,302	18,150,844	17,079,798

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

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**

Statement of Cash Flows

Year ended June 30, 2008

(With comparative financial information for the year ended June 30, 2007)

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities:		
Change in net assets	\$ 1,071,046	1,337,195
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:		
Depreciation and amortization	849,141	721,447
Realized and unrealized (gain) loss on investments	619,425	(1,191,805)
Gain on the sale of equipment	(14,760)	(1,541)
Decrease (increase) in value of annuity and life estate investments	83,922	(19,578)
Changes in assets and liabilities:		
Decrease (increase) in accounts receivable	(471,990)	1,167,202
Decrease (increase) in inventories	2,013,804	(1,247,047)
Decrease (increase) in other current assets	121,093	(117,068)
Decrease (increase) in restricted cash	(1,178,939)	(161,744)
Decrease (increase) in due from affiliates	(3,148,720)	(615,038)
Decrease (increase) in capital lease receivable	605,000	718,453
Increase (decrease) in bond payable	-	-
Increase (decrease) in accounts payable	(865,351)	661,311
Increase (decrease) in accrued liabilities	(735,786)	984,010
Increase (decrease) in receipts in excess of expenditures on specific sponsored programs	1,160,859	(43,897)
Increase (decrease) in deposits held in custody for others	501,304	372,004
Increase (decrease) in amount held for others	-	(296,341)
Increase (decrease) in annuity and unitrust payable	(41,286)	20,674
Net cash and cash equivalents provided by operating activities	<u>568,762</u>	<u>2,288,237</u>
Cash and cash equivalents from investing activities:		
Purchase of fixed assets	(865,783)	(780,366)
Proceeds from sale of fixed assets	14,760	1,541
Purchase /Sales of investments net of (gain)/ loss	(55,135)	28,512
Net cash and cash equivalents used in investing activities	<u>(906,158)</u>	<u>(750,313)</u>
Cash and cash equivalents from financing activities:		
Payments on bonds and capital lease obligations	<u>(580,000)</u>	<u>(565,000)</u>
Net cash and cash equivalents used in financing activities	<u>(580,000)</u>	<u>(565,000)</u>
Net increase in cash and cash equivalents	(917,396)	972,924
Cash and cash equivalents at beginning of year	<u>11,859,468</u>	<u>10,886,544</u>
Cash and cash equivalents at end of year	\$ <u><u>10,942,072</u></u>	<u><u>11,859,468</u></u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	\$ <u><u>1,517,878</u></u>	<u><u>1,540,303</u></u>
Cash paid during the year for income taxes	<u><u>None</u></u>	<u><u>None</u></u>

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

# CSU FULLERTON AUXILIARY SERVICES CORPORATION

## Notes to Financial Statements

June 30, 2008

### (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, conducting bookstore, food service, college park building, and administering various educationally-related functions, special programs, and other activities.

### (2) Summary of Significant Accounting Policies

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

#### (a) Basis of Accounting

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

#### (b) Basis of Presentation

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

#### Unrestricted Net Assets

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

#### **General**

General contains those transactions not included in other classifications. This classification includes administrative functions as well as sponsored programs' activity. Sponsored programs' activity includes research and educational grants and contracts from government and private institutions as well as the non-credited University's Extended Education Program.

#### **Designated**

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

#### **College Park**

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

## CSU FULLERTON AUXILIARY SERVICES CORPORATION

### Notes to Financial Statements

June 30, 2008

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

##### **Auxiliary Enterprise Activities**

Auxiliary activities represent transactions related to ASC's ongoing revenue producing, self-supporting activities that are conducted in support of the University's activities. It is ASC's policy to record and group all of the auxiliary activities' administrative expenses as part of the "general" classification. The auxiliary enterprise activities consist primarily of the activities of the bookstore, food service, and vending operations at the University and a wildlife sanctuary located near the University.

##### **Agency Accounts**

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

##### **University Extended Education**

ASC has entered into a contract with the University's Extended Education Program. This program is responsible for providing delivery of noncredit, instructionally related programs and courses provided by ASC. For fiscal year 2008, net revenues over expenses totaling \$651,816 are included in the statement of activities under the general funds activities.

##### **Quasi-Endowments**

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

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

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

##### **Endowments**

Endowment accounts include gifts made to ASC for which donor-imposed restrictions have not been met. These gifts are typically in the form of charitable remainder trusts or charitable annuities received by ASC. The assets are recorded at fair value, with

## CSU FULLERTON AUXILIARY SERVICES CORPORATION

### Notes to Financial Statements

June 30, 2008

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

both a corresponding liability representing the amounts due to the annuitant and net assets representing the remainder interest that will ultimately revert to ASC. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

##### Permanently Restricted Net Assets

Permanently restricted net assets are net assets that are subject to donor-imposed restrictions that the principal be maintained in perpetuity and invested for the purposes of providing a permanent source of income. ASC had no permanently restricted net assets as of June 30, 2008.

##### (c) *Grants and Contracts*

ASC serves as administrator for various grants and contracts awarded to the University by both governmental and private institutions. Contractual and earned receivables from grants and contracts activities totaled \$2,445,371 for June 30, 2008 and are shown in the accompanying statement of financial position as sponsored programs receivables. Amounts received by ASC in excess of expenditures totaling \$3,313,612, for June 30, 2008 are presented in the accompanying statement of financial position as receipts in excess of expenditures on sponsored programs. Support received under grants and contracts is recorded as revenue as it is earned through expenditures in accordance with the agreements. Grants and Contracts are subject to review by the grantor. ASC believes it is materially in compliance with all provisions of grants and contracts.

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

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

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

ASC maintains its cash accounts with several major commercial banks and financial institutions and is exposed to credit risk for amounts exceeding amounts insured by the Federal Deposit Insurance Corporation. In addition, the majority of the investment portfolio at June 30, 2008 was held by Local Agency Investment Fund. ASC has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk for cash and cash equivalents.

CSU FULLERTON AUXILIARY SERVICES CORPORATION

Notes to Financial Statements

June 30, 2008

(2) Summary of Significant Accounting Policies (continued)

(f) *Restricted Cash*

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

(g) *Receivables*

Receivables are primarily comprised of reimbursements for grants and contract expenditures according to contractual agreements, amounts due from various University departments for computer sales, bookstore sales, and catering services.

Accounts receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and credit to accounts receivable. Changes in the valuation allowance have not been material to the financial statements.

(h) *Investments*

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

(i) *Inventories*

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

(j) *Property, Plant, and Equipment*

Fixed assets are stated at cost or, if donated, at their estimated fair market value at the date of donation. Betterments that materially prolong the life of assets are capitalized. Repairs and maintenance that do not prolong the life of assets are expensed currently. Depreciation and amortization for year ended June 30, 2008 was \$849,141.

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

CSU FULLERTON AUXILIARY SERVICES CORPORATION

Notes to Financial Statements

June 30, 2008

(2) Summary of Significant Accounting Policies (continued)

(k) *Estimates*

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

(l) *Income Taxes*

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

(m) *Comparative Data/Reclassification*

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with ASC's financial statements for the year ended June 30, 2007. Certain reclassifications have been made to assist in comparability.

(n) *Functional Expense*

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

Program	\$ 48,073,044
Management	<u>3,733,225</u>
Total Expenses	<u>\$ 51,806,269</u>

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**

Notes to Financial Statements

June 30, 2008

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

Bonds outstanding at June 30, 2008 mature through May 1, 2038 as follows:

Year ending June 30:	<u>Principal</u>	<u>Interest</u>
2009	\$ 605,000	1,491,323
2010	635,000	1,459,773
2011	665,000	1,425,123
2012	705,000	1,389,810
2013	740,000	1,354,415
Thereafter	<u>22,925,000</u>	<u>14,387,974</u>
	<u>\$ 26,275,000</u>	<u>21,508,417</u>

- (a) The CSU Fullerton Auxiliary Services Corporation, on behalf of the University, issued Auxiliary Organization Revenue Bonds, \$18,990,000 Series 2000A and \$9,275,000 Series B remarketed bonds to provide conduit financing for the acquisition of a ten-story office building adjacent to the University. The bonds bear interest at varying rates averaging 4.6%; semiannual deposits are made into a debt reserve fund in an amount equal to the required interest payment plus one-half of the principal of the bonds.

As specified in the bond indenture, the bonds outstanding at June 30, 2008 are secured by revenues derived from the Office Building (the Project Revenues) and other amounts held under the indenture to secure payment of the principal of, premium, if any, and interest on the Bonds.

The term of the related capital lease agreement between ASC and the University is 30 years during which time the University will be obligated to make rental payments to ASC at estimated market value amounts, or at least amounts sufficient to pay regularly scheduled debt service including interest on the bonds. Accordingly, ASC has recorded a capital lease receivable of \$23,553,333 (Current portion \$605,000, Long term \$22,948,333) representing the \$25,670,000 bond liability less \$2,721,667 restricted cash set aside for debt service. Title to the Office Building will be transferred to the University upon the retirement or defeasance of all the outstanding bonds. The excess of lease related receipts over bond related payments will accrue to ASC to cover operation and maintenance expenses related to the Office Building.

ASC maintains accounts for bond reserves, unexpended bond proceeds, and other funds required by the bond indenture. The amounts held in the Debt Reserve Fund reduce the lease receivable due from the University. The Interest expense on bonds payable for the year ended June 30, 2008 was \$1,517,878.

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**

Notes to Financial Statements

June 30, 2008

**(4) Investments**

ASC investments are generally Common Fund and publicly-traded marketable securities and include the following at June 30, 2008:

	<u>Fair Market Value</u>	<u>Cost of Investment</u>	<u>Unrealized Gain (Loss)</u>
Investments:			
Certificates of Deposit	\$ 218,566	200,000	18,566
Common Fund Equity	2,097,243	1,630,103	467,140
Wachovia Security - Equity	1,797,403	1,500,000	297,403
Charles Schwab - Equity	1,764,763	1,500,000	264,763
Fixed Income Security	192,801	200,000	(7,199)
Wachovia Security - Annuity	302,268	200,000	102,268
Charles Schwab - Stocks	80,728	66,989	13,739
Total	\$ <u>6,453,772</u>	<u>5,297,092</u>	<u>1,156,680</u>
Annuity & Life Estate Investments:			
Cash	\$ 4,929	116	4,813
Equity Securities	214,513	175,070	39,443
Money Market Funds	4,766	8,524	(3,758)
Mutual Funds	48,905	45,643	3,262
Debt Securities	62,577	175,312	(112,735)
Annual Fixed Allocation	119,319	135,045	(15,726)
Total	\$ <u>455,009</u>	<u>539,710</u>	<u>(84,701)</u>

**(5) Line of Credit**

ASC maintains a \$500,000 bank line of credit which is unused as of June 30, 2008. Interest is payable at a prime rate plus 1% (5% at June 30, 2008). The line of credit expires November 15, 2008.

**(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 Code Section 403(b). This is a defined contribution type plan under which an employee contributes 5% and ASC contributes 8% of an employee's annual salary to an account established for that employee. An option made available July 1997 allows the employee and employer to contribute 2% and 4%, respectively. Both employee and ASC contributions are 100% vested when the contributions are made. The contributions accumulate earnings in an account on a tax-deferred basis, while the employee remains employed. On termination of employment each employee is entitled to the balance of his or her account. Employees can also choose to contribute additional funds into TIAA-C Supplemental retirement Annuity Certificates. Employee deferrals are limited to \$20,500 per employee per year in aggregate for 403 plan, and \$15,500 maximum deferral limit for 457(b) plan. It is the policy of ASC to fund benefit costs as they are incurred. Total benefit expense for the year ended June 30, 2008 was \$374,034.

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**

Notes to Financial Statements

June 30, 2008

**(7) Postretirement Health Benefit Plan**

In addition to ASC's employer defined contribution plan, ASC provides lifetime postretirement medical coverage to employees who satisfy certain eligibility requirements. Retirees receive the same monthly allowance toward the cost of coverage as active employees.

The following table summarizes ASC's accrued postretirement benefit cost recorded in accrued liabilities in the accompanying statement of financial position at June 30, 2008 and 2007:

	<b>2008</b>	<b>2007</b>
<b>Change in benefit obligation</b>		
Benefit obligation at beginning of year	\$ 2,931,395	\$ 2,438,690
Service cost	167,664	178,789
Interest cost	173,356	144,288
Amendments	N/A	N/A
Actuarial loss	(181,898)	245,140
Acquisition	N/A	N/A
Benefits paid	<u>(74,104)</u>	<u>(75,512)</u>
Benefit obligation at end of year	<u>\$ 3,016,413</u>	<u>\$ 2,931,395</u>
 <b>Change in plan assets</b>		
Fair value of plan assets at beginning of year	0	0
Actual return on plan assets	0	0
Acquisition	N/A	N/A
Employer contribution	0	0
Plan participants' contributions	0	0
Benefits paid	<u>0</u>	<u>0</u>
Fair value of plan assets at end of year	<u>0</u>	<u>0</u>
	<b>2008</b>	<b>2007</b>
<b>Funded Status</b>		
Benefit Obligation at June 30	\$ 3,016,413	\$ 2,931,395
Unrecognized net Transition Obligation	121,380	138,719
Unamortized prior service cost	0	0
Unrecognized net actuarial (gain)/loss	<u>836,747</u>	<u>1,061,321</u>
Prepaid (accrued) benefit cost	<u>\$ 2,058,286</u>	<u>\$ 1,731,355</u>
Measurement date	06/30/2008	06/30/2007
Funded status at end of year	<u>\$ (3,016,413)</u>	<u>\$ (2,931,395)</u>

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**

Notes to Financial Statements

June 30, 2008

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

*Net Periodic Benefit Cost*

Service Cost	\$ 167,664	\$ 178,789
Interest Cost	173,356	144,288
Expected return on plan assets	0	0
Amortization of Transition Obligation	17,339	17,339
Amortization of prior service cost	0	0
Amortization of net (gain) loss	<u>42,677</u>	<u>38,154</u>
Net periodic benefit cost	<u>\$ 401,036</u>	<u>\$ 378,570</u>

Assumptions as of June 30:	<b>2008</b>	<b>2007</b>
Discount Rate	6.50%	6.00%
Expected long-term return on plan assets	N/A	N/A
Rate of compensation increase	N/A	N/A

For measurement purposes the 2008 weighted average assumptions used to determine the Health care cost trend rate is 8%, decreasing gradually to 5.5% in 2013 and remain at that level thereafter. The health care cost trend rate assumption has a significant effect on the amounts reported.

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

<b>Projected Cost</b>	
2009	\$ 75,410
2010	77,296
2011	79,228
2012	81,209
2013	<u>83,239</u>
Total	396,382
In aggregate for the next five years thereafter	<u>448,469</u>
	<u>\$ 844,851</u>

**(8) Designated Net Assets**

ASC designated unrestricted net assets for specific purposes. Following is a summary of the amounts designated through June 30, 2008:

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**

Notes to Financial Statements

June 30, 2008

**(8) Designated Net Assets (continued)**

	General	Designated	College Park Bldg	Auxiliary	Quasi- Endowments	Total
Working Capital	\$ 1,370,975		1,205,456	2,878,932		5,455,363
Fixed Asset Reserve	1,743,407			2,926,817		4,670,224
College Park Bldg Reserve			2,721,668			2,721,668
Campus Activities		1,123,662				1,123,662
Contingencies	2,081,018					2,081,018
Grants/Contracts Resv for Disallow	371,902					371,902
Quasi-Endowments					296,580	296,580
	<u>\$ 5,567,302</u>	<u>1,123,662</u>	<u>3,927,124</u>	<u>5,805,749</u>	<u>296,580</u>	<u>16,720,417</u>

**(9) Administrative Services Fee**

ASC charges a fee to various University programs, recorded in the agency accounts category, for administrative services based on disbursements or the amount of cash invested. The amounts are included as administrative services fee revenue on the statement of activities. For the year ended June 30, 2008, the administrative fee charged to the agency accounts was \$327,176.

**(10) Operating Lease Commitments**

The ASC has various land and facilities operating leases, from both the University and Associated Students, Inc. These lease agreements are renegotiated periodically. Among other provisions, the leases require that ASC make payments based upon various percentages of net income received.

Future minimum payments under operating lease agreements at June 30, 2008 are as follows:

Year ending June 30:	
2009	\$ 167,871
2010	172,908
2011	178,095
2012	183,438
2013	<u>183,438</u>
Total	<u>\$ 885,750</u>

ASC makes rental payments for various facilities. The rental expense for the year ended June 30, 2008 was \$252,199.

## CSU FULLERTON AUXILIARY SERVICES CORPORATION

### Notes to Financial Statements

June 30, 2008

#### (11) Commitments and Contingencies

- (a) On June 16, 2005, the Board of Directors approved a loan request of \$3,500,000 to the University to assist in the funding of the construction of the new College of Business and Economics building. The loan funds were transferred to the University on November 15, 2007. From the time of Board approval to the time of loan funds transferred, ASC accumulated in excess of \$500,000 from available concessions commissions, net auction revenues, and Pepsi's Marketing and vending contracts. This amount was applied to the principle amount on the first scheduled payment. The loan is to be retired as quickly as possible but no later than December 31, 2021. The loan is collateralized by the University committing to a minimum repayment of \$375,000 per year. Loan payments shall consist of all available concession commissions, beverage marketing funds, and any additional funds required to bring the loan payment amount up to at least \$375,000 yearly. Interest on the loan shall be 0.5% above Local Agency Investment Fund, adjusted semi-annually on June 30 and December 31 of each year. Based on the prior the Local Agency Investment Fund interest rate, the current portion of the loan is estimated at \$287,931.
- (b) During fiscal year 2007-2008 ASC agreed to guarantee the financing of \$5.6 million dollars for the CSU Fullerton Housing Authority to facilitate the purchase of the Creekside condos through Citibank NA. The bank required that if the Housing Authority was unable to sell one-half of the Creekside condos within six months of acquisition, ASC would place assets equal to one-fourth of the outstanding loan balance into a third party escrow account. The Housing Authority was unable to sell the required condos. Accordingly, ACS has deposited \$958,331 into an escrow account reserved for the Creekside acquisition.
- (c) On April 1, 2008, the CSU Fullerton Auxiliary Services Corporation simultaneously entered into a ground and facilities lease agreement (as lessee) and a sublease agreement (as lessor) with the State of California, acting through the Board of Trustees of the California State University, to finance the construction of a one-story building on the campus of California State University Fullerton that will provide administrative and operational space for a police station and related facilities. Both lease agreements have a term of 30 years. As of June 30, 2008, the building was still under construction. Upon completion of the building, the obligations of ASC and the University under the terms of lease agreements will go into effect. The building is anticipated to be completed in early 2009.
- (d) On May 13, 2008, ASC approved a short-term line of credit to the CSU Fullerton Housing Authority for the purpose of providing interim cash flow in anticipation of sales of the remaining housing units at the University Heights development. The line of credit maximum is \$500,000. Interest is calculated on the outstanding balance at .05% above Local Agency Investment Fund, adjusted semiannually on July 1 and January 2. As of June 30, 2008, the CSU Housing Authority has utilized \$305,000.

#### (12) Related party Transactions

ASC and the University provide a variety of services on each other's behalf. At June 30, 2008 receivables from other activities and due from the University are \$1,957,250. Accounts payables include \$846,024 due to the University on June 30, 2008. These are the results of transactions in providing and receiving services. Amounts billed by ASC and included in revenues for the year ending June 30, 2008 total approximately \$10,256,381. Amounts billed to ASC included in expenses for the Year ending June 30, 2008 totaled approximately \$4,401,891.

**SUPPLEMENTARY INFORMATION**

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**

Schedule of Activity Information by Natural Classification

June 30, 2008

(With summarized financial information for the year ended June 30, 2007)

	Unrestricted					Total 2008	Total 2007
	General	Designated	College Park	Auxiliary Enterprises	Quasi- endowments		
Payroll expense:							
Salaries and wages	\$ 1,933,392	—	101,564	3,748,660	—	5,783,616	5,449,964
Staff and benefits	495,510	—	—	830,477	—	1,325,987	1,050,810
Total payroll expenses	2,428,902	—	101,564	4,579,137	—	7,109,603	6,500,774
Operating expenses:							
Cost of sales	—	—	—	15,838,109	—	15,838,109	16,287,447
Administration and general transfers and service fees:							
Advertising	—	—	—	70,140	—	70,140	66,021
Public Relations	50,544	—	—	47,059	—	97,603	75,215
Communications	24,367	—	7,252	48,377	—	79,996	72,379
Printing	15,736	—	—	24,775	—	40,511	28,895
Computer costs	25,032	—	—	—	—	25,032	28,388
Custodial services and supplies	—	—	293,256	176,465	—	469,721	392,526
Commissions Expense	—	—	40,437	423,281	—	463,718	244,423
Depreciation and amortization	77,723	—	158,576	612,842	—	849,141	721,448
Discount charges	6,141	—	—	375,210	—	381,351	332,674
Insurance	22,599	—	104,796	71,140	—	198,535	179,029
Legal and accounting	117,232	—	72,725	1,380	—	191,337	120,433
Repairs and maintenance	167,758	—	230,468	232,380	—	630,606	543,034
Supplies and materials	24,768	—	4,873	391,690	—	421,331	387,129
Scholarships	—	30,000	—	34,550	—	64,550	35,269
Rental	183,583	—	—	68,616	—	252,199	220,797
Contracted services	17,436	—	130,949	375,748	—	524,133	572,593
Travel	36,892	—	—	28,563	—	65,455	69,333
Utilities	—	—	608,182	213,051	—	821,233	850,694
Administrative fee	—	—	296,504	42,004	—	338,508	381,504
Debit service	—	—	2,085,947	—	—	2,085,947	2,175,855
Grants & contracts	14,999,792	—	—	—	—	14,999,792	13,904,429
Univ. extended education programs	4,383,445	—	—	—	—	4,383,445	3,061,966
Franchise royalty	—	—	—	116,755	—	116,755	110,861
Research support	—	195,837	—	—	—	195,837	205,868
Community outreach	—	319,789	—	—	—	319,789	254,137
Property taxes	—	—	59,204	—	—	59,204	23,535
Other direct costs	534,512	—	665	174,619	2,892	712,688	757,042
Total operating expenses	20,687,560	545,626	4,093,834	19,366,754	2,892	44,696,666	42,102,924
Total expenses	\$ 23,116,462	545,626	4,195,398	23,945,891	2,892	51,806,269	48,603,698

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, 2008  
 (With summarized financial information for the year ended June 30, 2007)

	Bookstore	Food service	Vending	Tucker wildlife	Total 2008	Total 2007
Sales	\$ 17,897,593	6,098,410	—	5,926	24,001,929	23,771,327
Cost of sales	13,873,413	1,960,515	—	4,181	15,838,109	16,287,447
Gross margin	4,024,180	4,137,895	—	1,745	8,163,820	7,483,880
Other revenue:						
Commissions	314,967	167,255	58,884	—	541,106	493,855
Contributions	—	—	—	5,426	5,426	6,711
Interest	—	—	—	7,747	7,747	10,550
Rental	431,118	3,600	—	—	434,718	253,235
Other	429,422	82,413	232,537	93,611	837,983	783,138
Total other revenues	1,175,507	253,268	291,421	106,784	1,826,980	1,547,489
Operating expenses:						
Salaries and wages	1,723,628	1,985,710	—	39,322	3,748,660	3,537,098
Staff and benefits	363,635	520,590	—	6,450	890,677	817,055
Administration and general transfers and service fees	6,000	36,004	—	—	42,004	42,000
Advertising	19,503	50,637	—	—	70,140	66,021
Communications	35,267	12,884	—	226	48,377	41,962
Commissions expense	73,873	164,432	184,976	—	423,281	355,284
Computer costs	—	—	—	—	—	—
Contracted services	153,763	214,633	—	7,353	375,750	289,450
Custodial services and supplies	81,688	94,776	—	—	176,464	147,128
Depreciation and amortization	400,120	212,721	—	—	612,841	492,539
Discount charges	275,026	100,184	—	—	375,210	331,704
Equipment	18,325	39,534	—	791	58,650	45,266
Franchise royalty	—	116,755	—	—	116,755	110,861
Insurance	25,296	45,844	—	—	71,140	69,410
Legal and accounting	—	1,320	—	—	1,320	—
Repairs and maintenance	101,540	108,731	—	22,108	232,378	241,146
Supplies	167,318	229,785	—	2,013	399,114	347,674
Scholarships	34,550	—	—	—	34,550	35,269
Rental	8,676	1,290	—	—	9,966	9,762
Travel	20,560	6,252	—	1,752	28,564	30,705
Utilities	100,324	106,854	—	5,873	213,051	242,511
Other direct costs	100,830	57,175	—	20,885	178,890	171,944
Total operating expenses	3,709,922	4,106,111	184,976	106,773	8,107,782	7,424,789
Excess revenues over expenses	\$ 1,489,765	285,052	106,445	1,756	1,883,018	1,606,580

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, 2008

Source of funding (direct):	
Federal government	\$ 8,389,013
State of California and local governments	4,935,295
For-profit organizations	549,784
Foundations and other tax-exempt organizations	<u>1,125,700</u>
Total source of direct funding	<u>14,999,792</u>
Source of indirect cost reimbursement:	
Federal government	845,672
State of California and local governments	425,327
For-profit organizations	115,796
Foundations and other tax-exempt organizations	<u>127,856</u>
Total source of indirect cost reimbursement	<u>1,514,651</u>
Total funding	\$ <u><u>16,514,443</u></u>
Direct expenditures:	
Salaries and wages	\$ 6,678,449
Staff benefits	1,123,433
Operating expenditures	5,874,202
Equipment	407,409
Stipends	<u>916,300</u>
Total direct expenditures	<u>14,999,792</u>
Indirect expenditures:	
Salaries and wages	473,684
Staff benefits	106,830
Operating expenditures	241,225
Equipment	1,149
Research and support	190,000
Other administration support	<u>501,763</u>
Total indirect expenditures	<u>1,514,651</u>
Total expenditures	\$ <u><u>16,514,443</u></u>

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

## CSU FULLERTON AUXILIARY SERVICES CORPORATION

## Schedule of Net Assets

June 30, 2008

(for inclusion in the California State University)

## Assets:

Current assets:	
Cash and cash equivalents	\$ 1,765,915
Short-term investments	15,629,929
Accounts receivable, net	2,828,659
Leases receivable, current portion	605,000
Notes receivable, current portion	592,931
Pledges receivable, net	—
Prepaid expenses and other assets	3,178,324
Total current assets	<u>24,600,758</u>
Noncurrent assets:	
Restricted cash and cash equivalents	5,259,658
Accounts receivable, net	3,170,827
Leases receivable, net of current portion	—
Notes receivable, net of current portion	—
Student loans receivable, net	—
Pledges receivable, net	—
Endowment investments	—
Other long-term investments	455,009
Capital assets, net	4,391,331
Other assets	22,948,333
Total noncurrent assets	<u>36,225,158</u>
Total assets	<u>60,825,916</u>

## Liabilities:

Current liabilities:	
Accounts payable	2,392,720
Accrued salaries and benefits payable	247,585
Accrued compensated absences— current portion	—
Deferred revenue	3,313,612
Capitalized lease obligations — current portion	—
Long-term debt obligations — current portion	605,000
Self-insurance claims liability - current portion	—
Other liabilities	6,632,417
Total current liabilities	<u>13,191,334</u>
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	538,523
Deferred revenue	—
Grants refundable	—
Capitalized lease obligations, net of current portion	—
Long-term debt obligations, net of current portion	25,670,000
Self-insurance claims liabilities, net of current portion	48,507
Depository accounts	—
Other liabilities	3,226,708
Total noncurrent liabilities	<u>29,483,738</u>
Total liabilities	<u>42,675,072</u>

## Net assets:

Invested in capital assets, net of related debt	(21,883,669)
Restricted for:	
Nonexpendable — endowments	—
Expendable:	
Scholarships and fellowships	—
Research	—
Loans	—
Capital projects	—
Debt service	—
Other	145,302
Unrestricted	<u>39,889,211</u>
Total net assets	<u>\$ 18,150,844</u>

See accompanying independent auditors' report.

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**  
Schedule of Revenues, Expenses, and Changes in Net Assets  
Year Ended June 30, 2008  
(for inclusion in the California State University)

## Revenues:

Operating revenues:		
Student tuition and fees (net of scholarship allowances of \$ _____)	\$	—
Grants and contracts, noncapital:		
Federal		9,234,685
State		1,944,728
Local		3,415,895
Nongovernmental		1,919,136
Sales and services of educational activities		—
Sales and services of auxiliary enterprises (net of scholarship allowances of \$ _____)		34,143,843
Other operating revenues		<u>2,255,399</u>
Total operating revenues		<u>52,913,686</u>

## Expenses:

Operating expenses:		
Instruction		4,931,963
Research		7,136,984
Public service		1,430,271
Academic support		1,609,903
Student services		2,972,772
Institutional support		3,364,514
Operation and maintenance of plant		—
Student grants and scholarships		—
Auxiliary enterprise expenses		29,510,722
Depreciation and amortization		<u>849,141</u>
Total operating expenses		<u>51,806,270</u>
Operating income (loss)		<u>1,107,416</u>

## Nonoperating revenues (expenses):

State appropriations, noncapital		—
Federal grant - Pell		—
Gifts, noncapital		6,426
Investment income, net		(42,796)
Endowment income		—
Interest on capital-related debt		—
Other nonoperating revenues (expenses)		<u>—</u>
Net nonoperating revenues (expenses)		<u>(36,370)</u>
Income (loss) before other additions		1,071,046

## State appropriations, capital

## Grants and gifts, capital

## Additions to permanent endowments

		<u>—</u>
		<u>—</u>
		<u>—</u>
Increase (decrease) in net assets		1,071,046

## Net assets:

Net assets at beginning of year, as previously reported		17,079,798
Restatements		<u>—</u>
Net assets at end of year, as restated	\$	<u>18,150,844</u>

See accompanying independent auditors' report.



CSU FULLERTON AUXILIARY SERVICES CORPORATION

Other Information

June 30, 2008

(for inclusion in the California State University)

3 Composition of capital assets at June 30, 2008:

	Balance June 30, 2007	Prior period Adjustments	Reclassifications	Balance 6/30/2007 (restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2008
Nondrappable capital assets:	\$ 3,078	—	—	3,078	—	—	—	3,078
Land and land improvements	—	—	—	—	—	—	—	—
Works of art and historical treasures	25,550	—	—	25,550	111,714	—	—	137,264
Construction work in progress (CWIP)	28,628	—	—	28,628	111,714	—	—	140,342
Total nondrappable capital assets	57,256	—	—	57,256	223,428	—	—	280,684
Depreciable capital assets:								
Buildings and building improvements	732,105	—	—	732,105	—	(149,235)	—	582,870
Improvements, other than buildings	—	—	—	—	—	—	—	—
Infrastructure	8,911,290	—	—	8,911,290	150,198	(415,698)	—	8,645,790
Leasehold improvements	4,994,664	—	—	4,994,664	603,871	(87,783)	—	5,510,752
Personal property:	—	—	—	—	—	—	—	—
Equipment	—	—	—	—	—	—	—	—
Library books and materials	—	—	—	—	—	—	—	—
Intangible assets	—	—	—	—	—	—	—	—
Total depreciable capital assets	14,638,059	—	—	14,638,059	754,069	(652,716)	—	14,739,412
Total cost	14,666,687	—	—	14,666,687	865,783	(652,716)	—	14,879,754
Less accumulated depreciation:								
Buildings and building improvements	(667,592)	—	—	(667,592)	(24,071)	149,335	—	(542,428)
Improvements, other than buildings	—	—	—	—	—	—	—	—
Infrastructure	(5,264,766)	—	—	(5,264,766)	(354,823)	415,697	—	(5,203,892)
Leasehold improvements	(4,359,640)	—	—	(4,359,640)	(470,247)	87,784	—	(4,742,103)
Personal property:	—	—	—	—	—	—	—	—
Equipment	—	—	—	—	—	—	—	—
Library books and materials	—	—	—	—	—	—	—	—
Intangible assets	—	—	—	—	—	—	—	—
Total accumulated depreciation	(10,291,998)	—	—	(10,291,998)	(849,141)	652,716	—	(10,488,423)
Net capital assets	\$ 4,374,689	—	—	\$ 4,374,689	\$ 16,642	—	—	\$ 4,391,331

Detail of depreciation and amortization expense for the year ended June 30, 2008:

Depreciation and amortization expense related to capital assets	\$ 849,141
Amortization expense related to other assets	—
Total depreciation and amortization	\$ 849,141



CSU FULLERTON AUXILIARY SERVICES CORPORATION

Other Information

June 30, 2008

(for inclusion in the California State University)

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
2009	\$ 605,000	1,491,323	---	---	605,000	1,491,323
2010	635,000	1,459,773	---	---	635,000	1,459,773
2011	665,000	1,425,123	---	---	665,000	1,425,123
2012	705,000	1,389,810	---	---	705,000	1,389,810
2013	740,000	1,354,415	---	---	740,000	1,354,415
2014 - 2018	4,275,000	6,163,033	---	---	4,275,000	6,163,033
2019 - 2023	5,565,000	4,819,131	---	---	5,565,000	4,819,131
2024 - 2028	7,450,000	2,881,422	---	---	7,450,000	2,881,422
2029 - 2033	5,635,000	524,387	---	---	5,635,000	524,387
2034 - 2038	---	---	---	---	---	---
2039 - 2043	---	---	---	---	---	---
2044 - 2048	---	---	---	---	---	---
2049 - 2053	---	---	---	---	---	---
2054 - 2058	---	---	---	---	---	---
Total	\$ 26,275,000	21,508,417	---	---	26,275,000	21,508,417

7 Calculation of net assets - Invested in capital assets, net of related debt

	Auxiliary Organizations		Total	
	GASB	FASB	Auxiliaries	Total
Capital assets, net of accumulated depreciation	---	4,391,331	---	4,391,331
Capitalized lease obligations - current portion	---	---	---	---
Capitalized lease obligations, net of current portion	---	---	---	---
Long-term debt obligations - current portion	---	(605,000)	---	(605,000)
Long-term debt obligations, net of current portion	---	(25,670,000)	---	(25,670,000)
Portion of outstanding debt that is unspent at year-end	---	---	---	---
Other:	---	---	---	---
(description)	---	---	---	---
(description)	---	---	---	---
(description)	---	---	---	---
(description)	---	---	---	---
(description)	---	---	---	---
Net assets - invested in capital assets, net of related debt	---	(21,883,669)	---	(21,883,669)

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**  
 Other Information  
 June 30, 2008  
 (for inclusion in the California State University)

	<u>Amount</u>
Reimbursements to University for salaries of University personnel working on contracts, grants, and other programs	\$ 3,856,368
Reimbursements to University for other than salaries of University personnel	544,923
Payments received from University for services, space, and programs	10,256,381
Gifts-in-kind to the University from Auxiliary Organizations	---
Amounts payable to University (enter as negative number)	(846,024)
Amounts receivable from University	1,957,250

**8 Transactions with Related Entities**

Reimbursements to University for salaries of University personnel working on contracts, grants, and other programs  
 Reimbursements to University for other than salaries of University personnel  
 Payments received from University for services, space, and programs  
 Gifts-in-kind to the University from Auxiliary Organizations  
 Amounts payable to University (enter as negative number)  
 Amounts receivable from University

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

	Net Asset	
	Class	Amount
Net assets as of June 30, 2007, as previously reported	Dr. (Cr.)	\$ 17,079,798
Prior period adjustments:		
1 (list description of each adjustment)		
2 (list description of each adjustment)		
3 (list description of each adjustment)		
4 (list description of each adjustment)		
5 (list description of each adjustment)		
6 (list description of each adjustment)		
7 (list description of each adjustment)		
8 (list description of each adjustment)		
9 (list description of each adjustment)		
10 (list description of each adjustment)		
Net assets as of June 30, 2007, as restated		\$ 17,079,798

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

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