

THE UNIVERSITY CORPORATION
REPORT ON FINANCIAL STATEMENTS
and Supplementary Information
June 30, 2008
(with Independent Auditors' Report Thereon)

THE UNIVERSITY CORPORATION

AUDIT REPORT

June 30, 2008

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The University Corporation
California State University Northridge
Northridge, California

We have audited the accompanying statement of financial position of The University Corporation (the Corporation), as of June 30, 2008, 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. The prior year summarized comparative information has been derived from the Corporation's financial statements and, in our report dated September 10, 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 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.

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, 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 17, 2008 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.

To the Board of Directors
The University Corporation

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included on pages 23 - 29 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.

Vicenti, Lloyd & Stutzman LLP

VICENTI, LLOYD & STUTZMAN LLP

September 17, 2008

THE UNIVERSITY CORPORATION
STATEMENT OF FINANCIAL POSITION
June 30, 2008

(With Comparative Totals for 2007)

ASSETS	<u>2008</u>	<u>2007</u>
Current assets:		
Cash and cash equivalents	\$ 5,639,806	\$ 6,332,174
Grants and contracts receivable	3,569,826	3,775,189
Account and notes receivable, net of allowance for doubtful accounts of \$30,157 and \$32,767	388,912	583,786
Inventory	171,178	156,308
Prepaid expenses and deposits	<u>91,540</u>	<u>122,686</u>
Total current assets	<u>9,861,262</u>	<u>10,970,143</u>
Noncurrent assets:		
Restricted cash - sinking fund	-	150,111
Investments	22,601,319	24,857,463
Endowment investments	2,324,621	2,324,621
Investments in real estate held for sale	126,759	172,044
Capital assets, net	18,570,954	17,573,931
Deferred financing cost, net	<u>-</u>	<u>188,012</u>
Total noncurrent assets	<u>43,623,653</u>	<u>45,266,182</u>
Total assets	<u>\$ 53,484,915</u>	<u>\$ 56,236,325</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 971,520	\$ 1,730,423
Current portion of accrued compensated absences	228,874	185,413
Current portion of postretirement benefit payable	65,200	54,200
Other accrued liabilities	1,092,048	1,248,436
Deposits held in custody for others	6,438,088	4,773,888
Deferred revenue	2,166,093	2,990,063
Current portion of long term debt and capital leases	<u>411,878</u>	<u>245,401</u>
Total current liabilities	<u>11,373,701</u>	<u>11,227,824</u>
Noncurrent liabilities:		
Accrued compensated absences, net of current portion	98,089	79,463
Postretirement benefit payable	2,673,441	1,455,593
Capital lease obligation and related premium, less current portion	10,180,885	10,466,925
Bonds and mortgages payable, less current portion	<u>3,229,540</u>	<u>3,336,966</u>
Total noncurrent liabilities	<u>16,181,955</u>	<u>15,338,947</u>
Total liabilities	<u>27,555,656</u>	<u>26,566,771</u>
Net assets:		
Unrestricted	18,656,779	21,768,968
Temporarily restricted	4,947,859	5,575,965
Permanently restricted	<u>2,324,621</u>	<u>2,324,621</u>
Total net assets	<u>25,929,259</u>	<u>29,669,554</u>
Total liabilities and net assets	<u>\$ 53,484,915</u>	<u>\$ 56,236,325</u>

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

THE UNIVERSITY CORPORATION

**STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2008**

(With Comparative Totals for 2007)

	2008			2007	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
REVENUES					
Revenue and support:					
Auxiliary services:					
Food service sales	\$ 9,916,489	\$ -	\$ -	\$ 9,916,489	\$ 8,589,447
Bookstore sales and commissions	2,048,849			2,048,849	2,060,585
Real estate rentals	562,201			562,201	556,592
Expenses	<u>(12,359,410)</u>			<u>(12,359,410)</u>	<u>(10,605,241)</u>
Total auxiliary services	168,129			168,129	601,383
Grants and contracts	18,449,961			18,449,961	17,516,766
Investment income (loss)	(1,137,162)	(419,915)		(1,557,077)	4,828,626
Other revenue	1,007,905			1,007,905	1,085,015
Net assets released from restriction	208,191	<u>(208,191)</u>		-	-
Total revenue and support	<u>18,697,024</u>	<u>(628,106)</u>	<u>-</u>	<u>18,068,918</u>	<u>24,031,790</u>
EXPENSES					
Program services:					
Grants and contracts	16,674,628			16,674,628	15,962,215
Student grants and scholarships	272,464			272,464	277,807
University projects	1,881,583			1,881,583	1,872,496
Total program services	<u>18,828,675</u>	<u>-</u>	<u>-</u>	<u>18,828,675</u>	<u>18,112,518</u>
Supporting services:					
General and administrative	<u>1,753,651</u>			<u>1,753,651</u>	<u>1,903,457</u>
Total operating expenses	<u>20,582,326</u>	<u>-</u>	<u>-</u>	<u>20,582,326</u>	<u>20,015,975</u>
Operating income	<u>(1,885,302)</u>	<u>(628,106)</u>	<u>-</u>	<u>(2,513,408)</u>	<u>4,015,815</u>
NONOPERATING REVENUES (EXPENSES)					
Pension related changes other than net periodic pension cost	(1,027,601)			(1,027,601)	-
Loss on defeasement of bonds	<u>(199,286)</u>			<u>(199,286)</u>	<u>(398,442)</u>
Net nonoperating revenues (expenses)	<u>(1,226,887)</u>	<u>-</u>	<u>-</u>	<u>(1,226,887)</u>	<u>(398,442)</u>
Change in net assets before effect of adoption of FASB Statement # 158	(3,112,189)	(628,106)	-	(3,740,295)	3,617,373
Effect of adoption of recognition and measurement date provisions of FASB Statement # 158	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(804,239)</u>
CHANGE IN NET ASSETS	<u>(3,112,189)</u>	<u>(628,106)</u>	<u>-</u>	<u>(3,740,295)</u>	<u>2,813,134</u>
NET ASSETS AT BEGINNING OF YEAR	<u>21,768,968</u>	<u>5,575,965</u>	<u>2,324,621</u>	<u>29,669,554</u>	<u>26,856,420</u>
NET ASSETS AT END OF YEAR	<u>\$18,656,779</u>	<u>\$4,947,859</u>	<u>\$ 2,324,621</u>	<u>\$25,929,259</u>	<u>\$29,669,554</u>

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

THE UNIVERSITY CORPORATION
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2008

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (3,740,295)	\$ 2,813,134
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	1,399,751	1,127,083
Amortization expense	8,320	15,035
Write-off of deferred financing costs	179,692	250,274
Loss on disposal of capital assets	6,768	17,009
Realized and unrealized (gains) losses on investments and investments held in real estate, net	3,021,277	(3,715,271)
Changes in operating assets and liabilities:		
Grants and contracts receivable	205,363	24,234
Accounts and notes receivable	194,874	(10,014)
Contributions receivable	-	250,000
Inventories	(14,870)	(36,244)
Prepaid expenses and deposits	31,146	(7,487)
Accounts payable	(758,903)	407,638
Accrued liabilities	1,134,547	1,554,921
Deposits held in custody for others	1,664,200	1,258,391
Deferred revenue	<u>(823,970)</u>	<u>(1,198,232)</u>
Net cash provided by operating activities	<u>2,507,900</u>	<u>2,750,471</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Decrease in restricted cash	150,111	80,059
Payments on long-term debt	(3,346,583)	(4,478,908)
Issuance of long-term debt and related premium	<u>3,119,594</u>	<u>4,165,725</u>
Net cash used by financing activities	<u>(76,878)</u>	<u>(233,124)</u>
CASH FLOWS FROM CAPITAL AND RELATED INVESTING ACTIVITIES:		
Purchase of capital assets	(2,403,542)	(4,747,540)
Proceeds from sales of investments and investments held in real estate	5,304,227	6,172,793
Purchase of investments and investments held in real estate	<u>(6,024,075)</u>	<u>(5,523,990)</u>
Net cash used by investing activities	<u>(3,123,390)</u>	<u>(4,098,737)</u>
Net decrease in cash and cash equivalents	(692,368)	(1,581,390)
Cash and cash equivalents at beginning of year	<u>6,332,174</u>	<u>7,913,564</u>
Cash and cash equivalents at end of year	<u>\$ 5,639,806</u>	<u>\$ 6,332,174</u>
Supplemental disclosure of cash flow information:		
Interest paid during the year	<u>\$ 686,035</u>	<u>\$ 761,896</u>

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

THE UNIVERSITY CORPORATION
NOTES TO FINANCIAL STATEMENTS

June 30, 2008

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, 2008, 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.

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 commercial paper. The Corporation considers all highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents.

THE UNIVERSITY CORPORATION
NOTES TO FINANCIAL STATEMENTS

June 30, 2008

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

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, various pooled investment funds, and alternative investments. 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 equity 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.

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.

THE UNIVERSITY CORPORATION
NOTES TO FINANCIAL STATEMENTS

June 30, 2008

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

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 \$849,332 and \$1,442,600 for the years ended June 30, 2008 and 2007. Workshop related revenue and expenses totaled \$844,825 and \$801,534 for the years ended June 30, 2008 and 2007. Agency and workshops are charged a handling fee of approximately 8%. Income for 2008 was \$113,874 and income for 2007 was \$128,771.

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.

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, 2008 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.

THE UNIVERSITY CORPORATION
NOTES TO FINANCIAL STATEMENTS

June 30, 2008

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

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 \$30,019,750 and \$26,972,212 for the years ended June 30, 2008 and 2007.

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. Licensing

The University Corporation manages licensing activity on behalf of the University and receives a 10% management fee. Income was \$61,976 in 2008 and \$56,396 in 2007. Licensing activity is included in University financial reports.

O. Recent Accounting Pronouncement

In September 2006, the FASB issued SFAS No. 158, which requires the Corporation to recognize the under funded status of its defined benefit postretirement plan as a liability in its statement of financial position and to recognize changes in that funded status in the year in which the changes occur in unrestricted net assets. SFAS No. 158 is effective for fiscal years ending after June 15, 2007. The Corporation adopted the provisions of SFAS No. 158 for the fiscal year ended June 30, 2007.

P. Reclassifications

Certain June 30, 2007 amounts have been reclassified to conform with the June 30, 2008 presentation.

NOTE 3 - INVENTORIES:

Inventories consist of food service supplies of \$171,178 and \$156,308 at June 30, 2008 and 2007.

THE UNIVERSITY CORPORATION
NOTES TO FINANCIAL STATEMENTS

June 30, 2008

NOTE 4 - INVESTMENTS:

Investments and endowment investments consist of the following at June 30, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Common Fund:		
Bond funds	\$ 79,052	\$ 76,247
Equity funds	8,973,394	10,145,291
International equity funds	1,585,211	1,770,223
Emerging markets funds	996,393	1,013,683
Northern Trust Company:		
Equity funds	4,846,010	5,905,248
Global Real Estate Fund	128,874	
Commodities Fund	141,590	
Morgan Stanley:		
Corporate equity securities	1,707,528	1,803,504
Alternative Investment in Public		
Safety building	6,461,888	6,461,888
Other investments	6,000	6,000
Total	<u>\$24,925,940</u>	<u>\$27,182,084</u>

Net investment income for the year ended June 30, 2008 and 2007 is as follows:

	<u>2008</u>	<u>2007</u>
Net realized and unrealized gains and losses on investments and investments held in real estate	(\$3,021,277)	\$ 3,715,271
Interest and dividend income	<u>1,464,200</u>	<u>1,113,355</u>
Investment income	(1,557,077)	4,828,626
Investment fees (included in general and administrative expenses)	<u>(296,162)</u>	<u>(275,713)</u>
Net investment income	<u>(\$1,853,239)</u>	<u>\$ 4,552,913</u>

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

THE UNIVERSITY CORPORATION
NOTES TO FINANCIAL STATEMENTS

June 30, 2008

NOTE 5 - INVESTMENTS IN REAL ESTATE:

The Corporation owns two 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 2008 and 2007, the Corporation sold one home and each year recorded gains of \$16,653 and \$11,171.

NOTE 6 - CAPITAL ASSETS:

Capital assets consist of the following at June 30:

	<u>2008</u>	<u>2007</u>
Capital leases - buildings	\$ 12,914,389	\$ 12,914,389
Buildings	8,343,098	3,449,694
Building improvements	2,129,383	1,485,979
Real estate properties	712,716	712,716
Furniture, fixtures, and equipment	3,395,111	2,587,706
Computers and software	1,114,873	1,105,485
Construction in progress	696,719	4,753,617
Solar observatory	<u>1</u>	<u>1</u>
Total	29,306,290	27,009,587
Less accumulated depreciation	<u>(10,735,336)</u>	<u>(9,435,656)</u>
Net fixed assets	<u>\$ 18,570,954</u>	<u>\$ 17,573,931</u>

Depreciation expense totaled \$1,399,751 and \$1,127,083 for the year ended June 30, 2008 and 2007. 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.

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.

THE UNIVERSITY CORPORATION
NOTES TO FINANCIAL STATEMENTS

June 30, 2008

NOTE 7 - BONDS AND MORTGAGES PAYABLE:

Certificates of Participation – July 1, 1996

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 \$8,320 and \$15,035 for the years ended June 30, 2008 and 2007. 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.

Certificates of Participation – April 10, 2008

On April 10, 2008, the Authority refunded \$3,100,000 which represents the portion of the Certificates related to the bookstore facility. The proceeds were deposited in an escrow account which was used to redeem the outstanding Certificates on May 15, 2008. All 1996 Certificates are now considered fully defeased.

The California State University System issued \$3,020,000 in system wide revenue bonds (SRB) to replace the refunded Certificates. At June 30, 2008, the Corporation has recorded these new bonds as bonds payable. Annual principal payments are required as indicated in the table that follows. Interest rates range from 3.50% to 5.00%. The bonds mature in 2026.

There is a net bond premium associated with this new bond issuance. The premium of \$99,594 is being amortized over the life of the bonds. The amortization amount for the year ended June 30, 2008 was \$1,183.

Condominium Mortgage

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, 2008

NOTE 7 - BONDS AND MORTGAGES PAYABLE: (continued)

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

<u>Year</u>	<u>CSU SRB Bonds</u>	<u>Condominium mortgage</u>	<u>Total</u>
2009	\$ 105,000	\$ 15,160	\$ 120,160
2010	120,000	15,967	135,967
2011	125,000	16,817	141,817
2012	125,000	17,686	142,686
2013	135,000	18,653	153,653
Thereafter	<u>2,410,000</u>	<u>152,684</u>	<u>2,562,684</u>
Total	\$3,020,000	\$ 236,967	3,256,967
Less current portion			<u>(120,160)</u>
Bonds and Mortgages Payable, less current portion			3,136,807
Noncurrent portion of bond premium			<u>92,733</u>
Total long-term bonds and mortgages payable			<u>\$3,229,540</u>

Interest expense for all long term debt totaled \$686,035 and \$761,896 for the years ended June 30, 2008 and 2007.

The Corporation has the following sinking fund requirements on the bonds and mortgages payable, including interest:

<u>Year</u>	<u>CSU SRB Bonds</u>	<u>Condominium mortgage</u>	<u>Total</u>
2009	\$ 248,736	\$ 27,117	\$ 275,853
2010	251,775	27,117	278,892
2011	252,175	27,117	279,292
2012	247,175	27,117	274,292
2013	251,975	27,117	279,092
Thereafter	<u>3,243,512</u>	<u>181,047</u>	<u>3,424,559</u>
	<u>\$ 4,495,348</u>	<u>\$316,632</u>	<u>\$4,811,980</u>

THE UNIVERSITY CORPORATION
NOTES TO FINANCIAL STATEMENTS

June 30, 2008

NOTE 8 - 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.

The University Corporation and the Trustees of the California State University signed an 18 year lease for the Matador Bookstore Complex addition effective March 2007. Lease payments are due twice a year, on May 1 and November 1.

There is a net capital lease premium associated with the Matador Bookstore Complex lease. The premium of \$220,725 is being amortized over the life of the lease. The amortization amount for the years ended June 30, 2008 and 2007 was \$11,040 and \$2,760.

At June 30, 2008 and 2007, the gross amount of plant and equipment and related accumulated amortization recorded under capital leases were as follows:

	2008	2007
Buildings	\$12,914,389	\$12,914,389
Less accumulated amortization	(5,088,990)	(4,712,042)
	\$ 7,825,399	\$8,202,347

THE UNIVERSITY CORPORATION
NOTES TO FINANCIAL STATEMENTS

June 30, 2008

NOTE 8 - CAPITAL LEASE: (continued)

The following is a summary by year of future minimum rental payments for the capital leases at the Sierra Center Building and Matador Bookstore Complex:

	<u>Capital lease payments</u>		
	<u>Sierra Center Building</u>	<u>Matador Bookstore Complex</u>	<u>Total</u>
2009	\$ 435,143	\$ 327,750	\$ 762,893
2010	436,493	326,850	763,343
2011	432,375	330,650	763,025
2012	432,972	329,150	762,122
2013	432,038	332,350	764,388
Thereafter	<u>9,104,780</u>	<u>4,278,075</u>	<u>13,382,855</u>
Total minimum lease payments	11,273,801	5,924,825	17,198,626
Less amount representing interest (at rates ranging from 2.5% to 5.375% for Sierra Center and 4% to 5% for Matador Bookstore Complex)	<u>(4,958,801)</u>	<u>(1,979,825)</u>	<u>(6,938,626)</u>
Present value of net minimum capital lease payments	6,315,000	3,945,000	10,260,000
Less current installments of obligations under capital leases	<u>(130,000)</u>	<u>(145,000)</u>	<u>(275,000)</u>
Obligations under capital leases, excluding current installments	6,185,000	3,800,000	9,985,000
Non current portion of capital lease premium	<u>-</u>	<u>195,885</u>	<u>195,885</u>
Total long-term capital lease obligation and related premium	<u>\$ 6,185,000</u>	<u>\$ 3,995,885</u>	<u>\$10,180,885</u>

THE UNIVERSITY CORPORATION
NOTES TO FINANCIAL STATEMENTS

June 30, 2008

NOTE 9 - 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 85% of the cost up to a maximum level. The current maximum is \$471 per month for retiree coverage and up to an additional \$415 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 paid 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

C. Obligations and Funding Status

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, 2008 and 2007:

	2008	2007
Benefit obligation, end of year	\$ 2,738,641	\$ 1,509,793
Employer contributions	53,983	54,151
Participant contributions	-	-
Benefits paid	(53,983)	(54,151)
Fair value of plan assets, end of year	-	-
Net funded (unfunded) status	<u>\$ (2,738,641)</u>	<u>\$ (1,509,793)</u>

Amounts recognized in the statement of financial position consist of:

Current liabilities	\$ 65,200	\$ 54,200
Noncurrent liabilities	<u>2,673,441</u>	<u>1,455,593</u>
Total	<u>\$ 2,738,641</u>	<u>\$ 1,509,793</u>

THE UNIVERSITY CORPORATION
NOTES TO FINANCIAL STATEMENTS

June 30, 2008

NOTE 9 - POSTRETIREMENT BENEFITS: (continued)

Amounts recognized in the statement of activities consist of:

	<u>2008</u>	<u>2007</u>
Service Cost	\$ 113,840	\$ 107,396
Interest Cost	88,963	81,011
Amortization of Transition Obligation/ (Asset)	9,153	9,153
Amortization of Net (Gain) or Loss	<u>43,274</u>	<u>45,063</u>
Total	<u>\$ 255,230</u>	<u>\$ 242,623</u>

Other changes in benefit obligations recognized in changes in unrestricted net assets:

	<u>2008</u>	<u>2007</u>
Additional Prior Service Cost for period	\$ 1,033,212	N/A
Change to Net (Gain) or Loss for period	46,816	N/A
Amortization of Transition Obligation (Asset)	(9,153)	N/A
Amortization of Net Actuarial (Gain) or Loss	<u>(43,274)</u>	N/A
Total	<u>\$ 1,027,601</u>	N/A

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

	<u>2008</u>	<u>2007</u>
Benefit obligation:		
Discount rate	6.00%	6.00%
Expected return on plan assets	N/A	N/A
Rate of compensation increase	N/A	N/A
Medical trend:		
Initial	9.00%	10.00%
Ultimate	5.00%	5.00%
Number of years to ultimate	3 years	4 years

THE UNIVERSITY CORPORATION
NOTES TO FINANCIAL STATEMENTS

June 30, 2008

NOTE 9 - POSTRETIREMENT BENEFITS: (continued)

D. Cash Flows

The Corporation expects to contribute \$65,200 to their postretirement health plan in 2009.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

	Postretirement Benefits
2009	\$ 65,200
2010	69,300
2011	85,800
2012	97,500
2013	113,900
2014-2018	1,079,200

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 following table includes the amounts in unrestricted net assets expected to be recognized as components of net periodic benefit cost over the 2008-09 fiscal year.

Net actuarial (gain)/loss	\$ 36,152
Net prior service cost	100,537
Net transition obligation	9,153

NOTE 10 - 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, 2008 and 2007 totaled \$19,948 and \$19,082. Pension expense for June 30, 2008 and 2007 totaled \$343,338 and \$301,026.

THE UNIVERSITY CORPORATION
NOTES TO FINANCIAL STATEMENTS

June 30, 2008

NOTE 11 - 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 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, 2008, included in accounts and notes receivable were \$21,640 due from California State University, Northridge Foundation, \$5,513 due from the University Student Union, \$292 due from the North Campus-University Park Development Corporation, and \$122,467 due from various departments of the University. These amounts are primarily related to catering services, payroll, rent, and licensing activities.

At June 30, 2007, included in accounts and notes receivable were \$15,022 due from California State University, Northridge Foundation, \$296 due from the University Student Union, \$4,665 due from the North Campus-University Park Development Corporation, and \$85,763 due from various departments of the University. These amounts are primarily related to catering services, payroll, rent, and licensing activities.

Included in accounts payable at June 30, 2008 and 2007 were \$193,304 and \$139,184 due to the University, \$201 and \$768 due to the University Student Union, and \$0 and \$2,494 due to the Associated Students CSUN Inc.

Amounts received from and paid to the University were \$3,702,667 and \$3,209,391, respectively for 2008 and were \$1,093,804 and \$7,853,204, respectively, for 2007. 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.

THE UNIVERSITY CORPORATION
NOTES TO FINANCIAL STATEMENTS

June 30, 2008

NOTE 12 - RELATED PARTY TRANSACTIONS: (continued)

In 2008, amounts received from other University auxiliary organizations were approximately \$308,254. Amounts received relate to catering services and food service management fees. In 2008, the Corporation paid \$75,385 to the University Student Union for commissions earned on food service sales, \$71,460 to the California State University, Northridge Foundation, and \$48,291 to Associated Students CSUN Inc.

In 2007, amounts received from other University auxiliary organizations were approximately \$232,063. Amounts received relate to catering services and food service management fees. In 2007, the Corporation paid \$72,243 to the University Student Union for commissions earned on food service sales, \$160,037 to the California State University, Northridge Foundation, and \$27,174 to Associated Students CSUN Inc.

**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
California State University Northridge
Northridge, California

We have audited the financial statements of the University Corporation as of and for the year ended June 30, 2008 which collectively comprise the University Corporation's basic financial statements, and have issued our report thereon dated September 17, 2008. 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 as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the University Corporation's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Corporation's financial statements that is more than inconsequential will not be prevented or detected by the Corporation's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the University Corporation's internal control.

**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**

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed in a separate management letter dated September 17, 2008, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies. We do not believe that this significant deficiency is a material weakness.

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 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 non-compliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the audit committee, board of directors, management of the Corporation, 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
VICENTI, LLOYD & STUTZMAN LLP

September 17, 2008

SCHEDULE OF NET ASSETS

June 30, 2008

(for inclusion in the California State University)

Assets:

Current assets:	
Cash and cash equivalents	\$ 5,639,806
Short-term investments	—
Accounts receivable, net	3,958,738
Leases receivable, current portion	—
Notes receivable, current portion	—
Pledges receivable, net	—
Prepaid expenses and other assets	262,718
Total current assets	<u>9,861,262</u>
Noncurrent assets:	
Restricted cash and cash equivalents	—
Accounts receivable, net	—
Leases receivable, net of current portion	—
Notes receivable, net of current portion	—
Student loans receivable, net	—
Pledges receivable, net	—
Endowment investments	2,324,621
Other long-term investments	22,728,078
Capital assets, net	18,570,954
Other assets	—
Total noncurrent assets	<u>43,623,653</u>
Total assets	<u>53,484,915</u>

Liabilities:

Current liabilities:	
Accounts payable	971,520
Accrued salaries and benefits payable	1,092,048
Accrued compensated absences— current portion	228,874
Deferred revenue	2,166,093
Capitalized lease obligations – current portion	286,040
Long-term debt obligations – current portion	125,838
Self-insurance claims liability - current portion	—
Other liabilities	65,200
Total current liabilities	<u>4,935,613</u>
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	98,089
Deferred revenue	—
Grants refundable	—
Capitalized lease obligations, net of current portion	10,180,885
Long-term debt obligations, net of current portion	3,229,540
Self-insurance claims liabilities, net of current portion	—
Depository accounts	6,438,088
Other liabilities	2,673,441
Total noncurrent liabilities	<u>22,620,043</u>
Total liabilities	<u>27,555,656</u>

Net assets:

Invested in capital assets, net of related debt	4,875,410
Restricted for:	
Nonexpendable – endowments	2,324,621
Expendable:	
Scholarships and fellowships	—
Research	4,947,859
Loans	—
Capital projects	—
Debt service	—
Other	—
Unrestricted	<u>13,781,369</u>
Total net assets	<u>\$ 25,929,259</u>

See accompanying independent auditors' report.

THE UNIVERSITY CORPORATION

Schedule 2

SCHEDULE OF REVENUES, EXPENSES AND CHANGE IN NET ASSETS

For the Fiscal 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	
State	
Local	
Nongovernmental	
Sales and services of educational activities	—
Sales and services of auxiliary enterprises (net of scholarship allowances of \$ 0_____)	12,527,541
Other operating revenues	1,007,905
Total operating revenues	<u>13,535,446</u>

Expenses:

Operating expenses:	
Instruction	—
Research	16,674,628
Public service	—
Academic support	—
Student services	—
Institutional support	1,881,583
Operation and maintenance of plant	—
Student grants and scholarships	272,464
Auxiliary enterprise expenses	12,072,940
Depreciation and amortization	1,408,071
Total operating expenses	<u>32,309,686</u>
Operating income (loss)	<u>(18,774,240)</u>

Nonoperating revenues (expenses):	
State appropriations, noncapital	—
Federal financial aid grants, noncapital	14,920,101
State and local financial aid grants, noncapital	2,505,088
Nongovernmental and other financial aid grants, noncapital	1,024,772
Gifts, noncapital	—
Investment income, net	(734,237)
Endowment income	(822,840)
Interest on capital-related debt	(686,035)
Other nonoperating revenues (expenses)	(1,172,904)
Net nonoperating revenues (expenses)	<u>15,033,945</u>
Income (loss) before other additions	<u>(3,740,295)</u>

State appropriations, capital	—
Grants and gifts, capital	—
Additions to permanent endowments	—
Increase (decrease) in net assets	<u>(3,740,295)</u>

Net assets:	
Net assets at beginning of year, as previously reported	29,669,554
Restatements	—
Net assets at end of year, as restated	<u>\$ 25,929,259</u>

See accompanying independent auditors' report.

THE UNIVERSITY CORPORATION
OTHER INFORMATION

(for inclusion in the California State University)

June 30, 2008

1. Restricted cash and cash equivalents at June 30, 2008:					
Portion of restricted cash and cash equivalents related to endowments	\$	—			
All other restricted cash and cash equivalents	\$	—			
Total restricted cash and cash equivalents	\$	—			
2. Composition of investments at June 30, 2008:					
State of California Surplus Money Investment Fund (SMIF)	\$				
State of California Local Agency Investment Fund (LAIF)	—				
Wachovia Short Term Fund	—				
Wachovia Medium Term Fund	—				
Wachovia Equity Fund	—				
Debt securities	79,052				79,052
Equity securities	1,707,528				1,707,528
Fixed income securities (Treasury notes, GNMA's)	—				
Real estate	126,759				126,759
Certificates of deposit	—				
Notes receivable	—				
Mutual funds	14,346,851		2,324,621		16,671,472
Collateralized mortgage obligations	—				
Inverse floaters	—				
Interest-only strips	—				
Agency pass-through	—				
Private pass-through	—				
Other investments	—				
Public Safety Building	6,461,888				6,461,888
Land	6,000				6,000
Land	—				
Add description	—				
Add description	—				
Add description	—				
Add description	—				
Add description	—				
Total investments	22,728,078		2,324,621		25,052,699
Less endowment investments (enter as negative number)	—		(2,324,621)		(2,324,621)
Total investments	—		—		22,728,078

2.1 - Restricted noncurrent investments at June 30, 2008 related to:					
Various pooled investments	\$	2,324,621			
Add description	—				
Add description	—				
Add description	—				
Add description	—				
Add description	—				
Add description	—				
Add description	—				
Add description	—				
Total restricted noncurrent investments at June 30, 2008	\$	2,324,621			

See accompanying independent auditors' report.

THE UNIVERSITY CORPORATION

OTHER INFORMATION

(for inclusion in the California State University)

June 30, 2008

3 Composition of capital assets at June 30, 2008:

	Balance June 30, 2007	Prior period Adjustments	Reclassifications	Balance 30-Jun-07 (restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2008
Nondepreciable capital assets								
Land and land improvements	\$ 712,716	—	—	712,716	—	—	—	712,716
Works of art and historical treasures	—	—	—	—	—	—	—	—
Construction work in progress (CWIP)	4,753,612	—	—	4,753,612	2,144,263	(15,453)	(6,185,703)	686,719
Total nondepreciable capital assets	5,466,328	—	—	5,466,328	2,144,263	(15,453)	(6,185,703)	1,409,435
Depreciable capital assets								
Buildings and building improvements	17,497,062	—	352,999	17,850,061	31,941	(61,115)	5,565,985	23,380,872
Improvements, other than buildings	—	—	—	—	—	—	—	—
Infrastructure	352,999	—	(352,999)	—	—	—	—	—
Leasehold improvements	—	—	—	—	—	—	—	—
Personal property:								
Equipment	3,693,196	—	—	3,693,196	242,784	(45,715)	619,718	4,509,983
Library books and materials	—	—	—	—	—	—	—	—
Intangible assets	—	—	—	—	—	—	—	—
Total depreciable capital assets	21,543,257	—	—	21,543,257	274,725	(106,830)	6,185,703	27,896,955
Total cost	27,009,585	—	—	27,009,585	2,418,988	(122,283)	—	29,306,290
Less accumulated depreciation								
Buildings and building improvements	(6,644,660)	—	—	(6,644,660)	(1,143,265)	54,703	—	(7,733,222)
Improvements, other than buildings	—	—	—	—	—	—	—	—
Infrastructure	—	—	—	—	—	—	—	—
Leasehold improvements	—	—	—	—	—	—	—	—
Personal property:								
Equipment	(2,790,594)	—	—	(2,790,994)	(256,486)	45,366	—	(3,002,114)
Library books and materials	—	—	—	—	—	—	—	—
Intangible assets	—	—	—	—	—	—	—	—
Total accumulated depreciation	(9,435,654)	—	—	(9,435,654)	(1,399,751)	100,069	—	(10,735,336)
Net capital assets	\$ 17,573,931	—	—	\$ 17,573,931	\$ 1,019,237	\$ (22,214)	—	\$ 18,570,954
Detail of depreciation and amortization expense for the year ended June 30, 2008:								
Depreciation and amortization expense related to capital assets	\$ 1,399,751							
Amortization expense related to other assets	8,320							
Total depreciation and amortization	\$ 1,408,071							

See accompanying independent auditors' report.

THE UNIVERSITY CORPORATION

OTHER INFORMATION

(for inclusion in the California State University)

June 30, 2008

4 Long-term liabilities activity schedule:

	Balance June 30, 2007	Prior period adjustments	Reclassifications	Balance June 30, 2007 (restated)	Additions	Reductions	Balance June 30, 2008	Current portion	Long-term portion
Accrued compensated absences	\$ 264,876	—	—	264,876	344,969	(282,882)	326,963	228,874	98,089
Capitalized lease obligations:									
Gross balance	10,385,000	—	—	10,385,000	—	(125,000)	10,260,000	275,000	9,985,000
Unamortized premium / (discount) on capitalized lease obligations	217,965	—	—	217,965	—	(11,040)	206,925	11,040	195,885
Total capitalized lease obligations	10,602,965	—	—	10,602,965	—	(136,040)	10,466,925	286,040	10,180,885
Long-term debt obligations:									
Revenue Bonds	—	—	—	—	3,020,000	—	3,020,000	105,000	2,915,000
Other bonds (non-Revenue Bonds)	3,195,000	—	—	3,195,000	—	(3,195,000)	—	—	—
Commercial Paper	—	—	—	—	—	—	—	—	—
Other:									
Mortgages	251,327	—	—	251,327	—	(14,360)	236,967	15,160	221,807
Description	—	—	—	—	—	—	—	—	—
Description	—	—	—	—	—	—	—	—	—
Description	—	—	—	—	—	—	—	—	—
Description	—	—	—	—	—	—	—	—	—
Description	—	—	—	—	—	—	—	—	—
Description	—	—	—	—	—	—	—	—	—
Total long-term debt obligations	3,446,327	—	—	3,446,327	3,020,000	(3,209,360)	3,256,967	120,160	3,136,807
Unamortized bond premium / (discount)	—	—	—	—	99,594	(1,183)	98,411	5,678	92,733
Unamortized loss on refunding	—	—	—	—	—	—	—	—	—
Total long-term debt obligations, net	3,446,327	—	—	3,446,327	3,119,594	(3,210,543)	3,355,378	125,838	3,229,540
Total long-term liabilities	\$ 14,314,168	—	—	14,314,168	3,464,563	(3,629,465)	14,149,266	640,752	13,508,514

5 Future minimum lease payments:

Year ending June 30:	Principal	Interest	Principal and Interest
2009	275,000	487,892	762,892
2010	265,000	478,313	743,313
2011	265,000	468,025	733,025
2012	265,000	457,123	722,123
2013	320,000	444,388	764,388
2014 - 2018	1,830,000	1,981,669	3,811,669
2019 - 2023	2,355,000	1,453,549	3,808,549
2024 - 2028	1,825,000	813,638	2,638,638
2029 - 2033	425,000	343,075	768,075
2034 - 2038	—	10,924	10,924
2039 - 2043	—	—	—
2044 - 2048	—	—	—
2049 - 2053	—	—	—
2054 - 2058	—	—	—
Total minimum lease payments			17,198,626
Less amounts representing interest			(6,938,626)
Present value of future minimum lease payments			10,260,000
Less: current portion			(275,000)
Capitalized lease obligation, net of current portion			\$ 9,985,000

See accompanying independent auditors' report.

THE UNIVERSITY CORPORATION
OTHER INFORMATION
(for inclusion in the California State University)

June 30, 2008

6 Long-term debt obligation schedule

Year ending June 30:	Revenue Bonds		All other long-term debt obligations		Total	
	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest
2009	105,000	143,736	248,736	15,160	11,957	27,117
2010	120,000	131,775	251,775	15,967	11,150	27,117
2011	125,000	127,175	252,175	16,817	10,300	27,117
2012	125,000	122,175	247,175	17,686	9,431	27,117
2013	135,000	116,975	251,975	18,653	8,464	27,117
2014 - 2018	760,000	488,562	1,248,562	109,239	26,347	135,586
2019 - 2023	955,000	292,125	1,247,125	43,445	2,017	45,462
2024 - 2028	695,000	52,825	747,825	—	—	—
2029 - 2033	—	—	—	—	—	—
2034 - 2038	—	—	—	—	—	—
2039 - 2043	—	—	—	—	—	—
2044 - 2048	—	—	—	—	—	—
2049 - 2053	—	—	—	—	—	—
2054 - 2058	—	—	—	—	—	—
Total	\$ 3,020,000	1,475,348	4,495,348	236,967	79,666	316,633
				236,967	79,666	316,633
				3,256,967	1,555,014	4,811,981

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

	Auxiliary Organizations		Total	
	GASB	FASB	Auxiliaries	
Capital assets, net of accumulated depreciation	—	18,570,954	18,570,954	
Capitalized lease obligations - current portion	—	(275,000)	(275,000)	
Capitalized lease obligations, net of current portion	—	(10,191,925)	(10,191,925)	
Long-term debt obligations - current portion	—	(120,160)	(120,160)	
Long-term debt obligations, net of current portion	—	(3,235,218)	(3,235,218)	
Portion of outstanding debt that is unspent at year-end	—	—	—	
Other:				
Investments in real estate held for sale	—	126,759	126,759	
Deferred financing cost, net	—	—	—	
(description)	—	—	—	
(description)	—	—	—	
(description)	—	—	—	
Net assets - invested in capital assets, net of related debt	\$ —	4,875,410	4,875,410	

See accompanying independent auditors' report.

THE UNIVERSITY CORPORATION

OTHER INFORMATION

(for inclusion in the California State University)

June 30, 2008

8 Transactions with Related Entities

Reimbursements to University for salaries of University personnel working on contracts, grants, and other programs
 Reimbursements 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

Amount
1,479,233
1,781,468
3,702,667
(193,304)
122,467

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

Net Asset Class	Amount
	Dr. (Cr.)
\$	29,669,534
Net assets as of June 30, 2007, as previously reported	
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	\$ 29,669,534

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

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)	—	—	—

See accompanying independent auditors' report.