

The University Corporation

Financial Statements
(With Supplementary Information)
and Independent Auditor's Report

June 30, 2015

The University Corporation

Index

	<u>Page</u>
Independent Auditor's Report	2
Financial Statements	
Statement of Financial Position	4
Statement of Activities	5
Statement of Cash Flows	6
Notes to Financial Statements	7
Supplementary Information	
Schedule of Net Position	25
Schedule of Revenues, Expenses and Changes in Net Position	26
Other Information	27

Independent Auditor's Report

The Board of Directors
The University Corporation
(A California State University Auxiliary Organization)

We have audited the accompanying financial statements of The University Corporation, which comprise the statement of financial position as of June 30, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The University Corporation as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

The summarized comparative information of The University Corporation as of June 30, 2014 and for the year then ended was audited by other auditors whose report dated September 12, 2014 expressed an unmodified opinion on that information.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 17, 2015, on our consideration of The University 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 internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering The University Corporation's internal control over financial reporting and compliance.



Los Angeles, California
September 17, 2015

The University Corporation
Statement of Financial Position
June 30, 2015
With Summarized Totals for the Year Ended June 30, 2014

	<u>Assets</u>	
	2015	2014
Current assets		
Cash and cash equivalents	\$ 4,416,061	\$ 4,263,773
Short-term investments	6,058,219	8,994,842
Grants and contracts receivable	5,843,185	4,516,162
Accounts receivable, net	684,553	200,384
Accounts receivable from the University	1,025,648	107,471
Accounts receivable from other University auxilliary organizations	31,048	60,133
Current portion of note receivable	3,133	2,951
Inventory	273,795	258,078
Prepaid expenses and deposits	51,422	70,474
Total current assets	18,387,064	18,474,268
Note receivable, net of current portion	56,716	59,897
Investments	16,467,565	16,889,913
Capital assets, net	23,836,003	18,943,862
Totals	\$ 58,747,348	\$ 54,367,940
	<u>Liabilities and Net Assets</u>	
Current liabilities		
Accounts payable	\$ 1,558,996	1,618,105
Other accrued liabilities	1,843,912	1,493,171
Current portion of accrued compensated absences	337,431	309,336
Current portion of postretirement benefit payable	74,141	65,120
Deposits held in custody for others	2,107,457	2,142,065
Deferred revenue	3,099,757	3,177,833
Current portion of long-term debt	852,726	816,639
Total current liabilities	9,874,420	9,622,269
Accrued compensated absences, net of current portion	144,613	132,572
Postretirement benefit payable, net of current portion	3,406,805	2,697,732
Long-term debt, net of current portion	14,764,344	12,202,069
Total liabilities	28,190,182	24,654,642
Net assets		
Unrestricted	25,046,065	24,100,332
Temporarily restricted	1,647,308	1,749,173
Permanently restricted	3,863,793	3,863,793
Total net assets	30,557,166	29,713,298
Totals	\$ 58,747,348	\$ 54,367,940

See Notes to Financial Statements.

The University Corporation

Statement of Activities

June 30, 2015

With Summarized Totals for the Year Ended June 30, 2014

	2015			2014	
	Unrestricted	Temporarily restricted	Permanently restricted	Total	Total
Operating revenues and support					
Auxiliary services					
Food service sales	\$ 15,795,045	\$ -	\$ -	\$ 15,795,045	\$ 15,021,215
Bookstore sales and commissions	1,536,578	-	-	1,536,578	1,268,019
Real estate rentals	899,536	-	-	899,536	809,876
Total auxiliary services	18,231,159	-	-	18,231,159	17,099,110
Grants and contracts	30,945,953	-	-	30,945,953	30,658,430
Investment income	304,334	107,629	-	411,963	2,011,981
Other revenue	1,446,344	-	-	1,446,344	1,284,631
Net assets released from restrictions	209,494	(209,494)	-	-	-
Total operating revenues and support	51,137,284	(101,865)	-	51,035,419	51,054,152
Operating expenses					
Auxiliary services	16,457,470	-	-	16,457,470	15,063,487
Program services					
Grants and contracts	28,013,578	-	-	28,013,578	27,813,591
Student grants and scholarships	169,582	-	-	169,582	177,024
University projects	2,485,923	-	-	2,485,923	1,312,202
Total program services	30,669,083	-	-	30,669,083	29,302,817
Supporting services					
General and administrative	2,653,229	-	-	2,653,229	2,484,618
Total operating expenses	49,779,782	-	-	49,779,782	46,850,922
Change in net assets from operating activities	1,357,502	(101,865)	-	1,255,637	4,203,230
Nonoperating expenses					
Pension related changes other than net periodic pension costs	396,769	-	-	396,769	720,508
Bond refinance expenses	15,000	-	-	15,000	-
Net nonoperating expenses	411,769	-	-	411,769	720,508
Change in net assets	945,733	(101,865)	-	843,868	3,482,722
Net assets, beginning of year	24,100,332	1,749,173	3,863,793	29,713,298	26,230,576
Net assets, end of year	<u>\$ 25,046,065</u>	<u>\$ 1,647,308</u>	<u>\$ 3,863,793</u>	<u>\$ 30,557,166</u>	<u>\$ 29,713,298</u>

See Notes to Financial Statements.

The University Corporation

Statement of Cash Flows

June 30, 2015

With Summarized Totals for the Year Ended June 30, 2014

	2015	2014
Operating activities		
Change in net assets	\$ 843,868	\$ 3,482,722
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	1,583,561	1,728,301
Net realized and unrealized gains on investments	(108,303)	(1,385,939)
Postretirement benefits	396,769	720,508
Provision for bad debts	-	(43,015)
Amortization of bond premiums	80,948	82,947
Changes in operating assets and liabilities		
Grants and contracts receivable	(1,327,023)	173,676
Accounts receivable	(484,169)	102,016
Accounts receivable from the University	(918,177)	67,435
Accounts receivable from other University auxilliary organizations	29,085	(1,031)
Inventory	(15,717)	3,048
Prepaid expenses and deposits	19,052	9,142
Accounts payable	(59,109)	673,830
Other accrued liabilities	390,877	(169,984)
Deposits held in custody for others	(34,608)	883,964
Postretirement benefit payable	321,325	66,131
Deferred revenue	(78,076)	34,168
Net cash provided by operating activities	640,303	6,427,919
Investing activities		
Purchase of capital assets	(6,475,702)	(1,678,288)
Payments from note receivable	2,999	-
Purchases of investments	(1,724,567)	806,219
Proceeds from sales of investments	5,191,841	(5,180,420)
Net cash used in investing activities	(3,005,429)	(6,052,489)
Financing activities		
Proceeds from long-term debt	3,415,000	-
Payments on long-term debt	(897,586)	(944,489)
Net cash provided by (used in) financing activities	2,517,414	(944,489)
Net increase (decrease) in cash and cash equivalents	152,288	(569,059)
Cash and cash equivalents, beginning of year	4,263,773	4,832,832
Cash and cash equivalents, end of year	\$ 4,416,061	\$ 4,263,773
Supplemental disclosure of cash flow information		
Interest paid during the year	\$ 548,765	\$ 514,019

See Notes to Financial Statements.

The University Corporation
Notes to Financial Statements
June 30, 2015

Note 1 - Business activity and summary of significant accounting policies

Business activity

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, and 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 University.

Basis of accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial statement presentation

To ensure the observance of certain constraints and restrictions placed on the use of resources, the accounts of the Corporation are maintained in accordance with the principles of net asset accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into net asset classes that are in accordance with specified activities or objectives. Accordingly, all financial transactions have been recorded and reported by net asset class as follows:

Unrestricted – These generally result from revenues generated by receiving unrestricted contributions, providing services, and receiving income from investments less expenses incurred in providing program related services, raising contributions and performing administrative functions.

Temporarily Restricted – The Corporation reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from purpose or time restrictions. The Corporation has \$1,647,308 of temporarily restricted net assets at June 30, 2015.

Permanently Restricted – These net assets are from donors who stipulate that resources are to be maintained permanently, but permit the Corporation to expend all of the income (or other economic benefits) derived from the donated assets. The Corporation has \$3,863,793 of permanently restricted net assets at June 30, 2015.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits and all highly liquid investments with an initial maturity at date of purchase of three months or less.

The University Corporation
Notes to Financial Statements
June 30, 2015

Accounts receivable

Accounts receivable are stated at unpaid balances less an allowance for doubtful accounts. The Corporation provides for losses on receivables using the allowance method which is based on experience and other circumstances. The Corporation had \$30,135 in allowance for doubtful accounts at June 30, 2015.

Grants and contracts

The Corporation recognizes revenue from grants and contracts to the extent of expenditures incurred, but not exceeding the actual grant and contract awards. Funds received in excess of expenditures at the end of the year are recorded as temporarily restricted net assets or deferred revenue. The Corporation considers all accounts and grants receivable to be fully collectible and, as such, an allowance for doubtful accounts is not considered necessary.

Inventory

Inventories, consisting of food service supplies and a small gift shop, are stated at the lower of cost or market. No reserve for obsolescence was deemed necessary.

Investments

Investments are reported at their fair values in the statement of financial position. Realized and unrealized gains and losses are included in the statement of activities as investment income.

Fair value measurements

The Corporation values its financial assets and liabilities based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three broad levels, which are described below:

Level 1: Quoted priced (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

The University Corporation
Notes to Financial Statements
June 30, 2015

Capital assets

Capital assets are stated at cost less accumulated depreciation and amortization. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets, which range from three to thirty years. Leasehold improvements are stated at cost and are amortized using the straight-line method over the estimated useful life of the asset. Repairs and maintenance are charged to expense as incurred.

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.

Revenue recognition

The Corporation recognizes revenues from auxiliary services when earned. Revenues from food service and bookstore sales are recognized when sold. Deferred revenue consists of amounts received which have not been earned and include gift cards, meal plans and maintenance advances. These amounts are transferred to revenue when earned.

Advertising costs

Advertising costs are charged to expense as incurred. Advertising expense was \$3,229 for the year ended June 30, 2015.

Functional allocation of expenses

The costs of providing programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income taxes

The Corporation is a non-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the Revenue Taxation Code of California. Accordingly, no provision for income taxes is included in the accompanying financial statements.

The Corporation has no unrecognized tax benefits at June 30, 2015. The Corporation's Federal income tax returns for fiscal years 2014, 2013 and 2012 remain open. The Corporation's state income tax returns for fiscal years 2014, 2013, 2012 and 2011 remain open. Management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

If applicable, the Corporation recognizes interest and penalties associated with tax matters as part of income tax expense and includes accrued interest and penalties with accounts payable and accrued expenses in the statement of financial position.

The University Corporation
Notes to Financial Statements
June 30, 2015

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 amounts of assets, liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Comparative totals

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Corporation's financial statements for the year ended June 30, 2014, from which the summarized information was derived.

Reclassifications

Certain reclassifications of 2014 amounts have been made to conform with the 2015 presentation.

New accounting pronouncements

In June 2014, the International Accounting Standards Board ("IASB") and Financial Accounting Standards Board ("FASB") jointly approved Accounting Standards Update ("ASU") 2014-09 to conform generally accepted accounting principles and International Financial Reporting Standards ("IFRS") revenue recognition standards, and improve both sets of standards. The guidance changes would affect any entity that enters into contracts with customers unless those contracts are in the scope of other standards (for example, insurance contracts or lease contracts). The core principle of the guidance is that an entity should recognize revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 will be effective for the Corporation for the year beginning after December 31, 2017. The Corporation has yet to determine the potential impact, if any.

Subsequent events

The Corporation has evaluated subsequent events through September 17, 2015, which is the date these financial statements were available to be issued.

The University Corporation
Notes to Financial Statements
June 30, 2015

Note 2 - Concentrations

Financial instruments which potentially subject the Corporation to concentrations of credit risk consist primarily of cash and cash equivalents. The Corporation maintains its cash and cash equivalents with high-credit quality financial institutions. At times, such amounts may exceed federally insured limits. The Corporation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

The Corporation's investments are subject to various risks, such as interest rate, credit and overall market volatility risks. Further, because of the significance of the investments to the Corporation's financial position and the level of risk inherent in most investments, it is reasonably possible that changes in the values of these investments could occur in the near term and such changes could materially affect the amounts reported in the financial statements. Management is of the opinion that the diversification of its invested assets among the various asset classes should mitigate the impact of changes in any one class.

Note 3 - Investments

At June 30, 2015, investments consist of the following:

Equities	\$ 3,092,900
Mutual funds	
Equities	
Large cap	876,799
Small cap	445,115
International	1,865,589
Emerging markets	944,351
Fixed income	
Corporate/Government bonds	3,205,850
High yield bonds	943,661
Real estate	604,888
Commodities	491,189
Alternative investments	
Hedge fund of funds	909,731
Private equity	230,036
Pooled investment with the University	4,103,881
Other	<u>6,000</u>
	17,719,990
Public safety building	<u>4,805,794</u>
Total	<u><u>\$ 22,525,784</u></u>

The University Corporation
Notes to Financial Statements
June 30, 2015

These investments are disclosed in the accompanying statement of financial position as follows:

Short-term investments	\$ 6,058,219
Long-term investments	<u>16,467,565</u>
	<u><u>\$ 22,525,784</u></u>

The Corporation and the parking authority of the University have an investment in a public safety building which was initially recorded at fair value. The Corporation has a two thirds interest in this investment. During the year ended June 30, 2011, the Corporation and the administration of the University reached an agreement that the University will repay the Corporation the remaining balance of \$4,805,794 by June 30, 2025. During the year ended June 30, 2015, the Corporation received payments of \$350,938 which provides a reasonable return on the investment of approximately 5%. Upon full recovery of this investment, ownership of the public safety building will be transferred to the University.

Investment income for the year ended June 30, 2015 is as follows:

Realized and unrealized gains	\$ 108,303
Interest and dividend income	331,507
Investment fees	<u>(27,847)</u>
Total	<u><u>\$ 411,963</u></u>

Note 4 - Fair value measurements

At June 30, 2015, investments are carried at fair value and are classified in the table below in one of the three categories as described in Note 1:

	Level 1	Level 2	Level 3	Total
Equities	3,092,900	-	-	3,092,900
Mutual funds	9,377,442	-	-	9,377,442
Alternative investments				
Hedge fund of funds	-	-	909,731	909,731
Private equity funds	-	-	230,036	230,036
Pooled investment	-	4,103,881	-	4,103,881
Other	6,000	-	-	6,000
	<u>\$ 12,476,342</u>	<u>\$ 4,103,881</u>	<u>\$ 1,139,767</u>	<u>\$ 17,719,990</u>

The University Corporation
Notes to Financial Statements
June 30, 2015

Valuations of equities and mutual funds are obtained from real-time quotes for transactions in active exchange markets involving identical assets. Money market funds are valued based on investment yield. The pooled investment is valued using quoted prices for similar assets in active exchange markets. The fair value of alternative investments is determined using the net asset value (“NAV”) of shares held by the Corporation, which can lag for 90 days. In some instances, the NAV may not equal the fair value that would be calculated under fair value accounting standards.

Alternative investments: Accounting standards permit the measure of fair value of investments that do not have a quoted market price but NAV per unit. The NAV is calculated based on the valuation of the funds' underlying assets owned by the fund at fair value at the end of the year. The alternative investments invest in a variety of funds including equity hedges, sector, equity neutral, special situations, distressed, global macro, commodity trading, short bias, emerging markets and arbitrage funds. Fund managers may shift investment strategies to manage risk and minimize volatility of the funds. The fair value of the alternative investments have been estimated using NAV of the fund shares. Alternative investments have no lock-up period and quarterly redemption frequency with a 60 day redemption notice period. There are no unfunded commitments.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Corporation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	<u>Hedge fund</u>	<u>Private equity</u>	<u>Total</u>
Balance, beginning of year	\$ 856,866	\$ 120,787	\$ 977,653
Purchases	-	95,319	95,319
Unrealized gains	60,201	13,930	74,131
Management fees	<u>(7,336)</u>	<u>-</u>	<u>(7,336)</u>
Balance, end of year	<u>\$ 909,731</u>	<u>\$ 230,036</u>	<u>\$ 1,139,767</u>

For the year ended June 30, 2015, there have been no changes in the valuation methodologies.

The University Corporation
Notes to Financial Statements
June 30, 2015

Note 5 - Endowment

The Corporation's endowment includes donor-restricted funds and funds designated by the Board of Directors to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence of donor-imposed restrictions.

The Board of Directors of the Corporation has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Corporation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Corporation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Corporation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the Corporation and the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Corporation, and (7) the Corporation's investment policies.

Investment return objectives, risk parameters and strategies

The funds entrusted to the Corporation will be pooled in an actively managed portfolio, except when precluded by a donor or granting agency. Part of the endowment funds are managed by the student investment class under the supervision of the faculty of the College of Business and Economics. The Corporation will participate in standards within the content of the "Prudent Investor" rule, which states: "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived."

The primary investment objective is to achieve risk-adjusted real returns necessary to preserve and grow capital and to support the long-term and short-term spending requirements of the Corporation. The Corporation and its Investment Managers must properly balance the following overall objectives:

- (1) *Liquidity*. The Corporation's investment portfolio will remain satisfactorily liquid to enable it to meet anticipated operating and cash flow requirements, which are to be analyzed continuously.

The University Corporation
Notes to Financial Statements
June 30, 2015

(2) *Return on investment.* The investment portfolio will be designed to attain a market rate or better rate of return throughout a full economic cycle.

(3) *Preservation of capital.* Sufficient limitations are placed on risks associated with the implementation of the return on investment objective and to protect the portfolio through the diversification of assets and the setting of specific quality standards.

The long-term investment pool includes all endowment and certain reserve funds and is invested with a focus on long-term growth of capital through asset diversification. The investment target mix for the long-term pool will be 25%-65% equities, 10%-50% fixed income, 0%-50% alternative investments - real assets, 0%-10% alternative investments - hedge funds, 0%-30% cash. The Corporation prohibits investments that jeopardize the non-profit status of the Corporation or unduly jeopardizes the safety of principal.

Spending policy

The Corporation has a policy of appropriating for distribution each year 4% of its prior year ending combined balance of the corpus and growth accounts. The total amount available to spend consists of the spending allocation plus any unspent dollars remaining from prior years. A quarterly report is forwarded to all endowment custodians containing the amount of available funds they can spend. All endowment expenditures have to be authorized by the respective endowment custodian. Endowment custodians include various University department chairs and the Office of Academic Affairs.

Endowment net asset composition by type of fund as of June 30, 2015 is as follows:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Donor restricted	\$ -	\$ 1,647,308	\$ 3,863,793	\$ 5,511,101
Board designated	4,270,491	-	-	4,270,491
Total funds	<u>\$ 4,270,491</u>	<u>\$ 1,647,308</u>	<u>\$ 3,863,793</u>	<u>\$ 9,781,592</u>

Changes in endowment net assets for the year ended June 30, 2015 are as follows:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 4,379,103	\$ 1,749,173	\$ 3,863,793	\$ 9,992,069
Investment income	129,671	166,178	-	295,849
Net depreciation	(45,686)	(58,549)	-	(104,235)
Appropriated for expenditure	(192,597)	(209,494)	-	(402,091)
Endowment net assets, end of year	<u>\$ 4,270,491</u>	<u>\$ 1,647,308</u>	<u>\$ 3,863,793</u>	<u>\$ 9,781,592</u>

As of June 30, 2015, there were no deficiencies of donor-restricted endowment funds.

The University Corporation
Notes to Financial Statements
June 30, 2015

Note 6 - Capital assets

At June 30, 2015, capital assets consist of the following:

Capital leases	\$	12,914,389
Buildings		11,954,512
Building improvements		6,822,040
Furniture, fixtures, and equipment		4,977,280
Computers and software		1,445,904
Land:		
Land component from acquired single family homes		866,550
Empty lots		479,887
10 acres in Ventura County		250,000
Construction in progress:		
Reseda building		3,018,798
Student housing projects		2,525,063
Other		320,670
Solar observatory		1
		45,575,094
Less accumulated depreciation and amortization		(21,739,091)
		\$ 23,836,003

Depreciation and amortization expense for the year ended June 30, 2015 was \$1,583,561.

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, 2015

Note 7 - Long-term debt

At June 30, 2015, long-term debt consists of the following bonds and mortgage payable and capital leases:

Bonds and mortgage payable

On April 10, 2008, the California State University ("CSU") System issued \$3,020,000 in System Wide Revenue Bonds ("SRB") to refund Certificates that were used to finance the acquisition of 28 faculty/staff housing units ("College Court"). The bond is payable in varying annual installments and matures in November 2025. Interest is payable semi-annually at rates ranging from 3.50% - 5.00%. The bond includes a net bond premium of \$58,669 which is being amortized over the life of the bond. \$ 2,183,669

On April 6, 2010, the California State University System issued \$2,310,000 in System Wide Revenue Bonds to fund the satellite student union food service renovation project ("Geronimo's"). The bond is payable in varying annual installments and matures in November 2019. Interest is payable semi-annually at rates ranging from 2.00% - 3.00%. The bond includes a net bond premium of \$98,857 which is being amortized over the life of the bond. 1,383,857

On May 26, 2015, the California State University System issued \$3,415,000 in commercial paper to fund the acquisition of the Reseda building ("Reseda"). The commercial paper was converted into a System Wide Revenue Bond in August 2015. The bond is payable in varying annual installments and matures in November 2045. Interest is payable semi-annually at rates ranging from 3.00% - 5.00%. 3,415,000

In February 2005, the Corporation refinanced mortgage payables (the "Condominium Mortgage") worth \$282,000 in order to reduce interest costs. The condominium mortgage is payable in monthly installments of \$2,260 including principal and interest at 5.125%, and matures in March 2020. 112,347

Total bonds and mortgage payable 7,094,873

The University Corporation
Notes to Financial Statements
June 30, 2015

Capital leases

The Corporation and the Trustees of the California State University signed a thirty-year capital lease for the Sierra Center Building effective October 2003. The three-story building incorporates food service units, indoor and outdoor seating, and office spaces. On September 14, 2011, the California State University System completed a partial refinancing of the System Wide Revenue Bonds connected with the Sierra Center Building capital lease. The face amount of the bonds refinanced was \$2,485,000. On August 1, 2012, the California State University System completed a refinancing of the remaining 2003 System Wide Revenue Bonds connected with the Sierra Center Building capital lease. The face amount of the bonds refinanced was \$3,145,000. The bonds are payable in varying annual installments maturing through November 2033. Interest is payable semi-annually at rates ranging from 0.55% - 5.00%. The bonds include a net bond premium of \$522,552 which is being amortized over the life of the bonds.

5,607,552

The Corporation and the Trustees of the California State University System signed an 18 year lease for the Matador Bookstore Complex addition effective March 2007. The California State University System issued \$3,945,000 in System Wide Revenue Bonds in relation to the capital lease. The bond is payable in varying annual installments and matures in May 2026. Interest is payable semi-annually at rates ranging from 4.00% - 5.00%. The bond includes a net bond premium of \$129,645 which is being amortized over the life of the bond.

2,914,645

Total capital leases

8,522,197

Total long-term debt

15,617,070

Less current portion

852,726

Total

\$ 14,764,344

The University Corporation
Notes to Financial Statements
June 30, 2015

The following is a schedule by years of the future minimum principal payments on the Corporation's bonds and mortgage payable:

	CSU SRB College Court	CSU SRB Geronimo's	CSU SRB Reseda	Condominium Mortgage	Total
Year ending June 30,					
2016	\$ 150,000	\$ 235,000	\$ -	\$ 21,568	\$ 406,568
2017	160,000	245,000	50,000	22,950	477,950
2018	165,000	255,000	50,000	24,164	494,164
2019	175,000	270,000	55,000	25,457	525,457
2020	180,000	280,000	55,000	18,208	533,208
Thereafter	<u>1,295,000</u>	<u>-</u>	<u>3,205,000</u>	<u>-</u>	<u>4,500,000</u>
	2,125,000	1,285,000	3,415,000	112,347	6,937,347
Bond premium	<u>58,669</u>	<u>98,857</u>	<u>-</u>	<u>-</u>	<u>157,526</u>
Total	<u>\$ 2,183,669</u>	<u>\$ 1,383,857</u>	<u>\$ 3,415,000</u>	<u>\$ 112,347</u>	<u>\$ 7,094,873</u>

The estimated future minimum lease payments under the capital leases are included in the above long-term debt schedule and are as follows:

	Sierra Center Building	Matador Bookstore Complex	Total
Year ending June 30,			
2016	\$ 397,825	\$ 329,375	\$ 727,200
2017	394,200	324,500	718,700
2018	395,200	329,125	724,325
2019	398,138	333,000	731,138
2020	395,700	331,250	726,950
Thereafter	<u>5,593,950</u>	<u>1,972,625</u>	<u>7,566,575</u>
	7,575,013	3,619,875	11,194,888
Bond premium	522,552	129,645	652,197
Less amounts representing interest	<u>(2,490,013)</u>	<u>(834,875)</u>	<u>(3,324,888)</u>
	<u>\$ 5,607,552</u>	<u>\$ 2,914,645</u>	<u>\$ 8,522,197</u>

The University Corporation
Notes to Financial Statements
June 30, 2015

At June 30, 2015, the gross amount of capital leases and related accumulated amortization recorded under capital leases were as follows:

Capital leases	\$ 12,914,389
Less accumulated amortization	<u>(7,727,627)</u>
	<u><u>\$ 5,186,762</u></u>

Note 8 - Postretirement benefit plan

The Corporation has a postretirement benefit plan (the "Plan") which provides retirement benefits. Employees are eligible if they are either age sixty-five with ten years of qualifying service, age sixty-two with fifteen years of qualifying service or age sixty with twenty years of qualifying service. The Corporation currently pays 85% of the cost up to a maximum level. The current maximum is \$642 per month for retiree coverage and up to an additional \$576 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.

For the year ended June 30, 2015, the Corporation's postretirement benefits include the effects of the Affordable Care Act (the "Act"). The Act provides health care benefits for individuals who previously were not eligible for health care. The Corporation's Plan now takes into account the effects of the Act, which resulted in additional participants in the Plan for the year ended June 30, 2015.

The following tables provide further information about the Plan:

Obligations and funding status	
Benefit obligation at June 30, 2015	\$ (3,480,946)
Employer contributions	72,666
Participant contributions	-
Benefit payments	<u>(72,666)</u>
	(3,480,946)
Fair value of Plan assets at June 30, 2015	<u>-</u>
Net unfunded status of the Plan	<u><u>\$ (3,480,946)</u></u>

The University Corporation
Notes to Financial Statements
June 30, 2015

Amounts recognized in the statement of financial position consist of the following:

Current liabilities	\$ 74,141
Noncurrent liabilities	<u>3,406,805</u>
 Total recognized in the statement of financial position	 <u><u>\$ 3,480,946</u></u>

Amounts recognized in the statement of activities consist of the following:

Service cost	\$ 232,599
Interest cost	122,863
Amortization of transition obligation	9,153
Amortization of unrecognized prior service cost	100,537
Amortization of unrecognized gain	<u>(71,161)</u>
 Net postretirement benefit cost ("NPBC")	 <u><u>\$ 393,991</u></u>

Other changes recognized in changes in unrestricted net assets ("CUNA") are as follows:

Prior service cost for period	\$ -
Net loss for period	435,298
Amortization of transition obligation	(9,153)
Amortization of prior service cost	(100,537)
Amortization of net gain	<u>71,161</u>
 Total changes recognized in CUNA	 <u><u>\$ 396,769</u></u>
 Total changes recognized in NPBC and CUNA	 <u><u>\$ 790,760</u></u>

Assumptions

Weighted average assumptions used in accounting for the Plan were as follows:

Benefit obligations at June 30, 2015	
Discount rate	4.50%
Rate of return on Plan assets	N/A
Rate of compensation increase	N/A
Medical trend	
Initial	8.00%
Ultimate	5.00%
Number of years to ultimate	2 years

The University Corporation
Notes to Financial Statements
June 30, 2015

Cash flows

The following benefit payments, subsequent to June 30, are expected to be paid as follows:

Years beginning July 1,		
2016	\$	74,141
2017		85,382
2018		93,711
2019		106,151
2020		109,297
2021-2025		840,301

The Corporation expects to contribute the pay-as-you-go cost of \$74,141 during the next fiscal year.

The following table includes the amounts in unrestricted net assets expected to be recognized as components of net periodic benefit cost over the 2015-2016 fiscal year:

Net actuarial gain (loss)	\$	-
Net prior service cost	\$	100,537

Note 9 - Employee retirement plan

The employee retirement plan, administered through The Principal Financial Group, 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 employee retirement plan has four levels of employer matching with a maximum match of 10% of the employee's salary. Under the terms of the plan, the Corporation and its eligible employees make contributions which the Corporation deposits monthly with a trustee. Employees are 100% vested upon eligibility. Contributions payable at June 30, 2015 totaled \$49,982. Pension expense for the year ended June 30, 2015 totaled \$474,211.

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 - Related party transactions

The Corporation provides and receives services from the University, Associated Students, California State University, Northridge, Inc. ("ASI"), California State University, Northridge Foundation ("CSUN Foundation"), University Student Union, California State University, Northridge ("USU"), and North Campus – University Park Development Corporation ("NCDC").

The University Corporation
Notes to Financial Statements
June 30, 2015

Related party detail

At June 30, 2015, accounts receivable and accounts payable relating to these organizations are as follows:

Receivables		
University	\$	1,025,648
ASI		1,123
USU		28,533
NCDC		1,392
		1,392
	\$	1,056,696
Payables		
University	\$	200,978
ASI		68,425
CSUN Foundation		3,300
		3,300
	\$	272,703

During the year ended June 30, 2015, the Corporation received \$8,007,919 from the University for catering provided to the University, rental income for the Corporation's properties, cash receipts related to the Corporation's meal plan, payroll services, licensing, workshops and conferences.

During the year ended June 30, 2015, amounts paid to the University were as follows:

Salaries and benefits	\$	2,335,261
Surplus payments for university-related projects		1,815,000
Debt service payments pass-through		1,262,647
Services provided by campus		1,123,663
		1,123,663
	\$	6,536,571

During the year ended June 30, 2015, amounts received from other University auxiliary organizations were \$123,496. Amounts received relate to catering services, food service management fees and payroll services. During the year ended June 30, 2015, the Corporation paid \$161,922 to USU for commissions earned on food service sales, \$160,224 to the CSUN Foundation, and \$135,589 to ASI.

During the year ended June 30, 2015, the Corporation purchased an office building located on Reseda Boulevard for the exclusive use of the University. The Corporation received a commitment letter from the University stating their responsibility for paying rent for the use of this building. The cost of the building was \$3.0 million with another \$1.4 million to be spent on bringing the building up to the University's occupancy and compliance standards.

Supplementary Information

The University Corporation

Schedule of Net Position
June 30, 2015

(for inclusion in the California State University)

Assets:	
Current assets:	
Cash and cash equivalents	\$ 4,390,425
Short-term investments	6,058,219
Accounts receivable, net	7,584,434
Leases receivable, current portion	-
Notes receivable, current portion	3,133
Pledges receivable, net	-
Prepaid expenses and other assets	325,217
Total current assets	<u>18,361,428</u>
Noncurrent assets:	
Restricted cash and cash equivalents	-
Accounts receivable, net	-
Leases receivable, net of current portion	-
Notes receivable, net of current portion	56,716
Student loans receivable, net	-
Pledges receivable, net	-
Endowment investments	3,863,793
Other long-term investments	12,629,408
Capital assets, net	23,836,003
Other assets	-
Total noncurrent assets	<u>40,385,920</u>
Total assets	<u>58,747,348</u>
Deferred outflows of resources:	
Unamortized loss on debt refunding	-
Net pension obligation	-
Others	-
Total deferred outflows of resources	<u>-</u>
Liabilities:	
Current liabilities:	
Accounts payable	1,558,996
Accrued salaries and benefits payable	1,843,912
Accrued compensated absences— current portion	337,431
Unearned revenue	3,099,757
Capitalized lease obligations – current portion	417,458
Long-term debt obligations – current portion	435,268
Claims Liability for losses and LAE - current portion	-
Depository accounts	2,107,457
Other liabilities	74,142
Total current liabilities	<u>9,874,421</u>
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	144,613
Unearned revenue	-
Grants refundable	-
Capitalized lease obligations, net of current portion	8,104,739
Long-term debt obligations, net of current portion	6,659,604
Claims Liability for losses and LAE, net of current portion	-
Depository accounts	-
Other postemployment benefits obligation	3,406,805
Pension obligation	-
Other liabilities	-
Total noncurrent liabilities	<u>18,315,761</u>
Total liabilities	<u>28,190,182</u>
Deferred inflows of resources:	
Unamortized gain on debt refunding	-
Non-exchange transactions	-
Service concession arrangements	-
Net pension obligation	-
Others	-
Total deferred inflows of resources	<u>-</u>
Net Position:	
Net investment in capital assets	8,218,934
Restricted for:	
Nonexpendable – endowments	
Expendable:	3,863,793
Scholarships and fellowships	-
Research	1,573,216
Loans	-
Capital projects	-
Debt service	-
Other	-
Unrestricted	16,901,223
Total net position	<u>\$ 30,557,166</u>

See Independent Auditor's Report.

The University Corporation

Schedule of Revenues, Expenses, and Changes in Net Position

Year Ended June 30, 2015

(for inclusion in the California State University)

Revenues:

Operating revenues:	
Student tuition and fees (net of scholarship allowances of \$_____)	\$ -
Grants and contracts, noncapital:	
Federal	27,433,170
State	1,421,997
Local	294,560
Nongovernmental	1,796,226
Sales and services of educational activities	-
Sales and services of auxiliary enterprises (net of scholarship allowances of \$_____)	18,231,159
Other operating revenues	1,442,206
Total operating revenues	50,619,318

Expenses:

Operating expenses:	
Instruction	-
Research	28,013,577
Public service	-
Academic support	-
Student services	-
Institutional support	2,485,922
Operation and maintenance of plant	-
Student grants and scholarships	169,582
Auxiliary enterprise expenses	16,764,542
Depreciation and amortization	1,583,561
Total operating expenses	49,017,184
Operating income (loss)	1,602,134

Nonoperating revenues (expenses):

State appropriations, noncapital	-
Federal financial aid grants, noncapital	-
State financial aid grants, noncapital	-
Local financial aid grants, noncapital	-
Nongovernmental and other financial aid grants, noncapital	-
Other federal nonoperating grants, noncapital	-
Gifts, noncapital	-
Investment income (loss), net	369,849
Endowment income (loss), net	74,098
Interest Expenses	(469,120)
Other nonoperating revenues (expenses)	(733,093)
Net nonoperating revenues (expenses)	(758,266)
Income (loss) before other additions	843,868
State appropriations, capital	-
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	-
Increase (decrease) in net position	843,868
Net position:	
Net position at beginning of year, as previously reported	29,713,298
Restatements	-
Net position at beginning of year, as restated	29,713,298
Net position at end of year	\$ 30,557,166

See Independent Auditor's Report.

The University Corporation
Other Information
June 30, 2015
(for inclusion in the California State University)

1 Restricted cash and cash equivalents at June 30, 2015:	
Portion of restricted cash and cash equivalents related to endowments	\$ -
All other restricted cash and cash equivalents	-
Total restricted cash and cash equivalents	\$ -

2.1 Composition of investments at June 30, 2015:

	Current Unrestricted	Current Restricted	Total Current	Noncurrent Unrestricted	Noncurrent Restricted	Total Noncurrent	Total
State of California Surplus Money Investment Fund (SMIF)	\$ -	-	-	-	-	-	-
State of California Local Agency Investment Fund (LAIF)	-	-	-	-	-	-	-
Corporate bonds	1,199,035	-	1,199,035	-	-	-	1,199,035
Certificates of deposit	190,391	-	190,391	-	-	-	190,391
Mutual funds	1,954,338	-	1,954,338	2,488,869	3,863,793	6,352,662	8,307,000
Money Market funds	33,218	-	33,218	-	-	-	33,218
Repurchase agreements	10,519	-	10,519	-	-	-	10,519
Commercial paper	-	-	-	-	-	-	-
Asset backed securities	276,451	-	276,451	-	-	-	276,451
Mortgage backed securities	2,046	-	2,046	-	-	-	2,046
Municipal bonds	28,584	-	28,584	-	-	-	28,584
U.S. agency securities	1,440,202	-	1,440,202	-	-	-	1,440,202
U.S. treasury securities	923,435	-	923,435	-	-	-	923,435
Equity securities	-	-	-	3,092,901	-	3,092,901	3,092,901
Exchange traded funds (ETFs)	-	-	-	-	-	-	-
Alternative investments:							
Private equity (including limited partnerships)	-	-	-	230,036	-	230,036	230,036
Hedge funds	-	-	-	909,731	-	909,731	909,731
Managed futures	-	-	-	-	-	-	-
Real estate investments (including REITs)	-	-	-	610,888	-	610,888	610,888
Commodities	-	-	-	491,189	-	491,189	491,189
Derivatives	-	-	-	-	-	-	-
Other alternative investment types	-	-	-	-	-	-	-
Other external investment pools (excluding SWIFT)							
Public Safety Building	-	-	-	4,805,794	-	4,805,794	4,805,794
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Other major investments:							
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Total investments	6,058,219	-	6,058,219	12,629,408	3,863,793	16,493,201	22,551,420
Less endowment investments (enter as negative number)					(3,863,793)	(3,863,793)	(3,863,793)
Total investments	6,058,219	-	6,058,219	12,629,408	-	12,629,408	18,687,627

2.2 Investments held by the University under contractual agreements at June 30, 2015:

Portion of investments in note 2.1 held by the University under contractual agreements at June 30, 2015 :	4,103,881	-	4,103,881	-	-	-	4,103,881
---	-----------	---	-----------	---	---	---	-----------

2.3 Restricted current investments at June 30, 2015 related to:

	Amount
Add description	\$ -
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Total restricted current investments at June 30, 2015	\$ -

2.4 Restricted noncurrent investments at June 30, 2015 related to:

	Amount
Endowment investment	\$ 3,863,793
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Total restricted noncurrent investments at June 30, 2015	\$ 3,863,793

See Independent Auditor's Report.

The University Corporation
Other Information
June 30, 2015
(for inclusion in the California State University)

3.1 Composition of capital assets at June 30, 2015:

	Balance June 30, 2014	Prior period Adjustments	Reclassifications	Balance June 30, 2014 (restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2015
Nondepreciable/nonamortizable capital assets:								
Land and land improvements	\$ 1,496,437	-	-	1,496,437	-	-	100,000	1,596,437
Works of art and historical treasures	-	-	-	-	-	-	-	-
Construction work in progress (CWIP)	754,128	-	-	754,128	5,784,867	-	(674,463)	5,864,532
Intangible assets:								
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-
Internally generated intangible assets in progress	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets:	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-
Total nondepreciable/nonamortizable capital assets	2,250,565	-	-	2,250,565	5,784,867	-	(574,463)	7,460,969
Depreciable/amortizable capital assets:								
Buildings and building improvements	30,706,703	-	-	30,706,703	436,048	-	548,190	31,690,941
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	-	-	-	-	-	-	-	-
Personal property:								
Equipment	6,138,355	-	-	6,138,355	254,787	-	26,273	6,419,415
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets:								
Software and websites	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyright and trademarks	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets:								
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-
Total depreciable/amortizable capital assets	36,845,058	-	-	36,845,058	690,835	-	574,463	38,110,356
Total capital assets	39,095,623	-	-	39,095,623	6,475,702	-	-	45,571,325
Less accumulated depreciation/amortization:								
Buildings and building improvements	(14,615,565)	-	-	(14,615,565)	(1,325,912)	-	-	(15,941,477)
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	-	-	-	-	-	-	-	-
Personal property:								
Equipment	(5,536,196)	-	-	(5,536,196)	(257,649)	-	-	(5,793,845)
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets:								
Software and websites	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyright and trademarks	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets:								
Add description	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	(20,151,761)	-	-	(20,151,761)	(1,583,561)	-	-	(21,735,322)
Total capital assets, net	\$ 18,943,862	-	-	18,943,862	4,892,141	-	-	23,836,003

See Independent Auditor's Report.

The University Corporation
Other Information
June 30, 2015
(for inclusion in the California State University)

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

Depreciation and amortization expense related to capital assets	\$ 1,583,561
Amortization expense related to other assets	-
Total depreciation and amortization	<u>\$ 1,583,561</u>

4 Long-term liabilities activity schedule:

	Balance June 30, 2014	Prior period adjustments	Reclassifications	Balance June 30, 2014 (restated)	Additions	Reductions	Balance June 30, 2015	Current portion	Long-term portion
Accrued compensated absences	\$ 441,908	-	-	441,908	413,659	(373,523)	482,044	337,431	144,613
Capitalized lease obligations:									
Gross balance	8,215,000	-	-	8,215,000	-	(345,000)	7,870,000	365,000	7,505,000
Unamortized premium / (discount) on capitalized lease obligations	704,655	-	-	704,655	-	(52,458)	652,197	52,458	599,739
Total capitalized lease obligations	<u>8,919,655</u>	<u>-</u>	<u>-</u>	<u>8,919,655</u>	<u>-</u>	<u>(397,458)</u>	<u>8,522,197</u>	<u>417,458</u>	<u>8,104,739</u>
Long-term debt obligations:									
Revenue Bonds	3,780,000	-	-	3,780,000	-	(370,000)	3,410,000	385,000	3,025,000
Other bonds (non-Revenue Bonds)	-	-	-	-	-	-	-	-	-
Commercial Paper	-	-	-	-	-	-	-	-	-
Note Payable related to SRB	-	-	-	-	3,415,000	-	3,415,000	-	3,415,000
Other:									
Add description	133,038	-	-	133,038	-	(20,691)	112,347	21,778	90,569
Add description	-	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-	-
Total long-term debt obligations	<u>3,913,038</u>	<u>-</u>	<u>-</u>	<u>3,913,038</u>	<u>3,415,000</u>	<u>(390,691)</u>	<u>6,937,347</u>	<u>406,778</u>	<u>6,530,569</u>
Unamortized bond premium / (discount)	186,015	-	-	186,015	-	(28,490)	157,525	28,490	129,035
Total long-term debt obligations, net	<u>4,099,053</u>	<u>-</u>	<u>-</u>	<u>4,099,053</u>	<u>3,415,000</u>	<u>(419,181)</u>	<u>7,094,872</u>	<u>435,268</u>	<u>6,659,604</u>
Total long-term liabilities	<u>\$ 13,460,616</u>	<u>-</u>	<u>-</u>	<u>13,460,616</u>	<u>3,828,659</u>	<u>(1,190,162)</u>	<u>16,099,113</u>	<u>1,190,157</u>	<u>14,908,956</u>

5 Future minimum lease payments - capital lease obligations:

	Principal	Interest	Principal and Interest
Year ending June 30:			
2016	365,000	362,200	727,200
2017	375,000	343,700	718,700
2018	400,000	324,325	724,325
2019	425,000	306,137	731,137
2020	440,000	286,950	726,950
2021 - 2025	2,550,000	1,073,250	3,623,250
2026 - 2030	1,840,000	493,200	2,333,200
2031 - 2035	1,475,000	135,125	1,610,125
2036 - 2040	-	-	-
2041 - 2045	-	-	-
2046 - 2050	-	-	-
2051 - 2055	-	-	-
2056 - 2060	-	-	-
2061 - 2065	-	-	-
Total minimum lease payments			11,194,887
Less amounts representing interest			<u>(3,324,887)</u>
Present value of future minimum lease payments			7,870,000
Less: current portion			<u>(365,000)</u>
Capitalized lease obligation, net of current portion			<u>\$ 7,505,000</u>

See Independent Auditor's Report.

The University Corporation
Other Information
June 30, 2015
(for inclusion in the California State University)

6 Long-term debt obligation schedule

	Revenue Bonds			All other long-term debt obligations			Total		
	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest
Year ending June 30:									
2016	\$ 388,000	153,200	538,200	21,778	5,339	27,117	406,778	158,539	565,317
2017	405,000	136,013	541,013	3,437,951	4,166	3,442,117	3,842,951	140,179	3,983,130
2018	420,000	117,675	537,675	24,172	2,945	27,117	444,172	120,620	564,792
2019	445,000	97,325	542,325	25,459	1,658	27,117	470,459	98,983	569,442
2020	460,000	75,000	535,000	17,987	359	18,346	477,987	75,359	553,346
2021 - 2025	1,050,000	193,650	1,243,650	-	-	-	1,050,000	193,650	1,243,650
2026 - 2030	245,000	6,125	251,125	-	-	-	245,000	6,125	251,125
2031 - 2035	-	-	-	-	-	-	-	-	-
2036 - 2040	-	-	-	-	-	-	-	-	-
2041 - 2045	-	-	-	-	-	-	-	-	-
2046 - 2050	-	-	-	-	-	-	-	-	-
2051 - 2055	-	-	-	-	-	-	-	-	-
2056 - 2060	-	-	-	-	-	-	-	-	-
2061 - 2065	-	-	-	-	-	-	-	-	-
Total	\$ 3,410,000	778,988	4,188,988	3,527,347	14,467	3,541,814	6,937,347	793,455	7,730,802

7 Calculation of net position

	Auxiliary Organizations		Total
	GASB	FASB	Auxiliaries
7.1 Calculation of net position - Net investment in capital assets			
Capital assets, net of accumulated depreciation	\$ -	23,836,003	23,836,003
Capitalized lease obligations - current portion	-	(417,458)	(417,458)
Capitalized lease obligations, net of current portion	-	(8,104,739)	(8,104,739)
Long-term debt obligations - current portion	-	(435,268)	(435,268)
Long-term debt obligations, net of current portion	-	(6,659,604)	(6,659,604)
Portion of outstanding debt that is unspent at year-end	-	-	-
Other adjustments: (please list)			
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Net position - net investment in capital asset	\$ -	<u>8,218,934</u>	<u>8,218,934</u>
7.2 Calculation of net position - Restricted for nonexpendable - endowments			
Portion of restricted cash and cash equivalents related to endowments	\$ -	-	-
Endowment investments	-	3,863,793	3,863,793
Other adjustments: (please list)			
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Net position - Restricted for nonexpendable - endowments per SNP	\$ -	<u>3,863,793</u>	<u>3,863,793</u>

See Independent Auditor's Report.

The University Corporation
Other Information
June 30, 2015
(for inclusion in the California State University)

8 Transactions with Related Entities

	Amount
Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$ 2,335,261
Payments to University for other than salaries of University personnel	4,201,310
Payments received from University for services, space, and programs	8,007,919
Gifts-in-kind to the University from discretely presented component units	-
Gifts (cash or assets) to the University from discretely presented component units	-
Accounts (payable to) University (enter as negative number)	(200,978)
Other amounts (payable to) University (enter as negative number)	-
Accounts receivable from University	225,648
Other amounts receivable from University	800,000

9 Other Postemployment Benefits Obligation (OPEB)

Annual required contribution (ARC)	\$	781,739
Contributions during the year		(72,666)
		709,073
Increase (decrease) in net OPEB obligation (NOO)		709,073
NOO - beginning of year		2,697,732
NOO - end of year	\$	3,406,805

10 Pollution remediation liabilities under GASB Statement No. 49:

Description	Amount
Add description	\$ -
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
	-
Total pollution remediation liabilities	\$ -
Less: current portion	-
Pollution remediation liabilities, net of current portion	-

See Independent Auditor's Report.

The University Corporation
Other Information
June 30, 2015
(for inclusion in the California State University)

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

	Net Position	Amount
	Class	Dr. (Cr.)
Net position as of June 30, 2014, as previously reported		\$ 29,713,298
Prior period adjustments:		
1 (list description of each adjustment)		-
2 (list description of each adjustment)		-
3 (list description of each adjustment)		-
4 (list description of each adjustment)		-
5 (list description of each adjustment)		-
6 (list description of each adjustment)		-
7 (list description of each adjustment)		-
8 (list description of each adjustment)		-
9 (list description of each adjustment)		-
10 (list description of each adjustment)		-
Net position as of June 30, 2014, as restated		<u>\$ 29,713,298</u>

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

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

See Independent Auditor's Report.