

**THE UNIVERSITY CORPORATION**  
**REPORT ON FINANCIAL STATEMENTS**  
**and Supplementary Information**

**June 30, 2006**

**(with Independent Auditors' Report Thereon)**

**THE UNIVERSITY CORPORATION**

**AUDIT REPORT**

**June 30, 2006**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
The University Corporation

We have audited the accompanying statement of financial position of The University Corporation (the Corporation), as of June 30, 2006, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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 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. The prior year summarized comparative information has been derived from the Corporation's financial statements and, in our report dated August 25, 2005, we expressed an unqualified opinion on those financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets of The Corporation as of June 30, 2006, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 22, 2006 on our consideration of the Corporation's internal control over financial reporting and on our tests of its 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 integral 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 should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in schedules 1 through 2 and the other information in notes 1 through 10 is presented for purposes of additional analysis 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.

August 22, 2006

VICENTI, LLOYD & STUTZMAN LLP

**THE UNIVERSITY CORPORATION**  
**STATEMENT OF FINANCIAL POSITION**

**June 30, 2006**

**(With Comparative Totals for 2005)**

<b>ASSETS</b>	<b>2006</b>	<b>2005</b>
<b>Current assets:</b>		
Cash and cash equivalents	#VALUE!	#VALUE!
Restricted cash - sinking fund	#VALUE!	#VALUE!
Grants and contracts receivable	#VALUE!	#VALUE!
Account and notes receivable, net of allowance for doubtful accounts of \$15,022 and \$17,572	#VALUE!	#VALUE!
Contributions receivable	#VALUE!	#VALUE!
Inventory	#VALUE!	#VALUE!
Prepaid expenses and deposits	#VALUE!	#VALUE!
Total current assets	#VALUE!	#VALUE!
<b>Noncurrent assets:</b>		
Investments	#VALUE!	#VALUE!
Endowment Investments	2,324,621	2,378,919
Investments in real estate held for sale	#VALUE!	#VALUE!
Capital assets, net	#VALUE!	#VALUE!
Deferred financing cost, net	#VALUE!	#VALUE!
Total noncurrent assets	#VALUE!	#VALUE!
<b>Total assets</b>	#VALUE!	#VALUE!
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities:</b>		
Accounts payable	#VALUE!	#VALUE!
Accrued liabilities	#VALUE!	#VALUE!
Deposits held in custody for others	#VALUE!	#VALUE!
Deferred revenue	#VALUE!	#VALUE!
Current portion of long term debt and capital leases	#VALUE!	330,478
Total current liabilities	#VALUE!	#VALUE!
<b>Noncurrent liabilities:</b>		
Capital lease obligation, less current portion	6,440,000	6,560,000
Bonds and mortgages payable, less current portion	7,583,806	8,298,935
Total noncurrent liabilities	14,023,806	14,858,935
<b>Total liabilities</b>	#VALUE!	#VALUE!
<b>Net assets:</b>		
Unrestricted	#VALUE!	#VALUE!
Temporarily restricted	5,214,423	4,392,228
Permanently restricted	2,324,621	2,378,919
Total net assets	#VALUE!	#VALUE!
<b>Total liabilities and net assets</b>	#VALUE!	#VALUE!

*The accompanying notes are an integral part of these financial statements*

**THE UNIVERSITY CORPORATION**

**STATEMENT OF ACTIVITIES**

**For the Year Ended June 30, 2006**

**(With Comparative Totals for 2005)**

	2006			2005	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
<b>REVENUES</b>					
<b>Revenue and support:</b>					
Auxiliary services:					
Food service sales	#VALUE!	\$ -	\$ -	#VALUE!	#VALUE!
Bookstore sales and commissions	#VALUE!			#VALUE!	#VALUE!
Real estate rentals	#VALUE!			#VALUE!	#VALUE!
Less related expenses	(9,783,816)			(9,783,816)	(9,349,580)
Total auxiliary services	#VALUE!			#VALUE!	#VALUE!
Grants and contracts	17,993,256			17,993,256	#VALUE!
Licensing	-			-	#VALUE!
Investment income	2,092,941	652,007		2,744,948	2,023,804
Other revenue	1,063,333	500,000		1,563,333	903,646
Net assets released from restriction	384,110	(329,812)	(54,298)	-	-
<b>Total revenue and support</b>	#VALUE!	822,195	(54,298)	#VALUE!	#VALUE!
<b>EXPENSES</b>					
<b>Program services:</b>					
Grants and contracts	16,761,597			16,761,597	22,406,316
Student grants and scholarships	521,432			521,432	558,885
Licensing	-			-	548,396
University projects	2,484,741			2,484,741	1,554,884
Total program services	19,767,770	-	-	19,767,770	25,068,481
<b>Supporting services:</b>					
General and administrative	1,984,641	-	-	1,984,641	1,868,608
<b>Total expenses</b>	21,752,411	-	-	21,752,411	26,937,089
<b>CHANGE IN NET ASSETS</b>	#VALUE!	822,195	(54,298)	#VALUE!	#VALUE!
<b>NET ASSETS AT BEGINNING OF YEAR</b>	#VALUE!	4,392,228	2,378,919	#VALUE!	24,421,129
<b>RESTATEMENT OF NET ASSETS (Note 13)</b>	-	-	-	-	373,672
<b>NET ASSETS AT BEGINNING OF YEAR, RESTATED</b>	19,172,499	4,392,228	2,378,919	25,943,646	24,794,801
<b>NET ASSETS AT END OF YEAR</b>	#VALUE!	\$ 5,214,423	\$ 2,324,621	#VALUE!	#VALUE!

*The accompanying notes are an integral part of these financial statements*

**THE UNIVERSITY CORPORATION**

**STATEMENT OF CASH FLOWS**

**For the Year Ended June 30, 2006**

**(With Comparative Totals for 2005)**

	<u>2006</u>	<u>2005</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	#VALUE!	#VALUE!
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,096,392	1,196,770
Amortization of deferred financing costs	#VALUE!	18,042
Loss on disposal of capital assets	4,194	-
Realized and unrealized gains on investments and investments held in real estate, net	(2,001,713)	(1,365,966)
Changes in operating assets and liabilities:		
Grants and contracts receivable	#VALUE!	(775,983)
Accounts and notes receivable	#VALUE!	737,683
Contributions receivable	#VALUE!	-
Inventories	#VALUE!	(12,322)
Prepaid expenses and deposits	#VALUE!	32,150
Accounts payable	#VALUE!	(891,818)
Accrued liabilities	#VALUE!	31,379
Deposits held in custody for others	#VALUE!	1,062,838
Deferred revenue	<u>#VALUE!</u>	<u>2,746,448</u>
Net cash provided by operating activities	<u>#VALUE!</u>	<u>#VALUE!</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Increase in restricted cash	#VALUE!	-
Payments on long-term debt	<u>(826,938)</u>	<u>(989,437)</u>
Net cash used by financing activities	<u>#VALUE!</u>	<u>(989,437)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED INVESTING ACTIVITIES:</b>		
Purchases of capital assets	(755,899)	(948,106)
Proceeds from sales of investments and investments held in real estate	13,052,968	6,628,771
Purchase of investments and investments held in real estate	<u>(10,713,816)</u>	<u>(4,893,405)</u>
Net cash provided by investing activities	<u>1,583,253</u>	<u>787,260</u>
Net increase in cash and cash equivalents	#VALUE!	#VALUE!
Cash and cash equivalents at beginning of year	<u>#VALUE!</u>	<u>1,737,082</u>
Cash and cash equivalents at end of year	<u>#VALUE!</u>	<u>#VALUE!</u>
Supplemental disclosure of cash flow information:		
Interest paid during the year	<u>\$ 809,698</u>	<u>\$ 848,875</u>

*The accompanying notes are an integral part of these financial statements*

**THE UNIVERSITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2006**

**NOTE 1 – ORGANIZATION:**

The University Corporation (the Corporation) is a California State University auxiliary organization located on the campus of California State University, Northridge (the University). The Corporation operates the campus bookstore, food services, vending operations, administers various funds and grants, manages certain campus housing projects, and performs other activities related to the University community. The Corporation is also responsible for the licensing of campus facilities, logos, and trademarks via an operating agreement with the campus.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**A. Basis of Presentation**

The Corporation's financial statements are prepared using the accrual basis of accounting. Revenues, gains, expenses, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Unrestricted net assets* - Net assets that are not subject to donor-imposed stipulations and that may be expendable for any purpose in performing the primary objectives of the Corporation.

*Temporarily restricted net assets* - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Corporation and/or the passage of time. As the restrictions are satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying financial statements as net assets released from restrictions. Donor-restricted contributions received and expended in the same reporting period are recorded as unrestricted support.

*Permanently restricted net assets* - Net assets that are permanently restricted by donors for investment in perpetuity. Permanently restricted net assets at June 30, 2006, include endowment gifts which are required by donor restrictions to be maintained in perpetuity and only the income from these investments is expendable to support program operations in accordance with donor restrictions.

**THE UNIVERSITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2006**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**B. Cash and Cash Equivalents**

Cash and cash equivalents consist of operating cash, money market funds, certificates of deposit, money market funds held in the Common Fund, and savings accounts. The Corporation considers all highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents.

**C. Restricted Cash**

Amounts in restricted cash represent cash held by a trustee for payments of debt service.

**D. Grants and Contracts**

Amounts received for federal and state grants are recorded as revenue when expended by the Corporation. Expenditures incurred by the Corporation which have not yet been reimbursed under the terms of the grant agreements are recorded as grants and contracts receivable. Amounts received by the Corporation in advance of expenditures have been reported as a net reduction to grants and contracts accounts receivable in prior years. Amounts received by the Corporation in advance of expenditures are treated as deferred revenue.

**E. Inventories**

Inventories, consisting of food service supplies, are stated at the lower of cost (first-in, first-out) or market.

**F. Investments**

Investments consist primarily of corporate equity securities and various pooled investment funds. Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value with gains and losses included in the accompanying statement of activities as investment income. Fair values of investments are based on quoted market prices.

**G. Investments in Real Estate**

Investments in real estate consist of certain properties located in Memphis, Tennessee. These properties are classified as held-for-sale assets and are carried at the lower of cost or estimated net realizable value.

**THE UNIVERSITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2006**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**G. Investments in Real Estate (continued)**

Profit on sales of real estate is recognized when title has passed, minimum down payment criteria are met, the terms of any note received are such as to satisfy continuing investment requirements and collectibility of the note is reasonably assured, the risks and rewards of ownership have been transferred to the buyer, and there is no substantial continuing involvement with the property. If any of the aforementioned criteria is not met, profit is deferred and recognized under the installment, cost-recovery, deposit, or percentage-of-completion method.

**H. Capital Assets**

Capital assets are recorded at cost at the date of acquisition if purchased or, if contributed, at fair value on the date of contribution. All assets purchased with a value greater than \$5,000 are capitalized and depreciated. Depreciation is calculated using the straight-line method over the following estimated useful lives:

Buildings	30 years
Building improvements	10 years
Furniture, fixtures and equipment	3 to 7 years
Computers and software	3 years

**I. Deposits Held in Custody for Others**

Funds administered by the Corporation on behalf of University academic and administrative units and other campus organizations are recorded as deposits held in custody for others. It is management's belief that the Corporation is acting as an agent for the transactions of these units. Accordingly, the financial activities of such units have not been recorded in the accompanying statement of activities.

Total revenue and expenses related to agency funds were \$2,633,785 and \$913,822 for the years ended June 30, 2006 and 2005. Workshop related revenue and expenses totaled \$842,475 and \$614,564 for the years ended June 30, 2006 and 2005. Agency and workshops are charged a handling fee of approximately 8%. Income for 2006 was \$95,611 and income for 2005 was \$109,852.

**J. Income Taxes**

The Corporation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and California taxes under corresponding California provisions. As such, the Corporation is not subject to federal or state income taxes. Accordingly, no income tax provision has been recorded.

**THE UNIVERSITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2006**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**K. Concentration of Credit Risk**

The Corporation maintains its cash accounts with numerous major commercial banks and financial institutions. Furthermore, the majority of the Corporation's investment portfolio at June 30, 2006 was held by the Common Fund in various pooled investment funds. From time to time, balances in the Corporation's operating cash accounts exceeded amounts insured by the Federal Deposit Insurance Corporation.

**L. Functional Allocation of Expenses**

Expenses that can be specifically identified with a specific program or supporting service are charged directly to the related program or supporting service. Expenses that are associated with more than one program or supporting service are allocated based on an evaluation by management. Program expenses, consisting of program services expenses and expenses related to auxiliary services, less the general and administrative allocation to auxiliary services, totaled \$27,913,777 and \$33,290,514 for the years ended June 30, 2006 and 2005.

**M. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amount of revenues, expenses, or other changes in net assets during the reporting period. Actual results could differ from these estimates.

**N. Impairment of Long-Lived Assets**

Statement of Financial Accounting Standards No. 144 (SFAS No. 144) provides a single accounting model for long-lived assets to be disposed of. SFAS No. 144 also changes the criteria for classifying an asset as held for sale, and broadens the scope of businesses to be disposed of that qualify for reporting as discontinued operations, and changes the timing of recognizing losses on such operations. The Corporation adopted SFAS No. 144 on January 1, 2002. The adoption of SFAS No. 144 did not affect the Corporation's financial statements.

**THE UNIVERSITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2006**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**N. Impairment of Long-Lived Assets (continued)**

In accordance with SFAS No. 144, long-lived assets, such as property, plant, and equipment, and purchased intangibles subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed are presented separately in the statement of financial position and reported at the lower of the carrying amount or fair value less costs to sell, and are no longer depreciated. The assets and liabilities of a disposed group classified as held for sale are presented separately in the appropriate asset and liability sections of the statement of financial position.

**O. Reclassifications**

Certain June 30, 2005 amounts have been reclassified to conform with the June 30, 2006 presentation.

**P. Licensing**

Licensing results for fiscal year ended June 30, 2006 reflect zero activity due to an accounting change necessitated by *CSU Executive Order 919 – Policy Governing Non-General Fund Receipts*, implemented July 1, 2005. Although The University Corporation continues to manage this activity on behalf of the University, licensing activities now are included in University financial reports. The University Corporation received a 10% fee for managing licensing activities. Income for 2006 was \$42,283.

**NOTE 3 – INVENTORIES:**

Inventories consist of food service supplies of \$120,064 and \$133,132 at June 30, 2006 and 2005.

**THE UNIVERSITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2006**

**NOTE 4 – INVESTMENTS:**

Investments and endowment investments consist of the following at June 30, 2006 and 2005:

	<u>2006</u>	<u>2005</u>
Common Fund:		
Bond Funds	\$ 120,978	\$ 3,045,873
Equity Funds	12,720,146	10,962,221
International Equity Funds	1,976,441	1,878,138
Emerging Markets Funds	873,496	1,040,173
Northern Trust Company:		
Bond Funds	-	1,328,560
Equities and Equity Funds	4,962,056	4,145,239
Corporate equity securities	1,534,337	1,373,667
Alternative Investment in Public Safety Building	1,850,672	-
Other investments	<u>6,000</u>	<u>6,000</u>
Total	<u>\$24,044,126</u>	<u>\$23,779,871</u>

Net investment income for the year ended June 30, 2006 and 2005 is as follows:

	<u>2006</u>	<u>2005</u>
Net realized and unrealized gains and losses on investments and investments held in real estate	\$ 2,001,479	\$1,296,749
Interest and dividend income	<u>743,469</u>	<u>727,055</u>
Investment income	2,744,948	2,023,804
Investment fees (included in general and administrative expenses)	<u>(271,130)</u>	<u>(259,757)</u>
Net Investment Income	<u>\$ 2,473,818</u>	<u>\$ 1,764,047</u>

The Corporation assesses endowment investments a 2% fee for management of these investments. This fee is shown as a reduction to investment income.

**NOTE 5 - INVESTMENTS IN REAL ESTATE:**

The Corporation owns four single-family homes located in Memphis, Tennessee. The properties were originally repossessed by the U.S. Department of Housing and Urban Development (HUD) and subsequently sold to the Corporation. The Corporation was able to purchase the properties at less than fair market value, and thus, the excess loan proceeds over the price paid for the property have been placed in escrow and are used to pay for repair and renovation costs. In 2006 and 2005, the Corporation sold 9 homes and each year recorded gains of \$79,560 and \$69,217 respectively.

**THE UNIVERSITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2006**

**NOTE 6 - CAPITAL ASSETS:**

In January 1976, the Corporation received from Aerospace Corporation a gift of a solar observatory situated on the Van Norman Reservoir in the San Fernando Valley. The Corporation recorded this gift as a capital asset at a nominal value of \$1 because of the unique nature of, and limited market for, the facility at the date of gift.

Capital assets consist of the following at June 30:

	<u>2006</u>	<u>2005</u>
Capital leases	\$ 6,795,000	\$ 6,795,000
Buildings	9,823,853	9,823,853
Building improvements	1,281,024	1,322,064
Real estate properties	712,716	712,716
Furniture, fixtures, and equipment	3,187,642	3,411,233
Computers and software	1,084,097	1,041,468
Construction in progress	670,825	77,353
Solar observatory	<u>1</u>	<u>1</u>
Total	23,555,158	23,183,688
Less accumulated depreciation	<u>(9,584,675)</u>	<u>(8,868,518)</u>
Net fixed assets	<u>\$13,970,483</u>	<u>\$14,315,170</u>

Depreciation expense totaled \$1,096,392 and \$1,196,770 for the year ended June 30, 2006 and 2005. Real estate properties included in capital assets above consist of a vacant lot near the campus and ten acres of farmland located in Ventura County.

**THE UNIVERSITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2006**

**NOTE 7 - BONDS AND MORTGAGES PAYABLE:**

On July 1, 1996, the Corporation entered into an arrangement with the California Statewide Communities Development Authority (the Authority), under which the Authority issued \$9,000,000 of Auxiliary Organization Revenue Certificates of Participation (Certificates) on behalf of the Corporation. A portion of the proceeds was used to refund \$6,450,000 of 1990 bonds payable by depositing a sufficient amount of cash into a trust. In addition, the proceeds were used to finance the acquisition of faculty housing units. The premium arising from the retirement of the bonds was capitalized as deferred financing cost and is being amortized over the life of the Certificates. Amortization expense totaled \$18,042 for the years ended June 30, 2006 and 2005. On September 1, 1997, the remaining 1990 bonds payable were extinguished. Under the terms of the various agreements and the official statement, the Trustees of the California State University (the Trustees) sold the bookstore facility at the University to the Authority and the Corporation sold the Faculty Housing Project located near the University to the Authority in exchange for the proceeds of the Certificates. The Authority simultaneously leased back the bookstore facility and sold back the Faculty Housing Project to the Corporation in exchange for a stream of payments equal to the outstanding principal and interest to accrue on the outstanding principal of the Certificates. The Corporation is obligated to make monthly purchase installment payments and lease payments in an amount necessary for the trustee, under the indenture, to retire the Certificates. At June 30, 2006, the Corporation has recorded the Certificates as bonds payable and the bookstore and Faculty Housing Project as capital assets. Annual principal payments are required as indicated in the table that follows. Interest rates range from 4.05% to 6.10%. The Certificates mature in 2026.

The Certificates are collateralized by all revenue derived from the bookstore and food service operations and the Faculty Housing Project. In addition, the Certificates of Participation Agreement requires the Corporation to maintain a specific debt service coverage ratio and to comply with other general covenants. The Corporation was in compliance with these covenants as of June 30, 2006.

The Corporation purchases and sells homes in Memphis, Tennessee for investment purposes (see note 5). During 2002, the Corporation entered into a Line of Credit Agreement with a bank in order to payoff the mortgages relating to these Tennessee properties. The Line of Credit interest rate was prime plus 0.25%. The Line of Credit was paid off as of March 16, 2006.

In February 2005, the Corporation refinanced mortgage payables worth \$282,000 in order to reduce interest costs. The refinanced mortgage bears interest at 5.125% and is due in 2020.

**THE UNIVERSITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2006**

**NOTE 7 - BONDS AND MORTGAGES PAYABLE: (continued)**

Future minimum principal payments on bonds and mortgages payable are as follows:

<u>Year</u>	<u>Certificates of participation</u>	<u>2005 Condominium mortgage</u>	<u>Total</u>
2007	\$ 205,000	\$ 13,669	\$ 218,669
2008	220,000	14,361	234,361
2009	230,000	15,160	245,160
2010	245,000	15,967	260,967
2011	260,000	16,817	276,817
Thereafter	<u>6,377,479</u>	<u>189,022</u>	<u>6,566,501</u>
Total	<u>\$ 7,537,479</u>	<u>\$ 264,996</u>	7,802,475
Less current portion			<u>(218,669)</u>
Bonds and Mortgages Payable, less current portion			<u>\$ 7,583,806</u>

Interest expense on bonds and mortgages payable totaled \$809,698 and \$848,875 for the years ended June 30, 2006 and 2005.

The Corporation has the following sinking fund requirements on the Certificates of Participation, including interest:

<u>Year</u>	
2007	\$ 656,433
2008	659,850
2009	657,200
2010	658,400
2011	658,700
Thereafter	<u>9,860,800</u>
	<u>\$13,151,383</u>

**THE UNIVERSITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2006**

**NOTE 8 - POSTRETIREMENT BENEFITS:**

**A. Benefits**

The Corporation has a retiree health plan that offers retired employees the option of enrolling in certain health plans available through the California Public Employees' Retirement System. The Corporation currently pays 90% of the cost up to a maximum level. The current maximum is \$394 per month for retiree coverage and up to an additional \$344 per month for dependent coverage.

Retirees over age 65 may opt for the Medicare Risk Program. Under this option, the Corporation pays only the Medicare Part B premium. Any cost associated in the future with the Medicare Risk Program will be borne by the retiree. Retiree contributions fund the cost of coverage exceeding these amounts.

**B. Eligibility**

Eligible employees must meet one of the following requirements:

- Age 60 and 20 years of service
- Age 62 and 15 years of service
- Age 65 and 10 years of service

The following table summarizes the Corporation's accrued postretirement benefit cost recorded in accrued liabilities in the accompanying statement of financial position at June 30, 2006 and 2005:

	<b>2006</b>	<b>2005</b>
Benefit obligation, end of year	\$ 1,375,537	\$ 980,869
Fair value of plan assets, end of year	-	-
Funded status	<u>\$ (1,375,537)</u>	<u>\$(980,869)</u>

The accrued benefit liability recognized in the statement of financial position for the year ended June 30, 2006 and 2005 is \$517,082 and \$377,082.

The amounts of net periodic benefit cost, contributions, and benefits paid for the year ended June 30, 2006 and 2005 are as follows:

	<b>2006</b>	<b>2005</b>
Benefit cost	\$ 155,865	\$ 148,215
Employer contribution	50,707	52,436
Benefits paid	50,707	52,436
Plan participants' contributions	-	-

**THE UNIVERSITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2006**

**NOTE 8 - POSTRETIREMENT BENEFITS: (continued)**

**B. Eligibility (continued)**

The assumptions used in the measurement of the Corporation's benefit obligation and net periodic benefit cost of the year ended June 30, 2006 are as follows:

Benefit obligation:	
Discount rate	6.00%
Expected return on plan assets	N/A
Rate of compensation increase	N/A
Net periodic benefit cost:	
Discount rate	6.00%
Expected return on plan assets	N/A
Rate of compensation increase	N/A

For measurement purposes - a 10.00% annual rate of increase in the per capita cost of covered health benefits, respectively, was assumed for 2006. The rate was assumed to decrease gradually to 5.0% by the year 2013 and remain at that level thereafter.

**C. Cash Flows**

The Corporation expects to contribute \$50,700 to their postretirement health plan in 2007.

Benefits expected to be paid under the Corporation's postretirement health plan in each year from 2008 through 2011 are \$54,200, \$62,400, \$65,200, and \$79,100, respectively. The aggregate benefits expected to be paid in the five years from 2012 to 2016 are \$474,500. The expected benefits are based on the same assumptions used to measure the Corporation's benefit obligation at June 30 and include estimated future employee service.

**THE UNIVERSITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2006**

**NOTE 9 - EMPLOYEE RETIREMENT PLAN:**

The employee retirement plan, administered through Teachers Insurance and Annuity Association, and the College Retirement Equity Fund, is a defined contribution plan that received a favorable determination from the Internal Revenue Service in 1994. All eligible employees that complete over 1,000 hours of service in the plan year, complete two consecutive years of employment, and are age 21 are eligible for the plan. The Corporation contributes up to 10% of the employees' salary. Under the terms of the plan, the Corporation and its eligible employees make contributions which the Corporation deposits monthly with a trustee. Contributions payable at June 30, 2006 and 2005 totaled \$16,081 and \$15,194. Pension expense for June 30, 2006 and 2005 totaled \$274,531 and \$262,361.

**NOTE 10 - COMMITMENTS AND CONTINGENCIES:**

The Corporation participates in a number of federal, state, and local grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Corporation expects such amounts, if any, to be immaterial to the Corporation's financial statements.

**NOTE 11 - CAPITAL LEASE:**

The University Corporation and the Trustees of the California State University signed a thirty-year capital lease for the Sierra Center Building effective in October 2003. The three-story building incorporates food service units, indoor and outdoor seating, and office spaces. Lease payments are due twice a year, on May 1 and November 1.

At June 30, 2006 and 2005, the gross amount of plant and equipment and related accumulated amortization recorded under capital leases were as follows:

	<b>2006</b>	<b>2005</b>
Buildings	\$6,795,000	\$6,795,000
Less accumulated amortization	<u>(622,875)</u>	<u>(396,375)</u>
	<b><u>\$6,172,125</u></b>	<b><u>\$ 6,398,625</u></b>

**THE UNIVERSITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2006**

**NOTE 11 - CAPITAL LEASE: (continued)**

The following is a summary by year of future minimum rental payments for the capital lease at the Sierra Center Building:

	<b><u>Capital lease payment</u></b>
Fiscal year ending:	
2007	\$ 432,318
2008	433,643
2009	435,143
2010	436,493
2011	432,375
Thereafter	<u>9,969,789</u>
Total minimum lease payments	12,139,761
Less amount representing interest (at rates ranging from 2.5% to 5.375%)	<u>(5,579,761)</u>
Present value of net minimum capital lease payments	6,560,000
Less current installments of obligations under capital leases	<u>(120,000)</u>
 Obligations under capital leases, excluding current installments	 <u>\$ 6,440,000</u>

**NOTE 12 - RELATED PARTY TRANSACTIONS:**

The Corporation and the University are closely interrelated financially and operationally. Goods and services related to the personnel office, plant services, and graduation-related services are provided by the University and reimbursed by the Corporation throughout the year. The Corporation leases certain premises from the University.

At June 30, 2006, included in accounts and notes receivable were \$33,601 due from California State University, Northridge Foundation, \$4,398 due from the University Student Union, \$3,650 due from the North Campus-University Park Development Corporation, and \$244,823 due from various departments of the University. These amounts are primarily related to catering services, payroll, rent, and licensing activities.

At June 30, 2005, included in accounts and notes receivable were \$74,215 from the University for the Brown Aquatic Center, \$691 due from California State University, Northridge Foundation, and \$28,496 due from various departments of the University. These amounts are primarily related to catering services and miscellaneous purchases.

Included in accounts payable at June 30, 2006 and 2005 were \$784,446 and \$91,340 due to the University and \$4,373 and \$1,419 due to the University Student Union.

**THE UNIVERSITY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2006**

**NOTE 12 - RELATED PARTY TRANSACTIONS:** (continued)

Amounts received from and paid to the University were \$1,443,749 and \$7,587,523, respectively for 2006 and were \$1,149,648 and \$5,113,489, respectively, for 2005. Amounts received from the University were for copy services, rent, and housing and food services provided to the campus. Amounts paid to the University included utilities and maintenance, Human Resource services, student scholarships, workshops and conferences, licensing, support for University projects, and grants and contracts activities including reimbursement of professor salaries in connection with federal grants.

In 2006, amounts received from other University auxiliary organizations were approximately \$247,700. Amounts received relate to catering services and food service management fees. In 2006, the Corporation paid \$53,675 to the University Student Union for commissions earned on food service sales, \$343,404 to the California State University, Northridge Foundation, and \$5,032 to Associated Students CSUN Inc.

In 2005, amounts received from other University auxiliary organizations were approximately \$325,000. Amounts received relate to catering services and food service management fees. In 2005, the Corporation paid \$59,785 to the University Student Union for commissions earned on food service sales, \$613,693 to the California State University, Northridge Foundation, and \$5,012 to Associated Students CSUN, Inc.

**NOTE 13 – RESTATEMENT OF NET ASSETS:**

At June 30, 2004, the accrued liability balance was overstated by \$373,672 because the Sponsored Program Reserve was accounted for as a liability rather than a designation of net assets. Beginning net assets at July 1, 2004 were restated to reflect the revised balance.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL  
CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The Board of Directors  
The University Corporation

We have audited the financial statements of The University Corporation (a California State University auxiliary organization) as of and for the year ended June 30, 2006 and have issued our report thereon dated August 22, 2006. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Corporation's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Governmental Auditing Standards*.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL  
CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

This report is intended solely for the information of the audit committee, Board, management, the U.S. Department of Education, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

VICENTI, LLOYD & STUTZMAN LLP

August 22, 2006

## SCHEDULE OF NET ASSETS

June 30, 2006

(For inclusion in the California State University)

Assets:	
Current assets:	
Cash and cash equivalents	\$ 7,913,564
Short-term investments	—
Accounts receivable, net	4,373,195
Leases receivable, current portion	—
Pledges receivable, net	—
Prepaid expenses and other assets	235,263
Total current assets	<u>12,522,022</u>
Noncurrent assets:	
Restricted cash and cash equivalents	230,170
Accounts receivable, net	—
Leases receivable, net of current portion	—
Student loans receivable, net	—
Pledges receivable, net	—
Endowment investments	2,324,621
Other long-term investments	21,963,039
Capital assets, net	13,970,483
Other assets	703,321
Total noncurrent assets	<u>39,191,634</u>
Total assets	<u>51,713,656</u>
Liabilities:	
Current liabilities:	
Accounts payable	1,322,785
Accrued salaries and benefits payable	1,248,312
Accrued compensated absences— current portion	153,910
Deferred revenue	4,188,295
Capitalized lease obligations – current portion	120,000
Long-term debt obligations – current portion	218,669
Due to California State University Risk Management Authority	—
Other liabilities	—
Total current liabilities	<u>7,251,971</u>
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	65,962
Deferred revenue	—
Grants refundable	—
Capitalized lease obligations, net of current portion	6,440,000
Long-term debt obligations, net of current portion	7,583,806
Depository accounts	3,515,497
Other liabilities	—
Total noncurrent liabilities	<u>17,605,265</u>
Total liabilities	<u>24,857,236</u>
Net assets:	
Invested in capital assets, net of related debt	304,863
Restricted for:	
Nonexpendable – endowments	
Expendable:	2,324,621
Scholarships and fellowships	5,214,423
Research	—
Loans	—
Capital projects	—
Debt service	—
Other	—
Unrestricted	<u>19,012,513</u>
Total net assets	<u>\$ 26,856,420</u>

See accompanying independent auditors' report.

THE UNIVERSITY CORPORATION

Schedule 2

SCHEDULE OF REVENUES, EXPENSES AND CHANGE IN NET ASSETS

June 30, 2006

(For inclusion in the California State University)

Revenues:		
Operating revenues:		
Student tuition and fees (net of scholarship allowances of \$_____)	\$	-
Grants and contracts, noncapital:		
Federal		10,871,504
State and local		5,536,585
Nongovernmental		1,585,167
Sales and services of educational activities		-
Sales and services of auxiliary enterprises (net of scholarship allowances of \$_____)		10,147,464
Other operating revenues		<u>1,563,333</u>
Total operating revenues		<u>29,704,053</u>
Expenses:		
Operating expenses:		
Instruction		-
Research		16,761,597
Public service		-
Academic support		-
Student services		-
Institutional support		2,484,741
Operation and maintenance of plant		-
Student grants and scholarships		521,432
Auxiliary enterprise expenses		9,844,325
Depreciation and amortization		<u>1,114,434</u>
Total operating expenses		<u>30,726,529</u>
Operating income (loss)		<u>(1,022,476)</u>
Nonoperating revenues (expenses):		
State appropriations, noncapital		-
Gifts, noncapital		-
Investment income, net		1,444,119
Endowment income		1,300,829
Interest on capital-related debt		(809,698)
Other nonoperating revenues (expenses)		<u>-</u>
Net nonoperating revenues (expenses)		<u>1,935,250</u>
Income (loss) before other additions		912,774
State appropriations, capital		-
Grants and gifts, capital		-
Additions to permanent endowments		<u>-</u>
Increase (decrease) in net assets		912,774
Net assets:		
Net assets at beginning of year		<u>25,943,646</u>
Net assets at end of year	\$	<u>26,856,420</u>

See accompanying independent auditors' report.

**THE UNIVERSITY CORPORATION**

**OTHER INFORMATION**

**(For Inclusion in the Financial Statements of  
the California State University)**

**June 30, 2006**

**1 Restricted cash and cash equivalents at June 30, 2006:**

Portion of restricted cash and cash equivalents related to endowments	\$ -
All other restricted cash and cash equivalents	<u>230,170</u>
Total restricted cash and cash equivalents	<u><u>\$ 230,170</u></u>

**2 Composition of investments at June 30, 2006:**

	<u>Current</u>	<u>Noncurrent</u>	<u>Total</u>
State of California Surplus Money Investment Fund	\$ -	-	-
State of California Local Agency Investment Fund	-	-	-
Met West Short Term Fund	-	-	-
Met West Medium Term Fund	-	-	-
Met West Equity Fund	-	-	-
Debt securities	-	120,978	120,978
Equity securities	-	1,534,337	1,534,337
Fixed income securities (Treasury notes, GNMA's)	-	-	-
Real estate	-	249,534	249,534
Certificates of deposit	-	-	-
Notes receivable	-	-	-
Mutual funds	-	20,532,139	20,532,139
Collateralized mortgage obligations:	-	-	-
Inverse floaters	-	-	-
Interest-only strips	-	-	-
Agency pass-through	-	-	-
Private pass-through	-	-	-
Other investments:	-	-	-
Public Safety Building	-	1,850,672	1,850,672
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Total investments	<u>\$ -</u>	<u>\$ 24,287,660</u>	<u>\$ 24,287,660</u>

*See accompanying independent auditors' report.*

**THE UNIVERSITY CORPORATION**

**OTHER INFORMATION**

**(For Inclusion in the Financial Statements of  
the California State University)**

**June 30, 2006**

**3 Composition of capital assets at June 30, 2006:**

	<u>Balance June 30, 2005</u>	<u>Prior period Adjustments</u>	<u>Reclassifications</u>	<u>Balance June 30, 2005</u>	<u>Additions</u>	<u>Reductions</u>	<u>Transfers</u>	<u>Balance June 30, 2006</u>
Nondepreciable capital assets								
Land and land improvements	\$ 712,716	-	-	712,716	-	-	-	712,716
Works of art and historical treasures	-	-	-	-	-	-	-	-
Construction work in progress	-	-	77,354	77,354	658,735	-	(65,268)	670,821
Total nondepreciable capital assets	712,716	-	77,354	790,070	658,735	-	(65,268)	1,383,537
Depreciable capital assets								
Buildings and building improvements	17,940,917	-	-	17,940,917	29,650	(70,691)	-	17,899,876
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	-	-	-	-	-	-	-	-
Personal property:								
Equipment	4,530,055	-	(77,354)	4,452,701	67,508	(313,736)	65,268	4,271,741
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-
Total depreciable capital assets	22,470,972	-	(77,354)	22,393,618	97,158	(384,427)	65,268	22,171,617
Total cost	23,183,688	-	-	23,183,688	755,893	(384,427)	-	23,555,154
Less accumulated depreciation:								
Buildings and building improvements	(6,331,850)	-	(171,473)	(6,503,323)	(558,844)	69,027	-	(6,993,140)
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	-	-	-	-	-	-	-	-
Personal property:								
Equipment	(2,536,668)	-	171,473	(2,365,195)	(537,548)	311,212	-	(2,591,531)
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-
Total accumulated depreciation	(8,868,518)	-	-	(8,868,518)	(1,096,392)	380,239	-	(9,584,671)
Net capital assets	\$ 14,315,170	-	-	14,315,170	(340,499)	(4,188)	-	13,970,483

**Detail of depreciation and amortization expense for the year ended June 30, 2006:**

Depreciation and amortization expense related to capital assets	\$ 1,096,392
Amortization expense related to other assets	18,042
Total depreciation and amortization	<u>\$ 1,114,434</u>

*See accompanying independent auditors' report.*

**THE UNIVERSITY CORPORATION**

**OTHER INFORMATION**

**(For Inclusion in the Financial Statements of  
the California State University)**

**June 30, 2006**

**4 Long-term liabilities activity schedule:**

	<u>Balance June 30, 2005</u>	<u>Prior period adjustments</u>	<u>Reclassifications</u>	<u>Balance June 30, 2005 (restated)</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2006</u>	<u>Long-term portion</u>	<u>Current portion</u>
Accrued compensated absences	\$ 231,724	—	—	231,724	267,289	(279,141)	219,872	65,962	153,910
Capitalized lease obligations:									
Gross balance	6,680,000	—	—	6,680,000	—	(120,000)	6,560,000	6,440,000	120,000
Unamortized premium on capitalized lease obligations	—	—	—	—	—	—	—	—	—
Total capitalized lease obligations	<u>6,680,000</u>	<u>—</u>	<u>—</u>	<u>6,680,000</u>	<u>—</u>	<u>(120,000)</u>	<u>6,560,000</u>	<u>6,440,000</u>	<u>120,000</u>
Long-term debt obligations:									
Revenue Bonds	—	—	—	—	—	—	—	—	—
Other bonds (non-Revenue Bonds)	7,735,000	—	—	7,735,000	—	(197,521)	7,537,479	7,332,479	205,000
Commercial Paper	—	—	—	—	—	—	—	—	—
Other:									
Mortgages	774,413	—	—	774,413	—	(509,417)	264,996	251,327	13,669
Description	—	—	—	—	—	—	—	—	—
Description	—	—	—	—	—	—	—	—	—
Description	—	—	—	—	—	—	—	—	—
Description	—	—	—	—	—	—	—	—	—
Description	—	—	—	—	—	—	—	—	—
Total long-term debt obligations	<u>8,509,413</u>	<u>—</u>	<u>—</u>	<u>8,509,413</u>	<u>—</u>	<u>(706,938)</u>	<u>7,802,475</u>	<u>7,583,806</u>	<u>218,669</u>
Unamortized bond premium	—	—	—	—	—	—	—	—	—
Unamortized loss on refunding	—	—	—	—	—	—	—	—	—
Total long-term debt obligations, net	<u>8,509,413</u>	<u>—</u>	<u>—</u>	<u>8,509,413</u>	<u>—</u>	<u>(706,938)</u>	<u>7,802,475</u>	<u>7,583,806</u>	<u>218,669</u>
Total long-term liabilities	<u>\$ 15,421,137</u>	<u>—</u>	<u>—</u>	<u>15,421,137</u>	<u>267,289</u>	<u>(1,106,079)</u>	<u>14,582,347</u>	<u>14,089,768</u>	<u>492,579</u>

**5 Interest rates**

	<u>Low</u>	<u>High</u>
Range of interest rates on outstanding debt	2.50%	6.75%

*See accompanying independent auditors' report.*

**THE UNIVERSITY CORPORATION**  
**OTHER INFORMATION**  
**(For Inclusion in the Financial Statements of**  
**the California State University)**  
**June 30, 2006**

**6 Future minimum lease payments:**

	<u>Principal</u>	<u>Interest</u>	<u>Principal and Interest</u>
Year ending June 30:			
2007	\$ 120,000	312,318	432,318
2008	125,000	308,643	433,643
2009	130,000	305,143	435,143
2010	135,000	301,493	436,493
2011	135,000	297,375	432,375
2012 - 2016	770,000	1,394,573	2,164,573
2017 - 2021	1,000,000	1,172,844	2,172,844
2022 - 2026	1,285,000	878,788	2,163,788
2027 - 2031	1,650,000	515,838	2,165,838
2032 - 2036	1,210,000	92,746	1,302,746
2037 - 2041	-	-	-
2042 - 2046	-	-	-
2047 - 2051	-	-	-
2052 - 2056	-	-	-
2057 - 2061	-	-	-
Total minimum lease payments	<u>6,560,000</u>	<u>5,579,761</u>	<u>12,139,761</u>
Less amounts representing interest			<u>(5,579,761)</u>
Present value of future minimum lease payments			6,560,000
Less: current portion			<u>(120,000)</u>
<b>Capitalized lease obligation, net of current portion</b>			<u>\$ 6,440,000</u>

*See accompanying independent auditors' report.*

**THE UNIVERSITY CORPORATION**

**OTHER INFORMATION**

**(For Inclusion in the Financial Statements of  
the California State University)**

**June 30, 2006**

**7 Long-term debt obligation schedule**

	<b>Revenue Bonds</b>		<b>All other long-term debt obligations</b>		<b>Total</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
Year ending June 30:						
2007	\$ -	-	218,669	461,985	218,669	461,985
2008	-	-	234,361	449,444	234,361	449,444
2009	-	-	245,160	435,707	245,160	435,707
2010	-	-	260,967	420,875	260,967	420,875
2011	-	-	276,817	405,100	276,817	405,100
2012 - 2016	-	-	1,665,954	1,754,556	1,665,954	1,754,556
2017 - 2021	-	-	2,196,818	1,196,003	2,196,818	1,196,003
2022 - 2026	-	-	2,703,729	475,725	2,703,729	475,725
2027 - 2031	-	-	-	-	-	-
2032 - 2036	-	-	-	-	-	-
2037 - 2041	-	-	-	-	-	-
2042 - 2046	-	-	-	-	-	-
2047 - 2051	-	-	-	-	-	-
2052 - 2056	-	-	-	-	-	-
2057 - 2061	-	-	-	-	-	-
<b>Total</b>	<b>\$ -</b>	<b>-</b>	<b>7,802,475</b>	<b>5,599,395</b>	<b>7,802,475</b>	<b>5,599,395</b>

*See accompanying independent auditors' report.*

**THE UNIVERSITY CORPORATION**  
**OTHER INFORMATION**  
**(For Inclusion in the Financial Statements of**  
**the California State University)**  
**June 30, 2006**

**8 The nature and amount of the prior period adjustment(s) recorded to beginning net assets - GASB Auxiliary Organizations: not applicable**

**9 The nature and amount of the prior period adjustment(s) recorded to beginning net assets - FASB Auxiliary Organizations:**

	Net Asset Class	Amount Dr. (Cr.)
Net assets as of June 30, 2005, as previously reported		(25,569,974)
Prior period adjustments:		
1 To change classification of sponsored program reserve from liability to net assets.		(373,672)
Net assets as of June 30, 2005, as restated		(25,943,646)

**Provide a detailed breakdown of the journal entries booked to record each prior period adjustments:**

	Debit	Credit
Net asset class: Unrestricted		
1 Accrued liability	\$ 373,672	
Unrestricted net assets		373,672

**10 Calculation of net assets - Invested in capital assets, net of related debt**

	Auxiliary Organizations	
	GASB	FASB
Capital assets, net of accumulated depreciation	\$ -	13,970,483
Capital lease obligations, current portion	-	-
Capital lease obligations, net of current portion	-	-
Long-term debt obligations, current portion	-	(338,669)
Long-term debt obligations, net of current portion	-	(14,023,806)
Portion of outstanding debt that is unspent at year end	-	-
Other:		
Investments in real estate held for sale	-	243,534
Deferred financing cost, net	-	453,321
(description)	-	-
(description)	-	-
(description)	-	-
Net assets - invested in capital assets, net of related debt	-	304,863

*See accompanying independent auditors' report.*