

**CALIFORNIA STATE UNIVERSITY,
NORTHRIDGE FOUNDATION**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2008

**CALIFORNIA STATE UNIVERSITY,
NORTHRIDGE FOUNDATION**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2008

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GREEN HASSON & JANKS LLP
BUSINESS ADVISORS AND CPAs

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
California State University, Northridge Foundation

We have audited the accompanying statement of financial position of California State University, Northridge Foundation (a nonprofit organization) 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 organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from California State University, Northridge Foundation's 2007 financial statements and, in our report dated September 14, 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. 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 financial position of California State University, Northridge Foundation 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.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information included in schedules one through three is presented for the purpose 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.

Green Hasson & Janks LLP

September 10, 2008
Los Angeles, California

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**CALIFORNIA STATE UNIVERSITY,
NORTHRIDGE FOUNDATION**

STATEMENT OF FINANCIAL POSITION

June 30, 2008

With Summarized Totals at June 30, 2007

	2008	2007
ASSETS		
Cash and Cash Equivalents	\$ 8,575,149	\$ 3,357,991
Investments	70,360,265	69,460,911
Pledges Receivable (Net)	11,759,180	11,408,229
Prepaid Expenses and Other Receivables	122,014	22,738
Gift Annuities Receivable (Net)	186,989	229,239
Beneficial Interest in Split-Interest Agreements	1,790,191	1,574,369
Restricted Cash and Cash Equivalents	278,047	634,412
Equipment (Net)	190,812	345,681
Art Collection	22,270,256	22,270,256
	TOTAL ASSETS	\$ 115,532,903
		\$ 109,303,826
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts Payable and Accrued Liabilities	\$ 215,530	\$ 173,192
Amounts Payable to the University	76,106	94,641
Amounts Payable to Other University Auxiliary Organization	28,387	39,733
Deferred Revenue	453,750	516,250
	TOTAL LIABILITIES	773,773
		823,816
NET ASSETS:		
Unrestricted - Undesignated	5,584,635	5,461,984
Unrestricted - Board-Designated	2,000,000	1,000,000
Unrestricted - College-Based	11,396,113	10,650,515
	TOTAL UNRESTRICTED NET ASSETS	18,980,748
		17,112,499
Temporarily Restricted	43,630,840	40,122,585
Permanently Restricted	52,147,542	51,244,926
	TOTAL NET ASSETS	114,759,130
		108,480,010
	TOTAL LIABILITIES AND NET ASSETS	\$ 115,532,903
		\$ 109,303,826

The Accompanying Notes are an Integral Part of These Financial Statements

**CALIFORNIA STATE UNIVERSITY,
NORTHRIDGE FOUNDATION**

**STATEMENT OF ACTIVITIES
Year Ended June 30, 2008**

With Summarized Totals for the Year Ended June 30, 2007

	2008			Total 2007	
	Unrestricted	Temporarily Restricted	Permanently Restricted		
REVENUE AND SUPPORT:					
SUPPORT:					
Contributions	\$ 3,006,980	\$ 9,571,492	\$ 808,310	\$ 13,386,782	\$ 15,692,854
Contributed Goods	351,731	-	-	351,731	370,107
Change in Value of Gift Annuities Receivable	-	13,138	-	13,138	95,006
Change in Value of Beneficial Interest in Split-Interest Agreements	-	(38,538)	-	(38,538)	159,028
TOTAL SUPPORT	3,358,711	9,546,092	808,310	13,713,113	16,316,995
OTHER REVENUE:					
Program Income	189,653	92,144	-	281,797	473,509
Investment Income (Loss) (Net)	(1,383,109)	(2,130,335)	-	(3,513,444)	9,079,410
Royalties	353,394	73	-	353,467	371,166
Other	61,424	268,224	-	329,648	264,241
TOTAL OTHER REVENUE	(778,638)	(1,769,894)	-	(2,548,532)	10,188,326
TOTAL REVENUE AND SUPPORT	2,580,073	7,776,198	808,310	11,164,581	26,505,321
Net Assets Released from Program Restrictions	4,170,758	(4,170,758)	-	-	-
Donor Reclassifications	2,879	(97,185)	94,306	-	-
TOTAL REVENUE AND SUPPORT AND NET ASSETS RELEASED FROM RESTRICTIONS	6,753,710	3,508,255	902,616	11,164,581	26,505,321
EXPENSES:					
PROGRAM SERVICES:					
Scholarships	985,402	-	-	985,402	785,245
University Departmental Support	3,244,737	-	-	3,244,737	3,419,092
Public Awareness	25,170	-	-	25,170	56,819
TOTAL PROGRAM SERVICES	4,255,309	-	-	4,255,309	4,261,156
SUPPORTING SERVICES:					
General and Administrative	537,423	-	-	537,423	1,160,318
Fundraising	92,729	-	-	92,729	65,353
TOTAL SUPPORTING SERVICES	630,152	-	-	630,152	1,225,671
TOTAL EXPENSES	4,885,461	-	-	4,885,461	5,486,827
CHANGE IN NET ASSETS	1,868,249	3,508,255	902,616	6,279,120	21,018,494
Net Assets - Beginning of Year	17,112,499	40,122,585	51,244,926	108,480,010	87,461,516
NET ASSETS - END OF YEAR	\$ 18,980,748	\$ 43,630,840	\$ 52,147,542	\$ 114,759,130	\$ 108,480,010

The Accompanying Notes are an Integral Part of These Financial Statements

**CALIFORNIA STATE UNIVERSITY,
NORTHRIDGE FOUNDATION**

STATEMENT OF CASH FLOWS

Year Ended June 30, 2008

With Summarized Totals for the Year Ended June 30, 2007

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 6,279,120	\$ 21,018,494
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Amortization	154,869	154,870
Realized and Unrealized (Gains) Losses on Investments	5,324,537	(7,607,723)
Contributed Stock	(516,562)	(485,228)
Contributions Restricted for Investment in Perpetuity	(808,310)	(5,592,043)
Change in Value of Gift Annuities Receivable	(13,138)	(95,006)
Change in Value of Beneficial Interest in Split-Interest Agreements	38,538	(159,028)
(Increase) Decrease in:		
Pledges Receivable	(350,951)	(8,085,081)
Prepaid Expenses and Other Receivables	(99,276)	(15,956)
Gift Annuities Receivable	55,388	-
Beneficial Interest in Split-Interest Agreements	(254,360)	1,994,017
Increase (Decrease) in:		
Accounts Payable and Accrued Liabilities	42,338	41,448
Amounts Payable to the University	(18,535)	(120,866)
Amounts Payable to Other University Auxiliary Organization	(11,346)	132
Deferred Revenue	(62,500)	437,500
	9,759,812	1,485,530
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of Investments	(5,392,476)	(2,877,953)
Purchases of Investments Restricted in Perpetuity	(1,342)	(1,105,084)
Net Proceeds from Sale and Maturities of Investments	1,497,583	440,000
Interest and Dividends Reinvested	(1,811,094)	(1,456,443)
Purchase of Equipment	-	(60,252)
	(5,707,329)	(5,059,732)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions Restricted for Investment in Perpetuity	808,310	5,592,043
	808,310	5,592,043
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,860,793	2,017,841
Cash and Cash Equivalents - Beginning of Year	3,992,403	1,974,562
	\$ 8,853,196	\$ 3,992,403
CASH AND CASH EQUIVALENTS - END OF YEAR		
Cash and Cash Equivalents	\$ 8,575,149	\$ 3,357,991
Restricted Cash and Cash Equivalents	278,047	634,412
	\$ 8,853,196	\$ 3,992,403
TOTAL CASH AND CASH EQUIVALENTS	\$ 8,853,196	\$ 3,992,403

The Accompanying Notes are an Integral Part of These Financial Statements

**CALIFORNIA STATE UNIVERSITY,
NORTHRIDGE FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2008**

NOTE 1 - ORGANIZATION

California State University, Northridge Foundation (the Foundation) is a nonprofit 501(c)(3) California corporation that serves as an auxiliary organization to California State University, Northridge with a goal of furthering the purposes and objectives of the University. The Foundation's main function is to administer the receiving and disbursing of gifts, grants, contracts, bequests, and trusts from various donors to different departments of the University. The Foundation also assists the University in various activities, including accumulation and managing life income, annuity and student scholarship funds and administering funds for various educational related functions, special programs and other activities.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) BASIS OF PRESENTATION

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

(b) ACCOUNTING

To ensure observance of certain constraints and restrictions placed on the use of resources, the accounts of the Foundation are maintained in accordance with the principles of net assets 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 - Undesignated Net Assets.** 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.
- **Unrestricted - Board-Designated Net Assets.** The Board of Directors has designated a portion of unrestricted net assets for the purpose of the Valley Performing Arts Center at the University. The Foundation has \$2,000,000 of Board-designated net assets at June 30, 2008.
- **Unrestricted - College-Based Net Assets.** These generally result from revenues generated by receiving contributions designated for specific colleges of the University and by receiving income from the investment of such contributions.

**CALIFORNIA STATE UNIVERSITY,
NORTHRIDGE FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2008**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) ACCOUNTING (continued)

- **Temporarily Restricted Net Assets.** The Foundation 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 program or capital restrictions. The Foundation has \$43,630,840 of temporarily restricted net assets at June 30, 2008.
- **Permanently Restricted.** These net assets are from donors who stipulate that resources are to be maintained permanently, but permit the Foundation to expend all of the income (or other economic benefits) derived from the donated assets. The Foundation has \$52,147,542 of permanently restricted net assets at June 30, 2008.

(c) CASH AND CASH EQUIVALENTS

Cash and cash equivalents are short-term, highly liquid investments with maturities of three months or less at the time of purchase.

The Foundation maintains its cash and cash equivalents in bank deposit accounts and other investment accounts, which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

(d) INVESTMENTS

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Interest and dividend income and gains and losses on investments are reported in the statement of activities as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by donor stipulations or by law.

Investments in marketable equity securities and debt securities are carried at fair value based upon market quotations. For donated investments, cost is determined by the fair value of the asset on the date the asset is received by the Foundation.

**CALIFORNIA STATE UNIVERSITY,
NORTHRIDGE FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2008**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) PLEDGES RECEIVABLE

Unconditional contributions, including pledges recorded at estimated net realizable value, are recognized as revenues when pledges are made. The Foundation reports unconditional contributions as restricted support if they are received with donor stipulations that limit the use of the donated assets. Discounts for pledges (pledges due over one year) are recorded as reductions to contribution revenue and pledges receivable. Discounts increase contribution revenue when the pledge is received. As of June 30, 2008, the Foundation evaluated the collectibility of pledges receivable. Pledges receivable at June 30, 2008 are net of an allowance for uncollectible pledges of \$16,000.

(f) GIFT ANNUITIES RECEIVABLE

The Foundation has received donations of assets in exchange for distributions of a fixed amount for a specific period of time to the donor or other beneficiaries. The fair market value of the donated assets at June 30, 2008 was \$638,529, the annuitant liability totaled \$451,540.

(g) BENEFICIAL INTEREST IN SPLIT-INTEREST AGREEMENTS

The Foundation has been designated as the beneficiary of assets held in eight charitable remainder trusts administered by other trustees. A receivable is recorded at the present value of the amount held by the trustee that is expected to be received by the Foundation. The Foundation uses an interest rate commensurate with the risks involved to discount the contribution receivable. The discount rate used during the year ended June 30, 2008 was 3.8%. The amortization of this discount and changes in actuarial assumptions are reflected in the statement of activities as a change in value of beneficial interest in split-interest agreements.

(h) EQUIPMENT

Equipment is recorded at cost if purchased or at fair value at the date of donation if donated. Depreciation and amortization are computed on the straight-line basis over the estimated useful lives of the related assets. The estimated lives range from three to six years. Maintenance and repair costs are charged to expense as incurred.

Equipment is capitalized if the cost of an asset is greater than or equal to five thousand dollars and the useful life is greater than three years.

(i) ART COLLECTION

The Foundation holds collections of rare Chinese artifacts and other works of art for educational, research, and curatorial purposes. Each of the items was appraised by an independent appraiser and recorded at its fair value at the date of donation.

**CALIFORNIA STATE UNIVERSITY,
NORTHRIDGE FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2008**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) LONG-LIVED ASSETS

The Foundation reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the book value of the assets may not be recoverable. No impairment losses were recognized on long-lived assets during the year ended June 30, 2008.

(k) DEFERRED REVENUE

In a prior year, the Foundation received a contribution of \$500,000 that is conditional upon a continuing operating agreement between the donor and the University. The term of the operating agreement is eight years, and should the agreement be terminated prior to expiration, any unamortized portion of the contribution will be required to be returned to the donor. Due to the conditional nature of this contribution, only the amortized portion in the amount of \$62,500 has been recognized as contribution revenue during the year ended June 30, 2008, with the unamortized balance of \$375,000 included in deferred revenue. Also included in deferred revenue at June 30, 2008 is \$78,750 of deferred royalty income. Income from royalties is deferred and recognized over the periods to which the royalty income relates.

(l) CONTRIBUTED GOODS AND SERVICES

Contributions of donated non-cash assets are recorded at fair value in the period received. Contributions of donated services are recognized if the services received (a) create or enhance long-lived assets, or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. For the year ended June 30, 2008, the Foundation recorded in-kind contributions of \$351,731 (See Note 7).

The Foundation has an arrangement with the University whereby the Foundation receives support from the University to assist in the payment of salaries, use of office space and certain administrative expenses. In return, the Foundation provides services to the University primarily related to fundraising support, management of donated funds, and departmental support. These amounts are not included in the financial statements of the Foundation; however for the year ended June 30, 2008, University support for the Foundation totaled \$231,391.

(m) INCOME TAXES

The Foundation is exempt from taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d.

**CALIFORNIA STATE UNIVERSITY,
NORTHRIDGE FOUNDATION**

NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) FUNCTIONAL ALLOCATION OF EXPENSES

The direct costs of providing the Foundation's programs and other activities which are identifiable have been allocated to the related programs or supporting services. Indirect or shared costs are allocated among program and supporting services by the method that best measures the relative degree of benefit.

(o) 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 reported amounts of assets, liabilities, revenues and expenses as of the date and for the period presented. Accordingly, actual results could differ from those estimates.

(p) 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 Foundation's financial statements for the year ended June 30, 2007, from which the summarized information was derived.

(q) RECLASSIFICATION

For comparability, certain June 30, 2007 amounts have been reclassified, where appropriate, to conform with the financial statement presentation used at June 30, 2008.

(r) NEW ACCOUNTING PRONOUNCEMENT

In July 2006, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 48 (FIN 48), "Accounting for Uncertainty in Income Taxes - An Interpretation of FASB Statement 109." FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an organization's financial statements in accordance with FASB Statement No. 109, "Accounting for Income Taxes." FIN 48 prescribes a comprehensive model for recognizing, measuring, presenting and disclosing in the financial statements tax positions taken, or expected to be taken, on a tax return. FIN 48 was initially effective for fiscal years beginning after December 15, 2006. The implementation date for non-public corporations for FIN 48 has been delayed and is now effective for fiscal years beginning after December 15, 2007. If there are changes in net assets as a result of the application of FIN 48, these will be accounted for as an adjustment to net assets. The Foundation expects to adopt FIN 48 effective July 1, 2008 and has not currently determined the impact of FIN 48 on the accompanying financial statements.

**CALIFORNIA STATE UNIVERSITY,
NORTHRIDGE FOUNDATION**

NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 3 - INVESTMENTS

Investments at June 30, 2008 consist of the following:

U.S. Corporate Securities	\$41,876,564
Bonds	21,080,063
Real Estate	1,825,601
Commodities	1,916,468
Hedge Funds	<u>3,661,569</u>
<i>TOTAL INVESTMENTS</i>	<u>\$70,360,265</u>

Included in investments at June 30, 2008 is \$30,761,586 of investments restricted in perpetuity.

Net investment loss at June 30, 2008 is as follows:

Net Realized and Unrealized Losses	\$ (5,324,537)
Interest and Dividends	2,195,510
Investment Expense	<u>(384,417)</u>
<i>INVESTMENT LOSS (NET)</i>	<u>\$ (3,513,444)</u>

NOTE 4 - PLEDGES RECEIVABLE

Pledges receivable at June 30, 2008 are due to be received as follows:

	Temporarily Restricted	Permanently Restricted	Total
Due in 1 Year	\$ 1,344,797	\$ 2,686,880	\$ 4,031,677
Due in 2-5 Years	5,307,554	3,219,043	8,526,597
Due in over 5 Years	<u>10,000</u>	<u>152,857</u>	<u>162,857</u>
<i>TOTAL</i>	<u>\$ 6,662,351</u>	<u>\$ 6,058,780</u>	12,721,131
Less:			
Allowance for Doubtful Accounts			(16,000)
Discount to Reflect Present Value of Pledges Receivable (Discount Rate at 5%)			<u>(945,951)</u>
<i>PLEDGES RECEIVABLE (NET)</i>			<u>\$11,759,180</u>

**CALIFORNIA STATE UNIVERSITY,
NORTHRIDGE FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2008**

NOTE 5 - EQUIPMENT

Equipment consists of the following at June 30, 2008:

Software	\$	828,979
Less: Accumulated Amortization		<u>(638,167)</u>
<i>EQUIPMENT (NET)</i>	\$	<u>190,812</u>

Amortization expense for the year ended June 30, 2008 was \$154,869.

NOTE 6 - ART COLLECTION

The art collection consists of the following at June 30, 2008:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Chinese Artifacts	\$ 145,000	\$ --	\$21,385,956	\$21,530,956
Harry Jackson Sculptures	--	739,300	--	739,300
<i>TOTAL</i>	\$ 145,000	\$ 739,300	\$21,385,956	\$22,270,256

The Harry Jackson Sculptures are temporarily restricted as the donor agreement requires the collection to be displayed for a term of twenty-five years in a gallery that was specifically created on a portion of the University Campus, after which the Foundation may sell or otherwise dispose of this collection, retaining all sales proceeds.

NOTE 7 - UNIVERSITY DEPARTMENTAL SUPPORT EXPENSE

University departmental support expense is dependent on the annual requirements of the various University faculties and departments and on contributed goods received during the year. Contributed goods that have a value that will depreciate, or that have a short useful life, are transferred to the University. Contributed goods with a cultural or artistic life are retained by the Foundation. Contributed goods transferred to the University during the year ended June 30, 2008, and included in University departmental support expense, amounted to \$351,731.

**CALIFORNIA STATE UNIVERSITY,
NORTHRIDGE FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2008**

NOTE 8 - NET ASSETS

(a) UNRESTRICTED COLLEGE-BASED NET ASSETS

The University has designated unrestricted net assets for the following purposes at June 30, 2008:

University-Based Program Expenses	\$ 7,076,367
Investment in Perpetuity (Income from which is Available for Designated Purposes)	4,267,579
President's Special Project Funds	<u>52,167</u>

***TOTAL UNRESTRICTED COLLEGE-
BASED NET ASSETS*** \$11,396,113

(b) TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2008 consist of the following:

Departmental Programs	\$34,987,667
Scholarships	6,535,805
Capital Projects	1,618,704
Research	287,964
Other	<u>200,700</u>

***TOTAL TEMPORARILY RESTRICTED
NET ASSETS*** \$43,630,840

(c) PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets at June 30, 2008 totaled \$52,147,542, which includes contributions of rare Chinese artifacts and contributions restricted by donors for investments in perpetuity. The earnings from the investments are available for the general support of the Foundation's programs and operations, unless otherwise designated by the donor.

**CALIFORNIA STATE UNIVERSITY,
NORTHRIDGE FOUNDATION**

SUPPLEMENTAL INFORMATION

YEAR ENDED JUNE 30, 2007

**CALIFORNIA STATE UNIVERSITY,
NORTHRIDGE FOUNDATION**

STATEMENT OF NET ASSETS

June 30, 2008

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

Assets:**Current Assets:**

Cash and Cash Equivalents	\$ 8,575,149
Short-Term Investments	28,726,082
Accounts Receivable (Net)	-
Leases Receivable	-
Notes Receivable	-
Pledges Receivable (Net)	1,732,170
Prepaid Expenses and Other Assets	122,014
Total Current Assets	39,155,415

Non-Current Assets:

Restricted Cash and Cash Equivalents	278,047
Accounts Receivable (Net)	1,977,180
Leases Receivable	-
Notes Receivable	-
Student Loans Receivable (Net)	-
Pledges Receivable (Net)	10,027,010
Endowment Investments	41,634,183
Other Long-Term Investments	-
Capital Assets (Net)	190,812
Other Assets - Collection Items	22,270,256
Total Non-Current Assets	76,377,488
Total Assets	\$ 115,532,903

Liabilities:**Current Liabilities:**

Accounts Payable	\$ 320,023
Accrued Salaries and Benefits Payable	-
Deferred Revenue	141,250
Other Liabilities	-
Total Current Liabilities	461,273

Non-Current Liabilities:

Accrued Compensated Absences (Net of Current Portion)	-
Deferred Revenue	312,500
Other Liabilities	-
Total Non-Current Liabilities	312,500
Total Liabilities	773,773

Net Assets:

Invested in Capital Assets (Net of Related Debt)	190,812
Restricted for:	
Nonexpendable Endowments	52,147,542
Expendable:	
Scholarships and Fellowships	6,535,805
Research	287,964
Loans	-
Capital Projects	1,618,704
Debt Service	-
Other	35,188,367
Unrestricted	18,789,936
Total Net Assets	\$ 114,759,130

See Independent Auditors' Report

**CALIFORNIA STATE UNIVERSITY,
NORTHRIDGE FOUNDATION**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Year Ended June 30, 2008

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

Revenues:

Operating Revenues:		
Grants and Contracts (Non-Capital):		
Federal	\$	-
State and Local		-
Non-Governmental		-
Sales and Services of Auxiliary Enterprises (Net of Scholarship Allowances of \$_____)		-
Other Operating Revenues		-
		<hr/>
Total Operating Revenues		-

Expenses:

Operating Expenses:		
Instruction		199,026
Research		369,320
Public Service		219,376
Academic Support		385,875
Student Services		740,085
Institutional Support		1,831,270
Operation and Maintenance of Plant		-
Student Grants and Scholarships		985,640
Auxiliary Enterprise Expenses		-
Depreciation and Amortization		154,869
		<hr/>
Total Operating Expenses		4,885,461
		<hr/>
Operating Income (Loss)		(4,885,461)

Nonoperating Revenues (Expenses):

Gifts (Noncapital)		12,904,804
Investment Income (Net)		(3,513,444)
Other Nonoperating Revenues (Expenses)		964,911
		<hr/>
Net Nonoperating Revenues (Expenses)		10,356,271
		<hr/>
Income (Loss) Before Other Revenues, Expenses, Gains or Losses		5,470,810

State Appropriations, Capital		
Grants and Gifts, Capital		
Additions to Permanent Endowments		808,310
		<hr/>
Increase (Decrease) in Net Assets		6,279,120

Net Assets:

Net Assets at Beginning of Year - As Previously Reported		108,480,010
		<hr/>
Net Assets at End of Year		\$ 114,759,130
		<hr/> <hr/>

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CALIFORNIA STATE UNIVERSITY, NORTHRIDGE FOUNDATION

STATEMENT OF OTHER INFORMATION
Year Ended June 30, 2008

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

1 Restricted cash and cash equivalents at June 30, 2008:

Portion of restricted cash and cash equivalents related to endowments	\$ 278,047
All other restricted cash and cash equivalents	-
Total restricted cash and cash equivalents	\$ 278,047

2 Composition of investments at June 30, 2008:

	Current	Noncurrent Unrestricted	Noncurrent Restricted	Total Noncurrent	Total
State of California Surplus Money Investment Fund (SMIF)	\$ -	\$ -	\$ -	\$ -	\$ -
State of California Local Agency Investment Fund (LAIF)	-	-	-	-	-
Wachovia Short Term Fund	-	-	-	-	-
Wachovia Medium Tern Fund	-	-	-	-	-
Wachovia Equity Fund	-	-	-	-	-
Debt securities	-	-	-	-	-
Equity securities	17,895,424	-	29,559,178	29,559,178	47,454,602
Fixed income securities (Treasury notes, GNMA's)	10,071,669	-	11,008,393	11,008,393	21,080,062
Real estate	758,989	-	1,066,612	1,066,612	1,825,601
Certificates of deposit	-	-	-	-	-
Notes receivable	-	-	-	-	-
Mutual funds	-	-	-	-	-
Collateralized mortgage obligations:					
Inverse floaters	-	-	-	-	-
Interest-only strips	-	-	-	-	-
Agency pass-through	-	-	-	-	-
Private pass-through	-	-	-	-	-
Other investments:					
Add description	-	-	-	-	-
Add description	-	-	-	-	-
Add description	-	-	-	-	-
Add description	-	-	-	-	-
Add description	-	-	-	-	-
Add description	-	-	-	-	-
Add description	-	-	-	-	-
Add description	-	-	-	-	-
Total Investments	28,726,082	-	41,634,183	41,634,183	70,360,265
Less endowment investments (enter as negative number)	-	-	(41,634,183)	(41,634,183)	(41,634,183)
Total Investments	\$ 28,726,082	\$ -	\$ -	\$ -	\$ 28,726,082

2.1 - Restricted noncurrent investments at June 30, 2008 related to

	Amount
U.S. Corporate Equities	\$ 26,162,334
Government Agencies & Bonds	11,008,394
Real Estate	1,066,612
Commodities	1,119,131
Hedge Funds	2,277,712
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Total restricted noncurrent investments at June 30, 2008	\$ 41,634,183

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CALIFORNIA STATE UNIVERSITY, NORTHRIDGE FOUNDATION

STATEMENT OF OTHER INFORMATION
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3 Composition of capital assets at June 30, 2008:

	Balance June 30, 2007	Prior Period Adjustment	Reclassifications	Balance June 30, 2007 (Restated)	Additions	Reductions	Transferred Completed CWIP	Balance June 30, 2008
Nondepreciable capital assets:								
Land and land improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Works of art and historical treasures	-	-	-	-	-	-	-	-
Construction work in progress (CWIP)	-	-	-	-	-	-	-	-
Total nondepreciable capital assets	-	-	-	-	-	-	-	-
Depreciable capital assets:								
Buildings and building improvements	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	-	-	-	-	-	-	-	-
Personal property:								
Equipment	-	-	-	-	-	-	-	-
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets	828,979	-	-	828,979	-	-	-	828,979
Total depreciable capital assets	828,979	-	-	828,979	-	-	-	828,979
Total cost	828,979	-	-	828,979	-	-	-	828,979
Less accumulated depreciation:								
Buildings and building improvements	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	-	-	-	-	-	-	-	-
Personal property:								
Equipment	-	-	-	-	-	-	-	-
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets	(483,298)	-	-	(483,298)	(154,869)	-	-	(638,167)
Total accumulated depreciation	(483,298)	-	-	(483,298)	(154,869)	-	-	(638,167)
Net capital assets	\$ 345,681	\$ -	\$ -	\$ 345,681	\$ (154,869)	\$ -	\$ -	\$ 190,812

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

Depreciation and amortization expense related to capital assets	\$ 154,869
Amortization expense related to other assets	-
Total depreciation and amortization	\$ 154,869

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Year Ended June 30, 2008

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4 Long-term liabilities activity schedule:

	Balance June 30, 2007	Prior Period Adjustment	Reclassifications	Balance June 30, 2007 (Restated)	Additions	Reductions	Balance June 30, 2008	Current Portion	Long-Term Portion
Accrued compensated absences	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Lease obligations	-	-	-	-	-	-	-	-	-
Gross balance	-	-	-	-	-	-	-	-	-
Unamortized portion / (discount) on capitalized lease obligations	-	-	-	-	-	-	-	-	-
Total capitalized lease obligations	-	-	-	-	-	-	-	-	-
Long-term debt obligations:									
Revenue Bonds	-	-	-	-	-	-	-	-	-
Other bonds (non-Revenue Bonds)	-	-	-	-	-	-	-	-	-
Commercial Paper	-	-	-	-	-	-	-	-	-
Other:	-	-	-	-	-	-	-	-	-
Description	-	-	-	-	-	-	-	-	-
Description	-	-	-	-	-	-	-	-	-
Description	-	-	-	-	-	-	-	-	-
Description	-	-	-	-	-	-	-	-	-
Description	-	-	-	-	-	-	-	-	-
Description	-	-	-	-	-	-	-	-	-
Total long-term debt obligations	-	-	-	-	-	-	-	-	-
Unamortized bond premium (discount)	-	-	-	-	-	-	-	-	-
Unamortized loss on refunding	-	-	-	-	-	-	-	-	-
Total long-term debt obligations, net	-	-	-	-	-	-	-	-	-
Total long-term liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

5 Future minimum lease payments:

Year ending June 30:	Principal	Interest	Principal and Interest
2009	\$ -	\$ -	\$ -
2010	-	-	-
2011	-	-	-
2012	-	-	-
2013	-	-	-
2014 - 2018	-	-	-
2019 - 2023	-	-	-
2024 - 2028	-	-	-
2029 - 2033	-	-	-
2034 - 2038	-	-	-
2039 - 2043	-	-	-
2044 - 2048	-	-	-
2049 - 2053	-	-	-
2054 - 2058	-	-	-
Total minimum lease payments	-	-	-
Less amounts representing interest			-
Present value of future minimum lease payments			-
Less current portion			-
Capital lease obligations, net of current portion			\$ -

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Year Ended June 30, 2008

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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:									
2009	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2010	-	-	-	-	-	-	-	-	-
2011	-	-	-	-	-	-	-	-	-
2012	-	-	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-	-	-
2014 - 2018	-	-	-	-	-	-	-	-	-
2019 - 2023	-	-	-	-	-	-	-	-	-
2024 - 2028	-	-	-	-	-	-	-	-	-
2029 - 2033	-	-	-	-	-	-	-	-	-
2034 - 2038	-	-	-	-	-	-	-	-	-
2039 - 2043	-	-	-	-	-	-	-	-	-
2044 - 2048	-	-	-	-	-	-	-	-	-
2049 - 2053	-	-	-	-	-	-	-	-	-
2054 - 2058	-	-	-	-	-	-	-	-	-
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

	Auxiliary Organizations		Total Auxiliaries
	GASB	FASB	
Capital assets, net of accumulated depreciation	\$ -	\$ 190,812	\$ 190,812
Capitalized lease obligations - current portion	-	-	-
Capitalized lease obligations, net of current portion	-	-	-
Long-term debt obligations - current portion	-	-	-
Long-term debt obligations, net of current portion	-	-	-
Portion of outstanding debt that is unspent at year end	-	-	-
Other:			
Description	-	-	-
Description	-	-	-
Description	-	-	-
Description	-	-	-
Description	-	-	-
Net Assets - invested in capital assets, net of related debt	\$ -	\$ 190,812	\$ 190,812

8 Transactions with Related Entities:

	Amount
Reimbursement to University for salaries of University personnel working on contracts, grants and other programs	\$ 358,727
Reimbursement to University for other than salaries of University personnel	218,954
Payments received from University for services, space and programs	-
Gifts-in-kind to the University from Auxiliary Organizations	297,193
Amounts (payable to) University (enter as negative number)	(22,504)
Amounts receivable from University	-

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

	Net Asset	
	Class	Amount
		Dr. (Cr.)
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		<u><u>\$ -</u></u>

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

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

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