

**California State University, Fresno
Association, Inc.**

**2009-10
Annual Report**

**Approved by the Audit Committee
September 29, 2010**

Revised October 26, 2010

**CALIFORNIA STATE UNIVERSITY, FRESNO ASSOCIATION, INC.
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2009-2010

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**CALIFORNIA STATE UNIVERSITY, FRESNO ASSOCIATION, INC.
CORPORATE INFORMATION**

For Fiscal Year Ended June 30, 2010

BOARD OF DIRECTORS

Ms. Alex Andreotti (7/1/2009-5/31/2010)	- Executive Vice President, Associated Students, Inc.
Dr. Michael Botwin (7/1/2009 - 4/30/2010)	- Chair, Academic Senate
Dr. Michael Caldwell (5/1/2010-6/30/2010)	- Chair, Academic Senate
Dr. Carolyn Coon	- President's Designee for Student Affairs
Mr. Alex Garcia (Fall 2010)	- Chair, University Student Union Board of Directors
Dr. Ellen Junn	- Associate Provost
Dr. Paul Oliaro	- Vice President for Student Affairs
Mr. Pedro Ramirez (6/1/2010-6/30/2010)	- President, Associated Students, Inc.
Mr. R. Gary Renner	- Community Member
Mr. Cesar Sanchez (6/1/2010-6/30/2010)	- Executive Vice President, Associated Students, Inc.
Ms. Jessica Sweeten (7/1/2009-5/31/2010)	- President, Associated Students, Inc.
Ms. Cynthia Teniente-Matson	- Vice President for Administration and Chief Financial Officer
Dr. James E. Walton	- Faculty Representative
Mr. O. James Woodward, III	- Community Member (Resigned 9/29/2010)
Mr. Brandon Wright (Spring 2010)	- Chair, University Student Union Board of Directors

AUDIT COMMITTEE

Dr. Michael Botwin	- Chair, Academic Senate
Mr. Marshall Kelley	- Community Member
Mr. R. Gary Renner	- Community Member
Ms. Cynthia Teniente-Matson	- Vice President for Administration and Chief Financial Officer

OFFICERS

Ms. Cynthia Teniente-Matson	- Chair
Dr. Paul Oliaro	- Vice Chair
Dr. James E. Walton	- Secretary/Treasurer

EXECUTIVE STAFF

Ms. Deborah S. Adishian-Astone	- Executive Director
Mr. Steven Katz	- Controller

CORPORATE DATA

Executive Offices

- 2771 East Shaw Avenue
Fresno, California 93710-8205
Telephone: (559) 278-0800

Auditors

- Price Paige & Company
Accountancy Corporation
677 Scott Avenue
Clovis, California 93612
Telephone: (559) 299-9540
www.ppcpas.com



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
California State University, Fresno Association, Inc.
Fresno, California

We have audited the accompanying statement of financial position of California State University, Fresno Association, Inc. (a nonprofit organization) as of June 30, 2010, and the related statements of activities, and cash flows, for the year then ended. These financial statements are the responsibility of the California State University, Fresno Association, Inc.'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 the California State University, Fresno Association, Inc.'s 2009 financial statements. The financial statements of the California State University, Fresno Association, Inc. as of June 30, 2009, were audited by other auditors whose report dated September 28, 2009, expressed a qualified opinion on those statements. The predecessor auditor reported on the financial statements prior to the restatement as of June 30, 2009, described in Note 20.

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 the 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, Fresno Association, Inc. as of June 30, 2010, 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.

We also audited the adjustments described in Note 20 that were applied to restate the June 30, 2009, financial statements. In our opinion, such adjustments are appropriate and have been properly applied.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of California State University, Fresno Association, Inc. taken as a whole. The information reflected on pages 24 to 29 is presented, as required by the Chancellor of the California State University, for 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.

Price Paige & Company
Clovis, California
September 27, 2010

**CALIFORNIA STATE UNIVERSITY, FRESNO ASSOCIATION, INC.
THE CALIFORNIA STATE UNIVERSITY AUXILIARY ORGANIZATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2010 WITH COMPARATIVE TOTALS FOR 2009**

	2009 TOTAL (Restated)	2010 TOTAL	RESTRICTED FUND				AUXILIARY ACTIVITIES FUND		
			SAVE MART CENTER	COMMERCIAL OPERATIONS	UNIVERSITY COURTYARD	UNION/REC CENTER			
ASSETS									
Current Assets:									
Cash:									
On-Hand and in Commercial Accounts	\$ 1,380,177	\$ 1,300,512	\$ 226,245	\$ 602,466	\$ 349,468	\$ 122,333			
Savings Accounts	18,860,752	21,381,789	4,141,188	10,350,117	4,506,791	2,383,693			
Total Cash (Note 3)	20,240,929	22,682,301	4,367,433	10,952,583	4,856,259	2,506,026			
Pledges Receivable-Save Mart Center (Note 4)	3,824,985	4,083,145	4,083,145						
Due from Foundation for Save Mart Center	609,860	693,491	693,491						
Accounts Receivable	3,319,660	3,728,477	2,104,321	1,474,393	121,168	28,595			
Allowance for Doubtful Accounts	(101,540)	(87,622)		(39,472)	(48,150)				
Inventories	1,589,105	1,581,362		1,563,618		17,744			
Intangible Assets	271,707	261,428	206,470		54,958				
Prepaid Expenses and Deferred Charges	67,108	198,588		192,147	6,441				
Total Current Assets	29,821,814	33,141,170	11,454,860	14,143,269	4,990,676	2,552,365			
Long Term Assets:									
Pledges Receivable-Save Mart Center (Note 4)	17,510,286	15,383,371	15,383,371						
Funds for Which Use is Restricted (Note 5)	72,844,047	70,979,841	69,709,782		1,270,059				
Investments (Note 7)	1,641,071	1,815,507		1,815,507					
Intangible Assets	1,536,997	1,275,569	748,456		527,113				
Total Long Term Assets	93,532,401	89,454,288	85,841,609	1,815,507	1,797,172				
Fixed Assets:									
Buildings and Improvements	114,770,346	114,844,416	102,441,106	1,946,483	10,456,827				
Equipment, Furniture and Fixtures	14,086,621	15,081,561	5,592,118	5,249,646	4,133,579	106,218			
Total	128,856,967	129,925,977	108,033,224	7,196,129	14,590,406	106,218			
Less Accumulated Depreciation	27,406,900	31,572,851	19,867,675	4,091,395	7,600,933	12,848			
Total Fixed Assets	101,450,067	98,353,126	88,165,549	3,104,734	6,989,473	93,370			
Total Assets	\$ 224,804,282	\$ 220,948,584	\$ 185,462,018	\$ 19,063,510	\$ 13,777,321	\$ 2,645,735			

The accompanying notes are an integral part of the financial statements

CALIFORNIA STATE UNIVERSITY, FRESNO ASSOCIATION, INC.
 THE CALIFORNIA STATE UNIVERSITY AUXILIARY ORGANIZATION
 STATEMENTS OF FINANCIAL POSITION
 JUNE 30, 2010 WITH COMPARATIVE TOTALS FOR 2009

	2009 TOTAL (Restated)	2010 TOTAL	RESTRICTED FUND		AUXILIARY ACTIVITIES FUND		
			SAVE MART CENTER	STUDENT UNION/REC CENTER	COMMERCIAL OPERATIONS	UNIVERSITY COURTYARD	STUDENT UNION/REC CENTER
LIABILITIES AND NET ASSETS							
Liabilities:							
Current Liabilities:							
Accounts Payable & Other Accrued Liabilities	\$ 2,698,066	\$ 2,651,891	\$ 235,105	\$ 1,494,066	\$ 509,021	\$ 413,699	
Bonds Payable (Note 5)	1,324,896	1,353,081	999,850		353,231		
Deferred Revenue	1,054,666	1,106,893	848,799	73,516	184,578		
Notes and Installment Contracts (Note 9)	94,834	34,673		16,158	18,515		
Interest Payable on Bonds	2,168,522	2,137,112	1,978,956		158,156		
Interest Payable on Capital Lease Obligations	564,028	564,028	564,028				
Agency Funds	89,319	81,880		28,945	52,929	6	
Total Current Liabilities	7,994,331	7,929,558	4,626,738	1,612,685	1,276,430	413,705	
Long-Term Liabilities:							
Accounts Payable	2,031,060	1,544,169		1,544,169			
Bonds Payable (Note 5)	74,318,746	72,965,645	65,692,188		7,273,457		
Capitalized Lease Obligations (Note 6)	68,835,000	68,835,000	68,835,000				
Deferred Revenue	776,845	378,733	378,733				
Notes and Installment Contracts (Note 9)	34,416	0		0	0		
Total Long-Term Liabilities	145,996,067	143,723,547	134,905,921	1,544,169	7,273,457	0	
TOTAL LIABILITIES	153,990,398	151,653,105	139,532,659	3,156,854	8,549,887	413,705	
NET ASSETS:							
Unrestricted	19,631,229	23,366,120		15,906,656	5,227,434	2,232,030	
Temporarily Restricted (Note 16)	51,182,655	45,929,359	45,929,359				
Total Net Assets	70,813,884	69,295,479	45,929,359	15,906,656	5,227,434	2,232,030	
TOTAL LIABILITIES AND NET ASSETS	\$ 224,804,282	\$ 220,948,584	\$ 185,462,018	\$ 19,063,510	\$ 13,777,321	\$ 2,645,735	

The accompanying notes are an integral part of the financial statements

CALIFORNIA STATE UNIVERSITY, FRESNO ASSOCIATION, INC.
THE CALIFORNIA STATE UNIVERSITY AUXILIARY ORGANIZATION
STATEMENTS OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2010 WITH COMPARATIVE TOTALS FOR 2009

	2009		RESTRICTED					COMMERCIAL OPERATIONS			STUDENT FEE OPERATIONS		
	TOTAL (Restated)	2010 TOTAL	INTRAFUND ELIMINATIONS	FUND		BOOKSTORE	FOOD SERVICES	ADMIN	TOTAL	UNIVERSITY COURTYARD	REC CENTER	STUDENT UNION	TOTAL
				RESTRICTED	SAVE MART CENTER								
Revenue:													
Gross Sales	\$ 29,579,891	\$ 28,842,605	\$ (1,222,848)	\$ 1,087,867	\$ 10,615,503	\$ 6,923,980	\$ 1,746,299	\$ 19,285,782	\$ 5,765,917	\$ 1,375,102	\$ 2,550,785	\$ 3,925,887	
Contributions	1,790,622	1,654,270		1,654,270								0	
Other Income	4,397,876	5,083,729		4,231,528	181,986	105,943	441,186	729,115	94,198	9,973	18,915	28,898	
Total Revenues	35,768,389	35,580,604	(1,222,848)	6,973,665	10,797,489	7,029,923	2,187,485	20,014,897	5,860,115	1,385,075	2,569,700	3,954,775	
Expenses and Losses:													
Cost of Goods Sold	10,715,859	9,900,670			7,520,631	2,380,039		9,900,670					
Salaries/Wages	6,254,364	5,757,280			1,105,293	1,521,328	1,073,995	41,814	426	506,252	837,767	1,344,019	
Employee Benefits	1,697,677	2,130,871			419,141	512,560	448,404	15,843	18,987	189,938	337,928	527,866	
Administration-Food Services	200,450	259,881	(214,462)	492,323		474,343						0	
Advances to SMG	1,400,601	492,323			1,853	27,948		29,801	23,730	2,973	12,024	14,997	
Advertising/Printing	72,486	68,528										0	
Athletic Corporation Entitlements	285,882	312,495					41,814					0	
Audit/Legal Expense	100,304	218,642			6,667	9,826		12,376			514	514	
Bad Debt Expense	84,641	42,011										0	
Bank Charges	12,456	12,376										0	
Bond Expenses	348,464	335,040			265,530							0	
Capital Lease Expense	3,384,168	3,384,169			3,384,169				2,684	5,246	1,221	6,467	
Chancellor's Office Fee	11,841	29,810			20,659				30,078	11,089	12,093	23,182	
Computer Supplies/Expense	47,386	80,754			15,234			27,494				0	
Consulting	6,232	1,723						1,723				0	
Contract Services	877,038	1,013,000				102,800		102,800	847,381	62,819		62,819	
Credit Card Fees	255,267	265,172			244	59,340			45,446	1,502	3,579	5,081	
Depreciation/Amortization	4,148,336	4,190,458			45,828	252,190	99,567	397,585	643,406	12,848	12,848	12,848	
Dues/Memberships/Subscriptions	22,004	22,091			7,278	245	3,832	11,355	1,351	1,618	7,767	9,385	
Employee Recruitment	4,448	2,221				524	1,467	1,991	65		165	165	
Equipment Purchased	38,979	32,019								9,906	22,113	32,019	
Housing Incentives	18,500	31,443							21,800			0	
Insurance	479,184	506,485			48,860		12,100	60,960	143,528	14,734	19,820	34,554	
Interest Expense	4,425,690	4,353,611			267,443	3,283		3,283	392,415			0	
Janitorial/Sanitation	68,780	100,417			3,957,913				56,143	20,962	20,962	20,962	
Laundry	58,824	59,956				42,146		42,146	17,571	239	239	239	
Licenses/Permits/Fees	216,427	119,914			14,243	15,945	66,791	96,979	22,935	65,000	214,462	279,462	
Management Services Fee			(708,386)		214,462			214,462	13,250	16,831	3,175	20,006	
Miscellaneous	114,401	70,390			8,237	16,357	8,579	33,173				0	
Non-Student Tax	11,560	11,674				11,674		11,674				0	
Obsolete Merchandise	51,387	66,465			66,465			66,465		1,898	17,486	19,384	
Office Supplies	115,171	113,283			35,091	10,888	20,279	66,258	27,641		35,674	35,674	
Paper Supplies	240,147	228,389				138,619		138,619	54,096			0	
Postage/Freight	46,137	41,766			14,314	96	13,908	28,318	13,448			0	
Rent/Rental	343,118	225,253			44,305	16,074	41,191	101,570	104,950	8,733	103,270	8,733	
Repairs/Maintenance	513,412	542,134			41,931	152,491	58,524	252,946	118,238	57,740		161,010	
Resident Advisor Meals	139,026	148,077				85,061		85,061	63,016			0	
Royalties	86,880	111,943				111,943		111,943				0	
Save Mart Seat Licenses			(300,000)									300,000	
Security Services	57,537	66,363			37,280		27,894	27,894	3,366		38,469	38,469	
Smallwares	78,117	40,646										0	
Student Programs	92,248	81,471										81,471	
Telephone/Communications	63,694	52,163			8,373	9,840	7,794	26,007	14,993	3,616	5,671	11,163	
Travel/Training	69,497	59,447			3,037	2,431	15,335	20,803	19,448	7,960	11,236	19,196	

The accompanying notes are an integral part of the financial statements

CALIFORNIA STATE UNIVERSITY, FRESNO ASSOCIATION, INC.
THE CALIFORNIA STATE UNIVERSITY AUXILIARY ORGANIZATION
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010 WITH COMPARATIVE TOTALS FOR 2009

	2009 TOTAL (Restated)	RESTRICTED FUND				COMMERCIAL OPERATIONS				UNIVERSITY			STUDENT FEE OPERATIONS		
		2010 TOTAL	INTRAFUND ELIMINATIONS	SAVE MART CENTER	FOOD SERVICES	BOOKSTORE	ADMIN	TOTAL	COURTYARD	REC CENTER	UNION	TOTAL	REC CENTER	STUDENT UNION	TOTAL
Revenue:															
Gross Sales	\$29,579,891	\$28,842,605	\$ (1,222,848)	\$ 1,087,867	\$ 10,615,503	\$ 1,746,299	\$ 19,285,782	\$ 5,765,917	\$ 1,375,102	\$ 2,550,785	\$ 3,925,887				
Contributions	1,790,622	1,654,270		1,654,270											0
Other Income	4,397,876	5,083,729		4,231,528	181,986	441,186	729,115	94,198	9,973	18,915	28,888				
Total Revenues	35,768,389	35,580,604	(1,222,848)	6,973,665	10,797,489	2,187,485	20,014,897	5,860,115	1,385,075	2,569,700	3,954,775				
Expenses and Losses:															
Cost of Goods Sold	10,715,859	9,900,670			7,520,631	2,380,039	9,900,670								
Salaries/Wages	6,254,364	5,757,280			1,105,293	1,073,995	3,700,616								1,344,019
Employee Benefits	1,697,677	2,130,871			419,141	448,404	1,380,105								527,866
Administration-Food Services	200,450	259,881	(214,462)	492,323			474,343								0
Advances to SMG	1,400,601	492,323			1,853	27,948									0
Advertising/Printing	72,486	68,528													0
Athletic Corporation Entitlements	285,882	312,495		312,495		41,814									0
Audit/Legal Expense	100,304	218,642		176,402											0
Bad Debt Expense	84,641	42,011		6,667	6,017	9,826	12,376								514
Bank Charges	12,456	12,376													0
Bond Expenses	348,464	335,040		265,530											0
Capital Lease Expense	3,384,168	3,384,169		3,384,169											0
Chancellor's Office Fee	11,841	29,810		20,659											0
Computer Supplies/Expense	47,386	80,754			15,234	12,260	27,494								0
Consulting	6,232	1,723				1,723									0
Contract Services	877,038	1,013,000					102,800								62,819
Credit Card Fees	255,267	265,172		244	155,061	59,340	214,401								5,081
Depreciation/Amortization	4,148,336	4,190,458		3,136,619	45,828	99,567	397,585								12,848
Dues/Memberships/Subscriptions	22,004	22,091		7,278	245	3,832	11,355								9,385
Employee Recruitment	4,448	2,221			524	1,467	1,991								165
Equipment Purchased	38,979	32,019													0
Housing Incentives	18,500	31,443													0
Insurance	479,184	506,485		267,443	48,860	12,100	60,960								19,820
Interest Expense	4,425,890	4,353,611		3,957,913			3,283								0
Janitorial/Sanitation	68,780	100,417					56,143								20,962
Laundry	58,824	59,956					42,146								239
Licenses/Permits/Fees	216,427	119,914	(708,386)		14,243	15,945	96,979								0
Management Services Fee					214,462	66,791	214,462								279,462
Miscellaneous	114,401	70,390		3,961	8,237	8,579	33,173								20,006
Non-Student Tax	11,560	11,674					11,674								0
Obsolete Merchandise	51,387	66,465		66,465			66,465								0
Office Supplies	115,171	113,283		35,091		20,279	66,258								19,384
Paper Supplies	240,147	228,389		138,619		10,888	138,619								35,674
Postage/Freight	46,137	41,766		14,314		96	28,318								0
Rent/Rental	343,118	225,253		10,000	44,305	16,074	101,570								8,733
Repairs/Maintenance	513,412	542,134		9,940	41,931	58,524	252,946								161,010
Resident Advisor Meals	139,026	148,077				85,061	85,061								0
Royalties	86,880	111,943		111,943			111,943								0
Save Mart Seat Licenses			(300,000)												300,000
Security Services	57,537	66,363				27,894	27,894								38,469
Smallwares	78,117	40,646				37,280	37,280								0
Student Programs	92,248	81,471													77,855
Telephone/Communications	63,694	52,163		8,373	9,840	7,794	26,007								11,163
Travel/Training	69,487	59,447		3,037	2,431	15,335	20,803								19,196
University Donations	215,729	281,537		2,596	1,212	199,158	278,941								0
USU Co-Sponsorships	20,762	13,321													13,321

The accompanying notes are an integral part of the financial statements

CALIFORNIA STATE UNIVERSITY, FRESNO ASSOCIATION, INC.
 THE CALIFORNIA STATE UNIVERSITY AUXILIARY ORGANIZATION
 STATEMENTS OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2010 WITH COMPARATIVE TOTALS FOR 2009

	2009		RESTRICTED FUND				COMMERCIAL OPERATIONS				STUDENT FEE OPERATIONS		
	TOTAL	2010 TOTAL	INTRAFUND ELIMINATIONS	SAVE MART CENTER	BOOKSTORE	FOOD SERVICES	ADMIN	TOTAL	UNIVERSITY COURTYARD	REC CENTER	STUDENT UNION	TOTAL	
Utilities	1,243,901	1,186,290			26,654	190,092	20,494	237,240	514,800	328,663	105,587	434,250	
Warehouse Expense	6,553	(3,197)				(3,197)		(3,197)				0	
Wilkinson Group Fee	180,000	180,000		180,000								0	
Total Expenses and Losses	38,925,765	37,240,775	(1,222,848)	12,226,961	9,803,520	6,326,523	2,187,485	18,317,528	4,401,878	1,323,211	2,194,045	3,517,256	
Excess (Deficit) of Revenues Over Expenses and Losses	(3,157,376)	(1,660,171)		(5,253,296)	993,969	703,400		1,697,369	1,458,237	61,864	375,655	437,519	
Transfers (Out) In												0	
Increase (Decrease) in Net Assets	(3,157,376)	(1,660,171)		(5,253,296)	993,969	703,400		1,697,369	1,458,237	61,864	375,655	437,519	
Transition Obligation													
Unamortized Transition Obligation	-	-			29,881	80,983	16,020	126,884	329	-	14,553	14,553	
Amortization Transition Obligation	141,766	141,766			29,881	80,983	16,020	126,884	329	-	14,553	14,553	
Remaining Transition Obligation	141,766	141,766			29,881	80,983	16,020	126,884	329	-	14,553	14,553	
Increase (Decrease) in Net Assets After Remaining Transition Obligation	\$ (3,015,610)	\$ (1,518,405)		\$ (5,253,296)	\$ 1,023,850	\$ 784,383		\$ 1,824,253	\$ 1,458,566	\$ 61,864	\$ 390,208	\$ 452,072	
Net Assets at Beginning of Year, Unrestricted	\$15,982,303	\$19,631,229							\$ 14,082,403			\$ 1,779,958	
Increase in Net Assets, Unrestricted	3,648,926	3,734,891						1,824,253	1,458,566	61,864		452,072	
Net Assets at End of Year, Unrestricted	\$19,631,229	\$23,366,120										\$ 2,232,030	
Net Assets at Beginning of Year, Temporarily Restricted	\$57,847,191	\$51,182,655		\$51,182,655									
Decrease in Net Assets	(6,664,536)	(5,253,296)		(5,253,296)									
Net Assets at End of Year, Temporarily Restricted	\$51,182,655	\$45,929,359		\$45,929,359									
Total Net Assets at Beginning of Year	\$73,829,494	\$70,813,884		\$51,182,655				\$ 14,082,403	\$ 3,768,868			\$ 1,779,958	
Total Decrease in Net Assets	(3,015,610)	(1,518,405)		(5,253,296)				1,824,253	1,458,566	61,864	390,208	452,072	
Total Net Assets at End of Year	\$70,813,884	\$69,295,479		\$45,929,359				\$ 15,906,656	\$ 5,227,434			\$ 2,232,030	

**CALIFORNIA STATE UNIVERSITY, FRESNO ASSOCIATION, INC.
THE CALIFORNIA STATE UNIVERSITY AUXILIARY ORGANIZATION
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2010 WITH COMPARATIVE TOTALS FOR 2009**

	TOTAL	
	2009	2010
Cash Flows From Operating Activities		
Decrease in Net Assets	\$ (3,015,610)	\$ (1,518,405)
Adjustment to Reconcile Decrease in Net Assets to Net Cash Provided by Operating Activities		
Realized and Unrealized (Gain) Loss on Investments	345,380	(174,436)
Provision for Doubtful Accounts	488	(13,918)
Depreciation	4,148,336	4,190,458
Amortization	341,059	326,791
Loss on Disposal of Fixed Assets		43,606
Changes in:		
Accounts Receivable	472,259	(408,817)
Pledges Receivable-Save Mart Center	2,363,775	1,868,755
Due from Foundation for Save Mart Center	63,614	(83,631)
Inventories	91,962	7,743
Prepaid Expenses and Deferred Charges	(2,541)	(131,480)
Accounts Payable and Other Accrued Liabilities	(1,413,506)	(533,091)
Deferred Revenue	(631,148)	(345,885)
Interest Payable on Bonds	(30,305)	(31,410)
Agency Funds	(66,175)	(7,439)
Net Cash Provided by Operating Activities	2,667,588	3,188,841
Cash Flows From Investing Activities		
Acquisition of Fixed Assets	(2,389,303)	(1,137,098)
Cash Flows from Financing Activities		
Decrease in Funds For Which Use is Restricted	1,868,014	1,864,206
Principal Payments on Notes and Installment Contracts	(86,890)	(94,577)
Principal Payment on Bonds Payable	(1,390,000)	(1,380,000)
Net Cash Provided by Financing Activities	391,124	389,629
Net Increase in Cash	669,409	2,441,372
Cash and Cash Equivalents, Beginning of Year	19,571,520	20,240,929
Cash and Cash Equivalents, End of Year	\$20,240,929	\$22,682,301
Supplemental Disclosure of Cash Flow Information		
Cash Paid During the Year for Interest	\$ 4,456,195	\$ 4,385,023

The accompanying notes are an integral part of the financial statements

CALIFORNIA STATE UNIVERSITY, FRESNO ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009 and 2010

Note 1 - General Information

The California State University, Fresno Association, Inc. administers and manages the commercial activities for California State University, Fresno including the Save Mart Center, Kennel Bookstore, University Food Services, Housing, Recreation Center and the University Student Union. The Association also provides accounting and managerial services to other university auxiliary corporations. The Association is supported primarily by sales from commercial activities and contributions.

Note 2 - Summary of Significant Accounting Policies

The California State University, Fresno Association, Inc. (the "Association") was incorporated on June 12, 1961 as a non-profit corporation. The Association was formed and is operated exclusively to receive, hold, invest and administer property and to make expenditures to and for the benefit of California State University, Fresno (the "University").

The Association maintains its accounting records and prepares its financial statements on the accrual basis of accounting. Therefore, revenues are recognized when earned and expenses are recognized when goods or services are received.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and 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.

Fund Accounting

The accounts of the organization are maintained in accordance with the principles of fund accounting. Under fund accounting, resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. Fund balances are classified on the Statements of Financial Position as unrestricted or temporarily restricted based on the absence or existence and type of donor-imposed restrictions.

Donor Imposed Restrictions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a restriction expires, temporarily restricted net assets are considered released from restrictions, however the expenses are reflected in the restricted fund column due to fund accounting.

Pledges Receivable-Save Mart Center

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Management is of the opinion there is no need to have an allowance for uncollectible pledges given demand for suites and seats. In most cases, refunds for previously purchased seat licenses are not given unless there is an alternative buyer for those seats. Currently, there is an extensive waiting list for suites and all suiteholders are required to pay their suite lease in advance. If necessary, tickets and other entitlements are withheld if payment is due.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Due from Foundation for Save Mart Center

Amount represents donations collected by the Foundation that have not been remitted to the Association as of June 30, 2009 and 2010.

Note 2 – Summary of Significant Accounting Policies, continued

Deferred Revenue

Income from the University and housing summer conferences are deferred and recognized over the periods to which the University and summer conferences relate. The 2005 CSU Systemwide Revenue Bonds (See Note 6) were sold at a net premium which is shown as deferred revenue and amortized over the life of the bonds.

Comparative Financial Information

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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended June 30, 2009, from which the summarized information was derived.

Net Assets

Unrestricted Net Assets: This category is maintained to account for the revenues and expenses of ongoing revenue-producing activities.

Temporarily Restricted Net Assets: This category is maintained to account for the operation of the Save Mart Center.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Allowances for doubtful accounts in the amounts of \$101,540 and \$87,622 have been established as of June 30, 2009 and 2010, respectively.

Inventories

The Association's inventory consists of goods held for resale in the Kennel Bookstore and by Food Services. All inventories are valued at the lower of cost or market determined by the first-in, first-out (FIFO) method.

Investments

Investments in securities are carried at market value and realized and unrealized gains or losses are included in "Other Income" in the Statement of Activities.

Intangible Assets

Intangible assets consist of costs for financing of the Student Housing Project during 1995 and 2001, financing for the Save Mart Center during 2002 and the 2005 Capital Lease Payable for the refinancing of the 2002 bonds. These assets are amortized over the life of the bonds using both the interest and straight-line methods.

Franchise Fees

In connection with the food services provided on campus, the Association has paid franchise fees to Subway and Starbucks for the privilege of operating the quick service restaurants. The franchise fees are reported, net of amortization expense, in the fixed asset section of the Statements of Financial Position. These fees are amortized over the franchise period using the straight-line method.

Fixed Assets

Fixed Assets are reflected on the financial statements at cost less accumulated depreciation. Depreciation is computed using straight line rates based upon estimated useful lives, ranging from three to 40 years. The organization capitalizes all expenditures in excess of \$2,500.

Prior to the 1993-94 fiscal year, the Association's policy was to establish reserve accounts for the refurbishment and equipment acquisitions related to University owned and administrative facilities. This policy was not in accordance with GAAP. The cumulative effect of this policy on net assets and the change in net assets has not been determined. Effective in the 1993-94 fiscal year, the Association adopted the policy of capitalizing and depreciating building refurbishments and equipment acquisitions in excess of \$2,500 in accordance with GAAP, except for those related to the University Student Union and the Student Recreation Center, which expensed all refurbishment and equipment acquisition. This policy was not in accordance with GAAP. Effective in the 2009-10 fiscal year, the University Student Union and the Student

Note 2 – Summary of Significant Accounting Policies, continued

Recreation Center adopted the policy of capitalizing and depreciating refurbishments and equipment acquisitions in excess of \$2,500 in accordance with GAAP. Although the amount of refurbishment and equipment acquisitions in 2009 are known, \$32,151, the cumulative effect on net assets and the change in net assets of this departure from GAAP has been determined to be immaterial.

Defined Benefit Pension Plan

As described in Note 10, the Association participates in a multiple-employer public employee retirement system. The system provides disclosure information in accordance with Governmental Accounting Standards Board Statement (GASB) No. 27. The latest information available from PERS is actuarial valuation as of June 30, 2008.

Tax Status

The Association is organized and operated exclusively for educational purposes and is thus allowed tax exempt status under provisions of section 501(c)(3) of the Internal Revenue Code and section 23701(d) of the California Revenue and Taxation Code. The Association does, however, pay income taxes on any unrelated business income.

Advertising Costs

Advertising costs are expensed as incurred and totaled \$72,486 and \$68,528 in 2009 and 2010, respectively.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in Note 17 – Expenses by Natural Classification. Accordingly, certain costs have been allocated among programs and supporting services.

Reclassification

Certain 2009 amounts have been reclassified to conform with the 2010 financial statement presentation.

Note 3 – Cash and Cash Equivalents

Cash at June 30 consisted of the following	<u>2009</u>	<u>2010</u>
Deposits:		
Cash on hand and in banks	\$12,017,227	\$14,385,031
Pooled Funds:		
Cash in State of California Local Agency Investment Fund	<u>8,223,702</u>	<u>8,297,270</u>
Total	<u>\$20,240,929</u>	<u>\$22,682,301</u>

The Association maintains some cash in the State of California Local Agency Investment Fund (LAIF). The state pools these funds with those of other organizations and invests the cash. These pooled funds are carried at cost which approximates market value. Interest earned is remitted quarterly to the Association. Any investment losses are proportionately shared by all participants in the pool. The LAIF is part of the Pooled Money Investment Account (PMIA). The PMIA began in 1955 and oversight is provided by the Pooled Money Investment Board (PMIB) and an in-house Investment Committee. The PMIB members are the State Treasurer, Director of Finance, and State Controller.

Additionally, the PMIA has Policies, Goals and Objectives for the portfolio to make certain that the goals of Safety, Liquidity and Yield are not jeopardized and that prudent management prevails. These policies are formulated by investment staff and reviewed by both the PMIB and the LAIF on an annual basis. All investment and LAIF claims are audited on a daily basis by the State Controller's Office as well as an in-house audit process involving three separate divisions.

Under Federal Law, the State of California cannot declare bankruptcy, thereby allowing the Government Code Section 16429.3 to stand. This Section states that "moneys placed with the Treasurer for deposit in the LAIF by cities, counties, special districts, nonprofit corporations, or qualified quasi-governmental agencies shall not be subject to either of the following: (a) transfer or loan pursuant to Sections 16310, 16312, or 16313, or (b) impoundment or seizure by any state official or state agency."

Note 3 – Cash and Cash Equivalents, continued

Note 3 – Cash and Cash Equivalents, continued

The Association maintains cash balances at one financial institution located in Fresno, California. The Federal Deposit Insurance Corporation insures balances up to \$250,000 at June 30, 2009 and 2010, respectively. At June 30, 2009 and 2010, the Association's uninsured cash balance totaled \$10,387,050 and \$13,907,297 respectively.

Note 4 – Pledges Receivable-Save Mart Center

Included in "Pledges Receivable" are the following unconditional promises to give:

	<u>2009</u>	<u>2010</u>
Unconditional Promises to Give Before Unamortized Discount	\$33,320,044	\$30,057,569
Less: Unamortized Discount	<u>(11,984,773)</u>	<u>(10,591,053)</u>
Net Unconditional Promises to Give	<u>\$21,335,271</u>	<u>\$19,466,516</u>
Amounts Due in:		
One Year	\$3,824,985	\$4,083,145
Two to Five Years	8,534,153	6,896,486
More Than Five Years	<u>8,976,133</u>	<u>8,486,885</u>
Total	<u>\$21,335,271</u>	<u>\$19,466,516</u>

The discount rate used to calculate the present value of promises to give is 7% for 2009 and 2010.

Note 5 - Revenue Bonds

Long term bonds payable at June 30, 2010 consists of Auxiliary Organization Refunding Revenue Bonds (Student Residence Project) - Series 2001 collateralized by future revenues of the University Courtyard. The maturity schedule and interest rates of the outstanding revenue bonds are as follows:

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Coupon</u>
Serial Bonds-University Courtyard		
February 1, 2011	360,000	4.250%
February 1, 2012	375,000	4.500%
February 1, 2013	390,000	4.625%
February 1, 2014	410,000	4.750%
February 1, 2015	430,000	5.023%
February 1, 2016 to February 1, 2025	<u>5,720,000</u>	5.023%
	<u>\$7,685,000</u>	

In February 2002, the Association issued revenue bonds for the construction financing of the Save Mart Center. The issuance included \$69,475,000 Senior Series 2002 bonds and \$5,000,000 Subordinate Series 2002 bonds. The bonds are collateralized by the Leasehold Deed of Trust with the State of California. The maturity schedule and interest rates of the outstanding revenue bonds are as follows:

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Coupon</u>
Subordinate Bonds-Save Mart Center		
July 1, 2010	95,000	6.75%
July 1, 2011	100,000	6.75%
July 1, 2012	<u>4,340,000</u>	6.75%
	<u>\$4,535,000</u>	

Note 5 – Revenue Bonds, continued

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Coupon</u>
Senior Bonds-Save Mart Center		
July 1, 2010	950,000	5.00%
July 1, 2011	1,185,000	5.00%
July 1, 2012	<u>60,130,000</u>	5.00%
	<u>\$62,265,000</u>	

The bond agreements set forth numerous financial covenants and compliance requirements. The Association met all covenants and compliance requirements at June 30, 2009 and 2010.

California State University, Fresno Association, Inc. is obligated to deposit funds with a trustee for the purpose of retiring the bonds and paying accrued interest as follows:

Refunding Revenue Bonds-University Courtyard

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$360,000	\$373,200	\$733,200
2012	375,000	357,244	732,244
2013	390,000	339,884	729,884
2014	410,000	321,248	731,248
2015	430,000	301,377	731,377
Thereafter	<u>5,720,000</u>	<u>1,603,184</u>	<u>7,323,184</u>
	7,685,000	3,296,137	10,981,137
Unamortized Discounts	<u>(58,312)</u>	<u>0</u>	<u>(58,312)</u>
	<u>\$7,626,688</u>	<u>\$3,296,137</u>	<u>\$10,922,825</u>

Subordinate Series 2002 Bonds-Save Mart Center

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$95,000	\$306,337	\$401,337
2012	100,000	299,587	399,587
2013	<u>4,340,000</u>	<u>0</u>	<u>4,340,000</u>
	4,535,000	605,924	5,140,924
Unamortized Discounts	<u>(37,837)</u>	<u>0</u>	<u>(37,837)</u>
	<u>\$4,497,163</u>	<u>\$605,924</u>	<u>\$5,103,087</u>

Senior Series 2002 Bonds-Save Mart Center

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$950,000	\$3,597,662	\$4,547,662
2012	1,185,000	3,538,413	4,723,413
2013	<u>60,130,000</u>	<u>0</u>	<u>60,130,000</u>
	62,265,000	7,136,075	69,401,075
Unamortized Discounts	<u>(70,125)</u>	<u>0</u>	<u>(70,125)</u>
	<u>\$62,194,875</u>	<u>\$7,136,075</u>	<u>\$69,330,950</u>

Under the terms of the Revenue Bonds Indentures, California State University, Fresno Association, Inc. is required to maintain certain deposits in a debt service reserve fund. Such deposits are included within "Funds for Which Use Is Restricted" in the financial statements.

The Indenture Agreement also places limits on the incurrence of additional borrowing and requires that the Association satisfy certain measures of financial performance as long as the notes are outstanding.

Note 5 – Revenue Bonds, continued

Funds held and limited as to their use by California State University, Fresno Association, Inc. at June 30 consist of the following:

U.S. Bank:	<u>2009</u>	<u>2010</u>
Funds held by Trustee (Save Mart Center Bonds)	\$71,615,944	\$69,709,782
U.S. Bank:		
Debt Service Reserve Funds (Refunding Revenue Bonds)	<u>1,228,103</u>	<u>1,270,059</u>
Long Term Funds	<u>\$72,844,047</u>	<u>\$70,979,841</u>

Cost is approximately equal to market value for these funds.

Note 6 – Capital Lease Obligations

In April 2005, the Association participated in the CSU Systemwide Revenue Bonds (SRB) program to refinance the 2002 Senior and Subordinate Save Mart Center bonds. The effect of the refinancing was to incur a new capital lease obligation payable to the University. Interest at 4.91% is payable semi-annually, with principal payments beginning in November 2012. Cash received from the refunding is restricted for pay-off of the Senior and Subordinate bonds in 2012 and is held by the bond trustee (U.S. Bank). See Note 5.

According to ASC 860, the SRB refinancing is considered an "in-substance" defeasance not a "legal" defeasance because the debtor (Association) is not being released from the debt by putting assets in a trust (or escrow account). If there are insufficient funds to cover the full repayment of the 2002 bonds in 2012 from the escrow accounts held at U.S. Bank, the Association will be held financially responsible for any shortfall. Conversely, if there are surplus funds, those assets belong to the Association. In addition, the escrow accounts at U.S. Bank are in the name of the Association.

The Association's 2009-10 Annual Report reflects the asset (funds held in the escrow accounts at U.S. Bank including interest income) as well as the corresponding liability for the 2002 Senior and Subordinate series bonds. The Association has amortized the net premium, underwriter's discount, cost of issuance and bond insurance over the life of the SRB bonds. The unamortized bond issuance costs for the 2002 series bonds will be amortized over the remaining life of the bonds through 2012.

Capital Lease Obligation-Save Mart Center

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$0	\$3,384,169	\$3,384,169
2012	0	3,384,169	3,384,169
2013	3,400,000	3,300,835	6,700,835
2014	4,595,000	3,114,390	7,709,390
2015	4,485,000	2,892,500	7,377,500
2016	1,735,000	2,759,917	4,494,917
2017	1,995,000	2,664,500	4,659,500
Thereafter	<u>52,625,000</u>	<u>21,577,084</u>	<u>74,202,084</u>
	<u>\$68,835,000</u>	<u>\$43,077,564</u>	<u>\$111,912,564</u>

Note 7 – Investments

Long-Term investments at June 30, 2009 consist of the following:

	<u>Common Fund</u>	<u>Mutual Funds</u>	<u>Total</u>
Investments in securities at market value at beginning of year	\$1,434,553	\$551,898	\$1,986,451
Return on investments designated by the Board, net of investment expenses of \$4,452:			
Dividends and interest	19,490	21,736	41,226
Net unrealized and realized gains/(losses)	<u>(339,654)</u>	<u>(5,726)</u>	<u>(345,380)</u>
Total return on investments (included in other income in the Statements of Activities)	(320,164)	16,010	(304,154)
Withdrawals from Investments	<u>(19,490)</u>	<u>(21,736)</u>	<u>(41,226)</u>
Investment in securities at market value at end of year	<u>\$1,094,899</u>	<u>\$546,172</u>	<u>\$1,641,071</u>

Long-Term investments at June 30, 2010 consist of the following:

	<u>Common Fund</u>	<u>Mutual Funds</u>	<u>Total</u>
Investments in securities at market value at beginning of year	\$1,094,899	\$546,172	\$1,641,071
Return on investments designated by the Board, net of investment expenses of \$5,121:			
Dividends and interest	16,142	21,912	38,054
Net unrealized and realized gains/(losses)	<u>134,348</u>	<u>40,088</u>	<u>174,436</u>
Total return on investments (included in other income in the Statements of Activities)	150,490	62,000	212,490
Withdrawals from Investments	<u>(16,142)</u>	<u>(21,912)</u>	<u>(38,054)</u>
Investment in securities at market value at end of year	<u>\$1,229,247</u>	<u>\$586,260</u>	<u>\$1,815,507</u>

Note 8 – Fair Value Measurements

During 2008, The Association adopted Statement No. 157, *Fair Value Measurements*, Statement of Financial Accounting Standards No. 157 (FAS 157), subsequently included in the Codification as ASC 820. ASC 820 applies to all financial statements that are being measured and reported on a fair value basis.

ASC 820 defines fair value as 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. ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant observable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Note 8 – Fair Value Measurements, continued

Level 1 – Inputs are quoted market prices (unadjusted) in active markets for identical assets or liabilities. Valuations for assets and liabilities traded in active exchange markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Inputs other than quoted prices within Level 1 that are observable, either directly or indirectly. Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.

Level 3 – Inputs are unobservable. Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounts cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

The table below presents the balance of assets measured at fair value on a recurring basis at June 30:

	Fair Value			
	Level 1	Level 2	Level 3	
<u>2009</u>				
Investments –Mutual Funds	\$ 546,171	\$ 546,171	\$ 0	\$ 0
Investments –Multi Strategy Equity Fund	1,094,900	0	1,094,900	0
Cash and Cash Equivalents	20,240,929	20,240,929	0	0
Pledges Receivable-SMC	<u>21,335,271</u>	<u>0</u>	<u>0</u>	<u>21,335,271</u>
Totals	<u>\$43,217,271</u>	<u>\$20,787,100</u>	<u>\$1,094,900</u>	<u>\$21,335,271</u>
<u>2010</u>				
Investments –Mutual Funds	\$ 586,260	\$ 586,260	\$ 0	\$ 0
Investments –Multi Strategy Equity Fund	1,229,247	0	1,229,247	0
Cash and Cash Equivalents	22,682,301	22,682,301	0	0
Pledges Receivable-SMC	<u>19,466,516</u>	<u>0</u>	<u>0</u>	<u>19,466,516</u>
Totals	<u>\$43,964,324</u>	<u>\$23,268,561</u>	<u>\$1,229,247</u>	<u>\$19,466,516</u>

See Note 1 for valuation technique used to measure fair value for Investments and Pledges Receivable-Save Mart Center.

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

	<u>2009</u>	<u>2010</u>
Pledges Receivable – Save Mart Center:		
Balance, July 1,	\$23,699,047	\$21,335,271
New Pledges	1,066,866	548,517
Pledge payments received	(4,142,019)	(3,523,146)
Write-off	(869,236)	(287,846)
Change in present value discount	<u>1,580,613</u>	<u>1,393,720</u>
Balance, June 30,	<u>\$21,335,271</u>	<u>\$19,466,516</u>

Note 9 – Notes and Installment Contracts

Notes and Installment Contracts as of June 30 consist of the following:

	<u>2009</u>	<u>2010</u>
An unsecured installment contract for HVAC and electrical retro-fit work at University Courtyard (53.4%) and the Residence Dining Hall (46.6%) Payable in monthly installments of \$8,533 including 9.00% interest	\$129,250	\$34,673
Amounts Due Within One Year	<u>94,834</u>	<u>34,673</u>
Long Term Portion of Obligation	<u>\$ 34,416</u>	<u>\$ 0</u>

Maturities of notes and installment contracts are as follows:

<u>Year Ended June 30,</u>	
2011	<u>\$34,416</u>

Note 10 – California Public Employees' Retirement System

Plan Description:

California State University, Fresno Association, Inc.'s defined benefit pension plan, Miscellaneous Plan of the California State University-Fresno Association, Inc., provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Miscellaneous Plan of the California State University-Fresno Association, Inc. is part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements are established by State statutes within the Public Employees' Retirement Law. The California State University, Fresno Association, Inc. selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance (other local methods). CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office – 400 P Street, Sacramento, CA 95814.

Funding Policy:

Active plan members in the Miscellaneous Plan of the California State University-Fresno Association, Inc. are required to contribute 7.0% of their annual covered salary and the Association currently pays the employee portion of the required contribution (the 7%). California State University, Fresno Association, Inc. is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal 2009/2010 was 9.748%. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

Annual Pension Cost:

For fiscal year 2009/2010, California State University, Fresno Association, Inc.'s annual pension cost was \$654,437 and California State University, Fresno Association, Inc. contributed \$387,723. The required contribution for fiscal year 2009/2010 was determined as part of the June 30, 2008 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses); (b) projected salary increases that vary by duration of service ranging from 3.25% to 14.45% for miscellaneous members and (c) 3.0% cost-of-living adjustment. Both (a) and (b) include an inflation component of 3.0%. The actuarial value of California State University, Fresno Association, Inc.'s assets was determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a two to five year period depending on the size of investment gains and/or losses. Miscellaneous Plan of the California State University, Fresno Association, Inc.'s unfunded actuarial excess assets are being amortized as a level percentage of projected payroll on a closed basis. The amortization period at June 30, 2008 was 30 years.

Three-Year Trend Information

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
Ending 6/30/08	\$390,066	100%	\$0
6/30/09	\$396,741	100%	\$0
6/30/10	\$387,723	100%	\$0

The Association is included in a pooled plan as required by California law. The organization has less than 100 active employees, therefore, the Association's portion of the pooled information is less than 1%.

Valuation Date	Pooled Accrued Liabilities	Pooled Actuarial Assets	Pooled Unfunded Liabilities (UL)	Funded Ratio	Pooled Annual Covered Period	UL as a % of Payroll
6/30/06	2,754,396,608	2,492,226,176	262,170,432	90.5%	699,897,835	37.1%
6/30/07	2,611,746,790	2,391,434,447	220,312,343	91.6%	665,522,859	33.1%
6/30/08	2,780,280,768	2,547,323,278	232,957,490	91.6%	688,606,681	33.8%

Note 11 – Other Post-Retirement Benefits

The Association sponsors a defined benefit post-retirement plan that provides medical benefits to retirees. The plan is contributory, with retiree contributions adjusted annually. The plan covers each employee and spouse. Employees, other than new hires after January 16, 2003, are eligible to receive full benefits at the age of 50 with 5 years of service. Employees hired after January 16, 2003 are eligible to receive benefits after 10 years of service with a vesting schedule that begins with 50% coverage after 10 years of service and increases by 5% per year. After 20 years of service, the employee is eligible for 100% of benefits.

Government Code Section 22825.6 provides that a local agency contracting under the Meyers-Geddes State Employers' Medical and Hospital Care Act shall fix the amount of the employer's contribution at an amount not less than the amount required under Section 22825 of the Act, and the Association is a local agency contracting under the Act. The Board of Directors shall take action to adjust the basis of the employer's contribution for each employee or annuitant.

The Association changed its method of accounting for post-retirement benefits other than pensions, from the pay-as-you-go method to the accrual method, as required by ASC 810, on July 1, 1995.

Following is the information on the plan as of and for the year ended June 30, 2010, in accordance with ASC 715 "Employers' Accounting for Defined Benefit Pension and Other Post-Retirement Plans":

	Net Periodic Post-Retirement Benefit Cost	Increase in Unrestricted Net Assets (Recognition of Transition Obligation)	Post-Retirement Benefit Liability	Transition Obligation Remaining in Unrestricted Net Assets
July 1, 2009			<u>\$2,531,060</u>	<u>\$850,530</u>
Recognition of components of net periodic post-retirement benefit cost:				
Service cost (benefit)	\$(102,286)		39,480	
Interest cost	84,027		84,027	
Amortization of transition obligation	<u>141,766</u>	<u>141,766</u>	(141,766)	(141,766)
Total	<u>\$ 123,507</u>			
Benefit payments			(448,632)	
Net Change		<u>\$141,766</u>	(466,891)	(141,766)
June 30, 2010			<u>\$2,064,169</u>	<u>\$708,764</u>

The post-retirement obligation is included in accounts payable and other liabilities as follows:

	<u>2009</u>	<u>2010</u>
Current portion	\$ 500,000	\$ 520,000
Long-term portion	<u>2,031,060</u>	<u>1,544,169</u>
	<u>\$2,531,060</u>	<u>\$2,064,169</u>

The funded status of the plan is the following:

Accrued post-retirement benefit obligation	\$2,531,060	\$2,064,169
Plan assets	<u>0</u>	<u>0</u>
Unfunded plan obligation	<u>\$2,531,060</u>	<u>\$2,064,169</u>

The accumulated post-retirement benefit obligation was determined using terms of various health care plans offered, together with relevant actuarial assumptions and health care cost trend rates, projected at annual rates of 10.5 percent, and a discount rate of 6 percent.

Note 11 - Other Post-Retirement Benefits, continued

Benefits paid under the plan in 2009 and 2010 were \$481,850 and \$448,632, respectively. Benefits expected to be paid for future years is as follows:

Year Ended June 30:	
2011	\$ 520,000
2012	540,000
2013	560,000
2014	580,000
2015	600,000
2016-2020	<u>3,300,000</u>
Total	<u>\$6,100,000</u>

Note 12 - Leases

The Association has entered into several facility leases for which minimal consideration is required by the lessor as follows:

- Use of the Kennel Bookstore, between the Trustees of the CSU, expiring June 30, 2020.
- Use of the University Center, between the Trustees of the CSU, expiring June 30, 2020.
- Use of the University Student Union, between the Trustees of the CSU, expiring June 30, 2013.
- Use of the Residence Dining Facility, between the Trustees of the CSU, expiring June 30, 2012.
- Use of the Warehouse, between the Trustees of the CSU, expiring June 30, 2014.
- Ground lease for University Courtyard, between the Trustees of the CSU, expiring February 1, 2020.
- Ground lease for Save Mart Center with the Trustees of the CSU, expiring December 13, 2033, with an option to extend for up to 10 years.
- Use of West Complex/SRC, between the Trustees of the CSU, expiring June 30, 2011.
- Ground lease for Campus Pointe with the Trustees of the CSU, expiring June 28, 2096.
- Lease with Shaw East Investors for lease of office space for 2763 E. Chestnut Ave, Suite 101 at \$2,321 per month expiring December 31, 2010.
- In December 2007, the Association began leasing a copier for the Kennel Bookstore-Copy Center under an operating lease, which terminates December 2010, at \$3,937.20 per month. Future minimum lease payments on the copier are as follows:

Year Ended June 30,	
2011	\$23,623

Rent expense for 2008/09 was \$75,096 and 2009/10 was \$75,098, respectively.

Note 13 – Commitments and Contingencies

Save Mart Center

The Association has contracted with SMG to manage the Save Mart Center under a 10-year agreement expiring August 2013. The agreement provides for an initial annual management fee of \$275,000 and a maximum initial annual incentive fee of \$68,750. The management fee and incentive fee are adjusted every two years for CPI increases.

Advances to SMG for the management fee/operating expenses and incentive fee for the year ended June 30, 2009 were \$1,323,848 and \$76,753, respectively. Advances to SMG for the management fee/operating expenses and incentive fee for the year ended June 30, 2010 were \$351,608 and \$140,715, respectively.

The Association had a ten-year contract with Ovations Fanfare to provide food and beverage services at the Save Mart Center, which would have expired in September 2013. The contract contained an early termination provision after five years with a stipulated buy-out amount. The contract was terminated on October 11, 2008 and the Association paid Ovations \$1,833,333 which was the buy-out amount for the remaining period of the contract. On October 15, 2008, the Association amended the existing SMG agreement to include food and beverages from Savor Catering by SMG (management fee plus incentive) and SMG paid the Association \$900,000 to cover 50 percent of the buy-out amount. The net amount of \$933,333 is being amortized over five years.

Note 13 – Commitments and Contingencies, continued

Litigation

The Association is a defendant in two legal actions.

1. Land Value 77, LLC, et al. v. Board of Trustees of the CSU, CSU Fresno Association, Inc., et al; Fresno County Superior Court Case #07CECG02874: Plaintiff Land Value 77, LLC, et al. alleges that the Trustees of the CSU and the Association have violated California Government and Public Resources Code sections regarding the approval of the Campus Pointe development project. Though a decision was rendered in July of 2009 upholding a portion of Petitioner's claims, litigation on this matter has not yet concluded, and the ultimate effect of such litigation is not yet ascertainable.
2. The Fresno County Tax Assessor alleges that the Save Mart Center is subject to possessory interest tax liability (for tax years 2003-2008) and has issued assessments for said tax years. The Association contests the assessability of the Save Mart Center, as well as the amount of tax claimed by the Assessor and has filed a request for changed assessment. The Association has retained external counsel and is through such external counsel, engaged in contested appeal hearings before the Fresno County Supervisors Appeals Board. Those hearings concluded on July 16, 2010. Though a decision has not yet been issued by the Fresno County Supervisors Appeals Board, it is expected that such a decision will be rendered prior to the end of the calendar year. The exact amount of tax cannot be determined at this time.

In the above-referenced matters, it remains the opinion of management and the Association's outside counsel that these cases are defensible. Accordingly, the Association intends to and has been vigorously contesting them. The final outcome of these matters cannot be determined at this time.

Note 14 – Related Parties

In addition to the University, the Association is related to the Agricultural Foundation of California State University, Fresno (the "Agricultural Foundation"), and the California State University, Fresno Foundation (the "Foundation") due to common management of the three entities. The Association had the following transactions with these entities during the years ended June 30, 2009 and 2010:

Pursuant to a management services agreement, the Foundation, the Agricultural Foundation, Programs for Children, and the Associated Students pay administrative fees to the Association for management services. The Foundation's administrative fees for the years ended June 30, 2009 and June 30, 2010 were \$543,000 and \$570,700, respectively, allocated on the basis of gross revenue and services rendered. The Agricultural Foundation's administrative fees for the years ended June 30, 2009 and June 30, 2010 were \$114,400 and \$119,700, respectively, based on services rendered. The Programs for Children's administrative fees for the years ended June 30, 2009 and June 30, 2010 were \$74,000 and \$71,600, respectively, based on services rendered. The Associated Students administrative fees for the years ended June 30, 2009 and June 30, 2010 were \$46,700 and \$51,000, respectively, based on services rendered.

The Foundation also reimburses the Association twice a month for salaries and benefits of Foundation Financial Services staff in the amounts of \$905,872 and \$965,967 for the years ended June 30, 2009 and June 30, 2010, respectively.

The amount due the Association from the Foundation for miscellaneous expenses was \$27,239 and \$8,031 for the years ended June 30, 2009 and June 30, 2010, respectively. The amount due to the Foundation from the Association for miscellaneous expenses was \$77,493 and \$0 for the years ended June 30, 2009 and June 30, 2010, respectively.

The amount due the Association from the Agricultural Foundation for miscellaneous expenses was \$2,950 and \$2,809 for the years ended June 30, 2009 and June 30, 2010, respectively. The amount due to the Agricultural Foundation for miscellaneous expenses was \$19,288 and \$10,000 for the years ended June 30, 2009 and June 30, 2010, respectively.

The amount payable and receivable to the University was \$336,915 and \$7,515, respectively.

Note 15 - Joint Venture

The Association is a member of the Auxiliary Organizations Unemployment Insurance Trust (the "Trust") which is a self-insurance fund for the California State unemployment claims. All members of the Trust are nonprofit, public benefit auxiliary organizations affiliated with the various campuses of the California State University system. Management of the Trust is elected by the members.

Contributions by the members are a percentage of certain payroll expenditures. The percentage is adjusted based on each member's existing balances, claims experience, and number of employees. Unemployment compensation claims paid by the State of California are presented to the Trust for reimbursement. The Trust has contracted with a payroll claims administrator to review the propriety of all claims presented by the State for reimbursement. The Trust also contracts for various other administrative services.

Contributions to the Trust are expensed by the Association in the period made. Following is condensed financial information for the Trust as of June 30 and for the year then ended:

Total Assets	<u>2009</u> <u>\$10,996,565</u>	<u>2010</u> <u>\$12,048,548</u>
Total Liabilities	\$ 504,490	\$ 621,493
Fund Balance	<u>10,492,075</u>	<u>11,427,055</u>
Total Liabilities and Fund Balance	<u>\$10,996,565</u>	<u>\$12,048,548</u>
Total Revenues (Deficit)	\$ 1,078,856	\$ 3,529,570
Total Claims and Expenses	(1,950,882)	(2,570,669)
Distribution of Reserves to Members	<u>(122,276)</u>	<u>(23,921)</u>
Decrease in Total Fund Balance	<u>\$(994,302)</u>	<u>\$ (934,980)</u>

The Association's share of the Trust's Fund Balance at June 30, 2009 and June 30, 2010 was \$555,017 and \$584,000, respectively.

Note 16 – Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2009 and 2010 are available for the following:

Save Mart Center	<u>2009</u> <u>\$51,182,655</u>	<u>2010</u> <u>\$45,929,359</u>
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Net assets released from donor restrictions by incurring expenses satisfying the restricted purposes during the year ended June 30, 2010 are:

Save Mart Center	<u>\$6,907,566</u>
------------------	--------------------

Note 17 - Expenses by Natural Classification

For The Years Ended June 30:

Expenses	2009			2010		
	Program	General & Administrative	Total	Program	General & Administrative	Total
Cost of Goods Sold	\$10,715,859		\$10,715,859	\$9,900,670		\$9,900,670
Salaries/Wages	4,876,228	\$1,059,617	5,935,845	4,683,285	\$1,073,995	5,757,280
Employee Benefits	1,621,029	395,167	2,016,196	1,682,467	448,404	2,130,871
Administration-Food Services	200,450		200,450	259,881		259,881
Advances to SMG	1,400,601		1,400,601	492,323		492,323
Advertising/Printing	72,486		72,486	68,528		68,528
Athletic Corporation Entitlements	285,882		285,882	312,495		312,495
Audit/Legal Expense	40,778	59,526	100,304	176,828	41,814	218,642
Bad Debt Expense	82,081	2,560	84,641	42,011		42,011
Bank Charges	0	12,456	12,456	0	12,376	12,376
Bond Expenses	348,464		348,464	335,040		335,040
Capital Lease Expense	3,384,168		3,384,168	3,384,169		3,384,169
Chancellor's Office Fee	11,841		11,841	29,810		29,810
Computer Supplies/Expense	33,221	14,165	47,386	68,494	12,260	80,754
Consulting	3,195	3,037	6,232	0	1,723	1,723
Contract Services	837,552	39,486	877,038	1,013,000		1,013,000
Credit Card Fees	255,267		255,267	265,172		265,172
Depreciation/Amortization	4,048,122	100,214	4,148,336	4,090,891	99,567	4,190,458
Dues/Memberships/Subscriptions	17,060	4,944	22,004	18,259	3,832	22,091
Employee Meals	0		0	0		0
Employee Recruitment	1,040	3,408	4,448	754	1,467	2,221
Equipment Purchased	38,979		38,979	32,019		32,019
Housing Incentives	18,500		18,500	31,443		31,443
Insurance	464,484	14,700	479,184	494,385	12,100	506,485
Interest Expense	4,425,890		4,425,890	4,353,611		4,353,611
Janitorial/Sanitation	111,572		111,572	100,417		100,417
Laundry	58,824		58,824	59,956		59,956
Licenses/Permits/Fees	147,973	68,454	216,427	53,123	66,791	119,914
Matching Gift Reimbursement	0		0	0		0
Miscellaneous	104,884	9,517	114,401	61,811	8,579	70,390
Non-Student Tax	11,560		11,560	11,674		11,674
Obsolete Merchandise	51,387		51,387	66,465		66,465
Office Supplies	91,717	23,454	115,171	93,004	20,279	113,283
Paper Supplies	240,147		240,147	228,389		228,389
Postage/Freight	31,813	14,324	46,137	27,858	13,908	41,766
Rent/Rental	304,154	38,964	343,118	184,062	41,191	225,253
Repairs/Maintenance	505,870	7,542	513,412	483,610	58,524	542,134
Resident Advisors Meals	139,026		139,026	148,077		148,077
Royalties	86,880		86,880	111,943		111,943
Security Services	39,133	18,404	57,537	38,469	27,894	66,363
Smallwares	78,117		78,117	40,646		40,646
Student Programs	92,248		92,248	81,471		81,471
Telephone/Communications	53,631	10,063	63,694	44,369	7,794	52,163
Travel/Training	51,773	17,724	69,497	44,112	15,335	59,447
University Donations	110,419	62,518	172,937	82,379	199,158	281,537
USU Co-Sponsorships	20,762		20,762	13,321		13,321
Utilities	1,222,612	21,289	1,243,901	1,165,796	20,494	1,186,290
Warehouse Expense	6,553		6,553	(3,197)		(3,197)
Wilkinson Group Fee	180,000		180,000	180,000		180,000
Totals	\$36,924,232	\$2,001,533	\$38,925,765	\$35,053,290	\$2,187,485	\$37,240,775

Note 18 – Subsequent Events

Subsequent events have been evaluated through September 27, 2010 noting no matters requiring disclosure in the financial statements for the year ended June 30, 2010.

Note 19 – Uncertain Tax Positions

During the ended June 30, 2010, the Association adopted and implemented the provisions of FASB ASC 740-10 (formerly FIN 48). FASB ASC 740-10 requires organizations to determine and assess all material tax positions taken in any income or information returns, including all significant uncertain positions, in all tax years that are still subject to assessment or challenge by relevant taxing authorities. FASB ASC 740-10 addresses the recognition and measurement of income tax positions using a "more-likely-than-not" (MLTN) threshold. The MLTN threshold means that:

- A benefit related to an uncertain tax position may not be recognized in the financial statements unless it is MLTN that the position will be sustained based on its technical merits; and
- There must be more than a 50 percent likelihood that the position would be sustained if challenged and considered by the highest court in the relevant jurisdiction.

Management evaluated all material tax positions as required by FASB ASC 740-10 and determined that this requirement had no impact on the Association's financial statements.

Note 20 – Restatement of Financial Statements

The financial statements for the fiscal year ended June 30, 2009 have been restated to correct for an overstatement of revenues and expenses in the amount of \$1,384,650. These interfund revenues and expenses were transactions which occurred between operating units of the Association, and as such should have been eliminated in arriving at the totals for the Association as a whole. This correction had no effect on total net assets at June 30, 2009 or 2010, or on total change in net assets for the years then ended.

Additionally, the financial statements for the fiscal year ended June 30, 2009 have been restated to correct a \$221,358 classification error of the unamortized bond discount. The discount was improperly reported as a deferred charge and should have been reported as direct deduction from the bond liability. This correction had no effect on total net assets at June 30, 2009 or 2010, or on total change in net assets for the years then ended.

ADDITIONAL INFORMATION FOR
CALIFORNIA STATE UNIVERSITY, FRESNO

CALIFORNIA STATE UNIVERSITY, FRESNO ASSOCIATION, INC.

Schedule of Net Assets

June 30, 2010

(for inclusion in the California State University)

Assets:

Current assets:

Cash and cash equivalents	\$ 14,385,031
Short-term investments	8,297,270
Accounts receivable, net	3,640,855
Pledges receivable, net	4,083,145
Prepaid expenses and other assets	<u>2,041,378</u>
Total current assets	<u>32,447,679</u>

Noncurrent assets:

Restricted cash and cash equivalents	70,979,841
Accounts receivable, net	693,491
Pledges receivable, net	15,383,371
Other long-term investments	1,815,507
Capital assets, net	98,353,126
Other assets	<u>1,275,569</u>
Total noncurrent assets	<u>188,500,905</u>
Total assets	<u>220,948,584</u>

Liabilities:

Current liabilities:

Accounts payable	2,335,619
Accrued salaries and benefits payable	98,906
Accrued compensated absences— current portion	25,000
Deferred revenue	1,106,893
Capitalized lease obligations – current portion	—
Long-term debt obligations – current portion	1,439,673
Other liabilities	<u>2,701,140</u>
Total current liabilities	<u>7,707,231</u>

Noncurrent liabilities:

Accrued compensated absences, net of current portion	192,366
Deferred revenue	378,733
Capitalized lease obligations, net of current portion	68,835,000
Long-term debt obligations, net of current portion	72,913,726
Depository accounts	81,880
Other liabilities	<u>1,544,169</u>
Total noncurrent liabilities	<u>143,945,874</u>
Total liabilities	<u>151,653,105</u>

Net assets:

Invested in capital assets, net of related debt	23,999,727
Restricted for:	
Expendable:	
Debt service	32,117,209
Unrestricted	<u>13,178,543</u>
Total net assets	<u>\$ 69,295,479</u>

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY, FRESNO ASSOCIATION, INC.

Schedule of Revenues, Expenses, and Changes in Net Assets

Year Ended June 30, 2010

(for inclusion in the California State University)

Revenues:

Operating revenues:

Student fees	\$	2,913,000
Sales and services of auxiliary enterprises (net of scholarship allowances of \$0)		25,929,605
Other operating revenues		<u>1,466,841</u>
Total operating revenues		<u>30,309,446</u>

Expenses:

Operating expenses:

Auxiliary enterprise expenses		28,554,940
Depreciation and amortization		<u>4,190,458</u>
Total operating expenses		<u>32,745,398</u>
Operating income (loss)		<u>(2,435,952)</u>

Nonoperating revenues (expenses):

Gifts, noncapital		0
Investment income, net		3,616,888
Interest Expenses		<u>(4,353,611)</u>
Net nonoperating revenues (expenses)		<u>(736,723)</u>
Income (loss) before other additions		(3,172,675)

Grants and gifts, capital

		<u>1,654,270</u>
Increase (decrease) in net assets		(1,518,405)

Net assets:

Net assets at beginning of year		<u>70,813,884</u>
Net assets at end of year	\$	<u><u>69,295,479</u></u>

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY, FRESNO ASSOCIATION, INC.
Other Information
June 30, 2010
(for inclusion in the California State University)

1 Restricted cash and cash equivalents at June 30, 2010:
Portion of restricted cash and cash equivalents related to endowments
All other restricted cash and cash equivalents
Total restricted cash and cash equivalents

\$	—
	70,979,841
\$	70,979,841

2.1 Composition of investments at June 30, 2010:

State of California Local Agency Investment Fund (LAIF)
Debt & Equity securities
Other investments:
Government Mutual Funds
Total investments
Less endowment investments (enter as negative number)
Total investments

Current Unrestricted	Current Restricted	Total Current	Noncurrent Unrestricted	Noncurrent Restricted	Total Noncurrent	Total
8,297,270	—	8,297,270	1,229,247	—	1,229,247	8,297,270
8,297,270	—	8,297,270	586,260	—	586,260	1,229,247
8,297,270	—	8,297,270	1,815,507	—	1,815,507	10,112,777
8,297,270	—	8,297,270	1,815,507	—	1,815,507	10,112,777

2.1 - Restricted noncurrent investments at June 30, 2010 related to:

3 Composition of capital assets at June 30, 2010:

Nondepreciable capital assets:
Construction work in progress (CWIP)
Total nondepreciable capital assets
Depreciable capital assets:
Buildings and building improvements
Personal property:
Equipment
Intangible assets
Total depreciable capital assets
Total cost
Less accumulated depreciation:
Buildings and building improvements
Personal property:
Equipment
Intangible assets
Total accumulated depreciation
Net capital assets

Balance June 30, 2009	Prior period Adjustments	Reclassifications	Balance June 30, 2009 (restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2010
595,134	—	—	595,134	882,140	—	(1,060,259)	417,015
595,134	—	—	595,134	882,140	—	(1,060,259)	417,015
114,770,346	—	—	114,770,346	—	—	74,070	114,844,416
12,445,153	—	—	12,445,153	264,774	(38,568)	986,189	13,657,548
1,046,334	—	—	1,046,334	—	(39,336)	—	1,006,998
128,261,833	—	—	128,261,833	264,774	(77,904)	1,060,259	129,508,962
128,856,967	—	—	128,856,967	1,146,914	(77,904)	—	129,925,977
(19,321,043)	—	—	(19,321,043)	(3,158,428)	—	—	(22,479,471)
(7,861,849)	—	—	(7,861,849)	(845,960)	24,506	—	(8,683,303)
(224,008)	—	—	(224,008)	(186,069)	—	—	(410,077)
(27,406,900)	—	—	(27,406,900)	(4,190,457)	24,506	—	(31,572,851)
101,450,067	—	—	101,450,067	(3,043,543)	(53,398)	—	98,353,126

*See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY, FRESNO ASSOCIATION, INC.

Other Information

June 30, 2010

(for inclusion in the California State University)

Detail of depreciation and amortization expense for the year ended June 30, 2010:

Depreciation and amortization expense related to capital assets	\$ 4,190,457
Amortization expense related to other assets	—
Total depreciation and amortization	<u>\$ 4,190,457</u>

4 Long-term liabilities activity schedule:

	Balance June 30, 2009	Prior period adjustments	Reclassifications	Balance June 30, 2009	Additions	Reductions	Balance June 30, 2010	Current portion	Long-term portion
Accrued compensated absences	262,210	—	—	262,210	25,000	(69,844)	217,366	25,000	192,366
Capitalized lease obligations:									
Gross balance	68,835,000	—	—	68,835,000	—	—	68,835,000	—	68,835,000
Unamortized premium / (discount) on capitalized lease obligations	—	—	—	—	—	—	—	—	—
Total capitalized lease obligations	<u>68,835,000</u>	<u>—</u>	<u>—</u>	<u>68,835,000</u>	<u>—</u>	<u>—</u>	<u>68,835,000</u>	<u>—</u>	<u>68,835,000</u>
Long-term debt obligations:									
Revenue Bonds	75,865,000	—	—	75,865,000	—	(1,380,000)	74,485,000	1,405,000	73,080,000
Commercial Paper	129,250	—	—	129,250	—	(94,577)	34,673	34,673	—
Total long-term debt obligations	<u>75,994,250</u>	<u>—</u>	<u>—</u>	<u>75,994,250</u>	<u>—</u>	<u>(1,474,577)</u>	<u>74,519,673</u>	<u>1,439,673</u>	<u>73,080,000</u>
Unamortized bond premium / (discount)	—	—	(221,358)	(221,358)	—	55,084	(166,274)	—	(166,274)
Unamortized loss on refunding	—	—	—	—	—	—	—	—	—
Total long-term debt obligations, net	<u>75,994,250</u>	<u>—</u>	<u>(221,358)</u>	<u>75,772,892</u>	<u>—</u>	<u>(1,419,493)</u>	<u>74,353,399</u>	<u>1,439,673</u>	<u>72,913,726</u>
Total long-term liabilities	<u>\$ 145,091,460</u>	<u>—</u>	<u>(221,358)</u>	<u>144,870,102</u>	<u>25,000</u>	<u>(1,489,337)</u>	<u>143,403,765</u>	<u>1,464,673</u>	<u>141,941,092</u>

5 Future minimum lease payments:

Year ending June 30:	Principal	Interest	Principal and Interest
2011	—	3,384,169	3,384,169
2012	—	3,384,169	3,384,169
2013	3,400,000	3,300,835	6,700,835
2014	4,595,000	3,114,390	7,709,390
2015	4,485,000	2,892,500	7,377,500
2016 - 2020	9,655,000	12,833,167	22,488,167
2021 - 2025	21,230,000	9,563,833	30,793,833
2026 - 2030	15,195,000	4,270,250	19,465,250
2031 - 2032	10,275,000	534,250	10,809,250
Total minimum lease payments		111,912,563	
Less amounts representing interest		(43,077,563)	
Present value of future minimum lease payments		68,835,000	
Less: current portion		—	
Capitalized lease obligation, net of current portion		<u>\$ 68,835,000</u>	

*See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY, FRESNO ASSOCIATION, INC.

Other Information
June 30, 2010

(for inclusion in the California State University)

6 Long-term debt obligation schedule

Year ending June 30:	Revenue Bonds		All other long-term debt obligations		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 1,405,000	4,277,200	5,682,200	5,717,823	1,439,673	4,278,150
2012	1,660,000	4,195,244	5,855,244	5,855,244	1,660,000	4,195,244
2013	64,860,000	339,884	65,199,884	65,199,884	64,860,000	339,884
2014	410,000	321,248	731,248	731,248	410,000	321,248
2015	430,000	301,377	731,377	731,377	430,000	301,377
2016 - 2020	2,500,000	1,160,214	3,660,214	3,660,214	2,500,000	1,160,214
2021 - 2025	3,220,000	442,971	3,662,971	3,662,971	3,220,000	442,971
Total	\$ 74,485,000	11,038,138	85,523,138	85,523,138	74,519,673	11,039,088

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

	Auxiliary Organizations		Total
	GASB	FASB	Auxiliaries
Capital assets, net of accumulated depreciation	—	98,353,126	98,353,126
Capitalized lease obligations - current portion	—	—	—
Long-term debt obligations - current portion	—	(1,439,673)	(1,439,673)
Long-term debt obligations, net of current portion	—	(72,913,726)	(72,913,726)
Portion of outstanding debt that is unspent at year-end	—	—	—
Other:	—	—	—
(description)	—	—	—
(description)	—	—	—
(description)	—	—	—
(description)	—	—	—
Net assets - invested in capital assets, net of related debt	\$ —	23,999,727	23,999,727

8 Transactions with Related Entities

	Amount
Reimbursements to University for salaries of University personnel working on contracts, grants, and other programs	—
Reimbursements to University for other than salaries of University personnel	—
Payments received from University for services, space, and programs	—
Gifts-in-kind to the University from Auxiliary Organizations	(336,915)
Amounts (payable to) University (enter as negative number)	7,515
Amounts receivable from University	—

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

Not Applicable