

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

2010-11 Annual Report

Approved by the Board of Directors
September 28, 2011

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

For Fiscal Year Ended June 30, 2011

BOARD OF DIRECTORS

Dr. Michael Caldwell	- Chair, Academic Senate
Dr. Carolyn Coon	- President's Designee for Student Affairs
Ms. Selena Farnesi	- Executive Vice President, Associated Students, Inc.
Ms. Selena Farnesi (6/1/11-6/30/11)	- President, Associated Students, Inc.
Ms. Yesenia Carrillo	- Chair, University Student Union Board of Directors
Dr. Ellen Junn	- Associate Provost
Dr. Paul Oliaro	- Vice President for Student Affairs
Mr. Pedro Ramirez (6/1/10-5/31/11)	- President, Associated Students, Inc.
Mr. Craig Parks (6/1/11-6/30/11)	- Executive Vice President, Associated Students, Inc.
Mr. R. Gary Renner	- Community Member
Ms. Cynthia Teniente-Matson	- Vice President for Administration and Chief Financial Officer
Dr. James E. Walton	- Faculty Representative

OFFICERS

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

AUDIT COMMITTEE

Dr. Michael Caldwell	- Chair, Academic Senate
Mr. Marshall Kelley (10/1/10-9/30/12)	- Community Member
Mr. R. Gary Renner (10/1/10-9/30/12)	- Community Member
Ms. Cynthia Teniente-Matson	- Vice President for Administration and Chief Financial Officer

EXECUTIVE STAFF

Ms. Deborah S. Adishian-Astone	- Executive Director
Ms. Kate Tuckness	- Controller

CORPORATE DATA

Executive Offices	- 2771 East Shaw Avenue Fresno, California 93710-8205 Telephone: (559) 278-0800
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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, 2011, 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 2010 financial statements and, in our report dated September 27, 2010, 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the California State University, Fresno Association, Inc.'s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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, Fresno Association, Inc. as of June 30, 2011, 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 conducted for the purpose of forming an opinion on the basic financial statements of California State University, Fresno Association, Inc. as a whole. The information reflected on pages 25 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 financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Price Paige & Company

Clovis, California
September 19, 2011

**CALIFORNIA STATE UNIVERSITY, FRESNO ASSOCIATION, INC.
THE CALIFORNIA STATE UNIVERSITY AUXILIARY ORGANIZATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2011 WITH COMPARATIVE TOTALS FOR 2010**

ASSETS			RESTRICTED	AUXILIARY ACTIVITIES FUND		
	2010 TOTAL	2011 TOTAL	FUND SAVE MART CENTER	COMMERCIAL OPERATIONS	UNIVERSITY COURTYARD	STUDENT UNION/REC CENTER
Current Assets:						
Cash and Cash Equivalents:						
On-Hand and in Commercial Accounts	\$ 1,300,512	\$ 1,787,305	\$ 85,989	\$ 977,605	\$ 517,186	\$ 206,525
Savings Accounts	21,381,789	19,219,368	924,666	10,512,444	5,561,437	2,220,821
Total Cash and Cash Equivalents (Note 3)	22,682,301	21,006,673	1,010,655	11,490,049	6,078,623	2,427,346
Pledges Receivable-Save Mart Center (Note 4)	4,083,145	3,418,339	3,418,339			
Accounts Receivable	3,728,477	11,388,920	2,071,029	1,505,938	7,791,679	20,274
Allowance for Doubtful Accounts	(87,622)	(97,142)		(50,540)	(46,602)	
Inventories	1,581,362	1,577,874		1,561,707		16,167
Deferred Charges	261,428	251,702	198,931		52,771	
Prepaid Expenses and Deferred Charges	198,588	69,821		63,380	6,441	
Total Current Assets	32,447,679	37,616,187	6,698,954	14,570,534	13,882,912	2,463,787
Long Term Assets:						
Pledges Receivable-Save Mart Center (Note 4)	15,383,371	13,849,815	13,849,815			
Funds for Which Use is Restricted (Note 5)	70,979,841	69,076,790	67,765,366		1,311,424	
Investments (Note 7)	2,508,998	2,929,662		2,929,662		
Deferred Charges	1,275,569	1,023,868	549,525		474,343	
Other Assets - Restricted (Note 13)	0	4,190,860	4,190,860			
Total Long Term Assets	90,147,779	91,070,995	86,355,566	2,929,662	1,785,767	
Fixed Assets:						
Buildings and Improvements	114,844,416	114,835,707	102,446,830	1,932,051	10,456,826	
Equipment, Furniture and Fixtures	13,657,548	13,593,067	4,678,961	4,557,906	4,174,111	182,089
Intangible Assets	1,006,998	922,880	882,880	40,000		
Construction in Progress	417,015	444,046	444,046			
Total	129,925,977	129,795,700	108,452,717	6,529,957	14,630,937	182,089
Less Accumulated Depreciation	(31,572,851)	(34,565,172)	(22,966,463)	(3,652,463)	(7,905,204)	(41,042)
Total Fixed Assets, Net	98,353,126	95,230,528	85,486,254	2,877,494	6,725,733	141,047
Total Assets	\$ 220,948,584	\$ 223,917,710	\$ 178,540,774	\$ 20,377,690	\$ 22,394,412	\$ 2,604,834

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, 2011 WITH COMPARATIVE TOTALS FOR 2010**

<u>LIABILITIES AND NET ASSETS</u>	2010 TOTAL	2011 TOTAL	RESTRICTED FUND	<u>AUXILIARY ACTIVITIES FUND</u>		
			SAVE MART CENTER	COMMERCIAL OPERATIONS	UNIVERSITY COURTYARD	STUDENT UNION/REC CENTER
Liabilities:						
Current Liabilities:						
Accounts Payable & Other Accrued Liabilities	\$ 2,651,891	\$ 4,111,284	\$ 1,335,958	\$ 1,563,231	\$ 632,418	\$ 579,677
Bonds Payable (Note 5)	1,353,081	1,660,000	1,285,000		375,000	
Deferred Revenue	1,106,893	8,861,371	815,740	67,397	7,978,234	
Notes and Installment Contracts (Note 9)	34,673	-				
Interest Payable on Bonds	2,137,112	2,103,781	1,952,000		151,781	
Interest Payable on Capital Lease Obligations	564,028	2,256,112	2,256,112			
Agency Funds	81,880	54,375		0	54,369	6
Total Current Liabilities	7,929,558	19,046,923	7,644,810	1,630,628	9,191,802	579,683
Long-Term Liabilities:						
Accounts Payable	1,544,169	1,435,349		1,435,349		
Bonds Payable (Note 5)	72,965,645	71,305,645	64,407,188		6,898,457	
Capitalized Lease Obligations (Note 6)	68,835,000	68,835,000	68,835,000			
Deferred Revenue	378,733	0	0			
Notes and Installment Contracts (Note 9)	0	0				
Total Long-Term Liabilities	143,723,547	141,575,994	133,242,188	1,435,349	6,898,457	0
TOTAL LIABILITIES	151,653,105	160,622,917	140,886,998	3,065,977	16,090,259	579,683
NET ASSETS:						
Unrestricted	23,366,120	25,641,017		17,311,713	6,304,153	2,025,151
Temporarily Restricted (Note 16)	45,929,359	37,653,776	37,653,776			
Total Net Assets	69,295,479	63,294,793	37,653,776	17,311,713	6,304,153	2,025,151
TOTAL LIABILITIES AND NET ASSETS	\$ 220,948,584	\$ 223,917,710	\$ 178,540,774	\$ 20,377,690	\$ 22,394,412	\$ 2,604,834

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, 2011 WITH COMPARATIVE TOTALS FOR 2010

	2010 TOTAL	2011 TOTAL	RESTRICTED FUND		COMMERCIAL OPERATIONS				UNIVERSITY COURTYARD	STUDENT FEE OPERATIONS			
			INTRAFUND ELIMINATIONS	SAVE MART CENTER	BOOKSTORE	FOOD SERVICES	ADMIN	TOTAL		REC CENTER	STUDENT UNION	TOTAL	
Revenue:													
Gross Sales	\$ 28,842,605	\$ 28,027,211	\$ (1,386,552)	\$ 907,375	\$ 10,537,529	\$ 7,149,667	1,939,555	\$ 19,626,751	\$ 5,417,777	\$ 1,220,041	\$ 2,241,819	\$ 3,461,860	
Contributions	1,654,270	1,334,160		1,329,160						5,000			
Other Income	5,083,729	5,058,585		4,016,465	203,812	52,251	654,227	910,290	108,355	8,421	15,054	23,475	
Total Revenues	35,580,604	34,419,956	(1,386,552)	6,253,000	10,741,341	7,201,918	2,593,782	20,537,041	5,526,132	1,233,462	2,256,873	3,490,335	
Expenses and Losses:													
Cost of Goods Sold	9,900,670	10,062,465			7,567,524	2,494,941		10,062,465					
Salaries/Wages	5,757,280	5,957,194			1,094,964	1,587,330	1,218,798	3,901,092	712,096	498,170	845,836	1,344,006	
Employee Benefits	2,130,871	2,712,804			575,954	552,894	675,818	1,804,666	237,709	198,732	471,697	670,429	
Administration-Food Services	259,881	299,546	(255,388)			554,934		554,934					
Advances to SMG	492,323	2,124,959		2,124,959									
Advertising/Printing	68,528	81,832		419	8,149	29,208		37,357	31,582	6,025	6,449	12,474	
Athletic Corporation Entitlements	312,495	283,102		283,102									
Audit/Legal Expense	218,642	174,024		127,007					89				
Bad Debt Expense	42,011	52,960			2,038	32,158		34,196	18,739		25	25	
Bank Charges	12,376	17,123						17,123					
Bond Expenses	335,040	322,977		253,870					69,107				
Capital Lease Expense	3,384,169	3,384,169		3,384,169									
Chancellor's Office Fee	29,810	9,526					9,526	9,526					
Computer Supplies/Expense	80,754	87,191			14,277			27,011	37,753	9,415	13,012	22,427	
Consulting	1,723	4,400					4,400	4,400					
Contract Services	1,013,000	1,047,148				102,800		102,800	880,480	63,868		63,868	
Credit Card Fees	265,172	293,616		232	161,964	77,059		239,023	48,227	1,389	4,745	6,134	
Depreciation/Amortization	4,190,458	4,203,134		3,111,957	44,550	253,453	110,008	408,011	654,972	2,222	25,972	28,194	
Dues/Memberships/Subscriptions	22,091	23,675			6,181	517	5,656	12,354	1,200	1,496	8,625	10,121	
Employee Recruitment	2,221	8,907				485	6,819	7,304	444	63	1,096	1,159	
Equipment Purchased	32,019	34,185								16,175	18,010	34,185	
Housing Incentives	31,443	14,360							14,360				
Insurance	506,485	503,035		267,952	53,053		12,699	65,752	135,907	13,556	19,868	33,424	
Interest Expense	4,353,611	4,277,860		3,904,000		308		308	373,552				
Janitorial/Sanitation	100,417	75,325				40,463		40,463	16,276	18,586		18,586	
Laundry	59,956	65,814				45,385		45,385	20,279	150		150	
Licenses/Permits/Fees	119,914	121,039		360	6,565	13,048	70,343	89,956	30,565		158	158	
Management Services Fee	-	-	(831,164)		255,388			255,388	255,388	65,000	255,388	320,388	
Miscellaneous	70,390	58,119		274	3,511	18,306	7,205	29,022	10,785	16,057	1,981	18,038	
Non-Student Tax	11,674	11,903				11,903		11,903					
Obsolete Merchandise	66,465	26,895			26,895			26,895					
Office Supplies	113,283	117,835			37,421	10,527	24,920	72,868	27,295	1,851	15,821	17,672	
Paper Supplies	228,389	236,807				145,021		145,021	60,398		31,388	31,388	
Possessory Interest Tax	-	867,763		867,763									
Postage/Freight	41,766	19,894			(7,878)	769	13,213	6,104	13,514		276	276	
Rent/Rental	225,253	128,387			35,436	33,486	40,789	109,711	11,057	7,619		7,619	
Repairs/Maintenance	542,134	571,894		3,595	49,940	185,626	57,255	292,821	136,481	34,579	104,418	138,997	
Resident Advisor Meals	148,077	157,789				92,041		92,041	65,748				
Royalties	111,943	117,237				117,237		117,237					
Save Mart Seat Licenses	-	-	(300,000)								300,000	300,000	
Security Services	66,363	71,439					30,114	30,114			41,325	41,325	
Smallwares	40,646	71,868		3,300		46,640		46,640	21,928				
Student Programs	81,471	72,143								1,092	71,051	72,143	
Telephone/Communications	52,163	50,537			8,303	9,331	7,716	25,350	13,967	5,572	5,648	11,220	

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, 2011 WITH COMPARATIVE TOTALS FOR 2010

	2010 TOTAL	2011 TOTAL	RESTRICTED FUND		COMMERCIAL OPERATIONS				UNIVERSITY COURTYARD	STUDENT FEE OPERATIONS		
			INTRAFUND ELIMINATIONS	SAVE MART CENTER	BOOKSTORE	FOOD SERVICES	ADMIN	TOTAL		REC CENTER	STUDENT UNION	TOTAL
Travel/Training	59,447	41,857			450	2,482	14,005	16,937	14,986	1,802	8,132	9,934
University Donations	281,537	282,952		15,624	1,648	74,902	190,778	267,328				
USU Co-Sponsorships	13,321	7,046									7,046	7,046
Utilities	1,186,290	1,225,111			22,994	159,943	16,935	199,872	534,858	400,968	89,413	490,381
Warehouse Expense	(3,197)	2,562				2,562		2,562				
Wilkinson Group Fee	180,000	180,000		180,000								
Total Expenses and Losses	37,240,775	40,562,408	(1,386,552)	14,528,583	9,969,327	6,695,759	2,593,782	19,258,868	4,449,742	1,364,387	2,347,380	3,711,767
Excess (Deficit) of Revenues Over Expenses and Losses	(1,660,171)	(6,142,452)	0	(8,275,583)	772,014	506,159	0	1,278,173	1,076,390	(130,925)	(90,507)	(221,432)
Transfers (Out) In	-	-	-	-	-	-	-	-	-	-	-	-
Increase (Decrease) in Net Assets	(1,660,171)	(6,142,452)	0	(8,275,583)	772,014	506,159	0	1,278,173	1,076,390	(130,925)	(90,507)	(221,432)
Transition Obligation												
Unamortized Transition Obligation	-	-	-	-	-	-	-	-	-	-	-	-
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	\$ (1,518,405)	\$ (6,000,686)	\$ -	\$ (8,275,583)	\$ 801,895	\$ 587,142	\$ 16,020	\$ 1,405,057	\$ 1,076,719	\$ (130,925)	\$ (75,954)	\$ (206,879)
Net Assets at Beginning of Year, Unrestricted	\$19,631,229	\$23,366,120						\$15,906,656	\$5,227,434			\$2,232,030
Increase (Decrease) in Net Assets, Unrestricted	3,734,891	2,274,897						1,405,057	1,076,719			(206,879)
Net Assets at End of Year, Unrestricted	\$23,366,120	\$25,641,017						\$17,311,713	\$6,304,153			\$2,025,151
Net Assets at Beginning of Year, Temporarily Restricted	\$51,182,655	\$45,929,359		\$45,929,359								
Decrease in Net Assets	(5,253,296)	(8,275,583)		(8,275,583)								
Net Assets at End of Year, Temporarily Restricted	\$45,929,359	\$37,653,776		\$37,653,776								

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 CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2011 WITH COMPARATIVE TOTALS FOR 2010

	TOTAL	
	2010	2011
Cash Flows From Operating Activities		
Decrease in Net Assets	\$ (1,518,405)	\$ (6,000,686)
Adjustment to Reconcile Decrease in Net Assets to Net Cash Provided by Operating Activities		
Realized and Unrealized (Gain) Loss on Investments	(258,067)	(420,664)
Provision for Doubtful Accounts	(13,918)	9,520
Depreciation	4,190,458	4,203,134
Amortization	326,791	313,347
Loss on Disposal of Fixed Assets	43,606	83,504
Changes in:		
Accounts Receivable	(408,817)	(7,660,442)
Pledges Receivable-Save Mart Center	1,868,755	2,198,362
Inventories	7,743	3,489
Prepaid Expenses and Deferred Charges	(131,480)	128,766
Other Assets - Deposits	0	(4,190,860)
Accounts Payable and Other Accrued Liabilities	(533,091)	1,350,598
Deferred Revenue	(345,885)	7,389,425
Interest Payable on Bonds	(31,410)	(33,331)
Interest Payable on Capital Lease Obligations	0	1,692,083
Agency Funds	(7,439)	(27,506)
Net Cash Provided by Operating Activities	3,188,841	(961,261)
 Cash Flows From Investing Activities		
Acquisition of Fixed Assets	(1,137,098)	(1,177,745)
 Cash Flows from Financing Activities		
Decrease in Funds For Which Use is Restricted	1,864,206	1,903,051
Principal Payments on Notes and Installment Contracts	(94,577)	(34,673)
Principal Payment on Bonds Payable	(1,380,000)	(1,405,000)
Net Cash Provided by Financing Activities	389,629	463,378
 Net Increase (Decrease) in Cash	2,441,372	(1,675,628)
 Cash and Cash Equivalents, Beginning of Year	20,240,929	22,682,301
 Cash and Cash Equivalents, End of Year	\$22,682,301	\$21,006,673
 Supplemental Disclosure of Cash Flow Information		
Cash Paid During the Year for Interest	\$ 4,385,023	\$ 2,619,107

The accompanying notes are an integral part of the financial statements

CALIFORNIA STATE UNIVERSITY, FRESNO ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010 and 2011

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.

Note 2 – Summary of Significant Accounting Policies, continued

Deferred Revenue

Income from the University and housing rent, board and summer conferences are deferred and recognized over the periods to which the University and housing activities 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, 2010, 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. Included in accounts receivable for June 30, 2011 are amounts relating to housing deferred revenue billed in advance for fiscal year 2012 for room, board and summer conferences. Allowances for doubtful accounts in the amounts of \$87,622 and \$97,142 have been established as of June 30, 2010 and 2011, 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.

Deferred Charges

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 in fiscal year 2010 and \$5,000 in fiscal year 2011.

Fair Value of Financial Instruments

GAAP requires disclosure of an estimate of fair value of certain financial instruments. The Association's significant financial instruments are cash, accounts receivable, funds for which use is restricted, investments, and other short-term assets and liabilities. For these financial instruments, carrying values approximate fair value.

Note 2 – Summary of Significant Accounting Policies, continued

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, 2009.

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 \$68,528 and \$81,832 in 2010 and 2011, 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 2010 amounts have been reclassified to conform with the 2011 financial statement presentation. Included in the reclassified amounts is an investment in the amount of \$693,491 held with the California State University, Fresno Foundation (the Foundation). For the year ended June 30, 2010, the amount was reported as an accounts receivable from the Foundation, and for the year ended June 30, 2011 is reported as an investment under the long term asset section of the Statement of Financial Position. This reclassification had no effect on total net assets at June 30, 2010 or June 30, 2011, or on total change in net assets for the years then ended.

Note 3 – Cash and Cash Equivalents

Cash at June 30 consisted of the following	<u>2010</u>	<u>2011</u>
Deposits:		
Cash on hand and in banks	\$14,385,031	\$6,667,193
Pooled Funds:		
Cash in State of California Local Agency Investment Fund	<u>8,297,270</u>	<u>14,339,480</u>
Total	<u>\$22,682,301</u>	<u>\$21,006,673</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

The Association maintains cash balances at one financial institution located in Fresno, California. The Federal Deposit Insurance Corporation (FDIC) insures cash balances held in interest-bearing accounts up to \$250,000 at June 30, 2010 and 2011 respectively. In addition, the FDIC insures cash balances held in noninterest-bearing accounts for unlimited amounts with coverage provided for the time period December 31, 2010 through December 31, 2012. At June 30, 2010 and 2011, the Association's uninsured cash balances totaled \$13,907,297 and \$4,629,888 respectively.

Note 4 – Pledges Receivable-Save Mart Center

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

	<u>2010</u>	<u>2011</u>
Unconditional Promises to Give Before Unamortized Discount	\$30,057,569	\$26,624,382
Less: Unamortized Discount	<u>(10,591,053)</u>	<u>(9,356,228)</u>
Net Unconditional Promises to Give	<u>\$19,466,516</u>	<u>\$17,268,154</u>
Amounts Due in:		
One Year	\$4,083,145	\$3,418,339
Two to Five Years	6,896,486	5,971,667
More Than Five Years	<u>8,486,885</u>	<u>7,878,148</u>
Total	<u>\$19,466,516</u>	<u>\$17,268,154</u>

The discount rate used to calculate the present value of promises to give is 7% for 2010 and 2011.

Note 5 - Revenue Bonds

Long term bonds payable at June 30, 2011 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, 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	450,000	5.023%
February 1, 2017 to February 1, 2025	<u>5,270,000</u>	5.023%
	<u>\$7,325,000</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, 2011	\$100,000	6.75%
July 1, 2012	<u>4,340,000</u>	6.75%
	<u>\$4,440,000</u>	

Note 5 – Revenue Bonds, continued

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Coupon</u>
Senior Bonds-Save Mart Center		
July 1, 2011	\$1,185,000	5.00%
July 1, 2012	<u>60,130,000</u>	5.00%
	<u>\$61,315,000</u>	

The bond agreements set forth numerous financial covenants and compliance requirements. The Association met all covenants and compliance requirements at June 30, 2010 and 2011.

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>
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
2016	450,000	280,322	730,322
Thereafter	<u>5,270,000</u>	<u>1,322,862</u>	<u>6,592,862</u>
	<u>7,325,000</u>	<u>2,922,937</u>	<u>10,247,937</u>
Unamortized Discounts	<u>(51,544)</u>	<u>0</u>	<u>(51,544)</u>
	<u>\$7,273,456</u>	<u>\$2,922,937</u>	<u>\$10,196,393</u>

Subordinate Series 2002 Bonds-Save Mart Center

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$100,000	\$299,587	\$ 399,587
2013	<u>4,340,000</u>	<u>0</u>	<u>4,340,000</u>
	<u>4,440,000</u>	<u>299,587</u>	<u>4,739,587</u>
Unamortized Discounts	<u>(22,013)</u>	<u>0</u>	<u>(22,013)</u>
	<u>\$4,417,987</u>	<u>\$299,587</u>	<u>\$4,717,574</u>

Senior Series 2002 Bonds-Save Mart Center

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$1,185,000	\$3,538,413	\$ 4,723,413
2013	<u>60,130,000</u>	<u>0</u>	<u>60,130,000</u>
	<u>61,315,000</u>	<u>3,538,413</u>	<u>64,853,413</u>
Unamortized Discounts	<u>(40,798)</u>	<u>0</u>	<u>(40,798)</u>
	<u>\$61,274,202</u>	<u>\$3,538,413</u>	<u>\$64,812,615</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>2010</u>	<u>2011</u>
Funds held by Trustee (Save Mart Center Bonds)	\$69,709,782	\$67,765,366
U.S. Bank:		
Debt Service Reserve Funds (Refunding Revenue Bonds)	\$1,270,059	\$1,311,424
Long Term Funds	<u>\$70,979,841</u>	<u>\$69,076,790</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 2010-11 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>
2012	\$0	\$5,640,281	\$5,640,281
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
2018	1,900,000	2,567,917	4,467,917
Thereafter	<u>50,725,000</u>	<u>19,009,167</u>	<u>69,734,167</u>
	<u>\$68,835,000</u>	<u>\$41,949,507</u>	<u>\$110,784,507</u>

Note 7 – Investments

Long-Term investments at June 30, 2010 consist of the following (reclassified see Note 2):

	<u>Common Fund</u>	<u>Mutual Funds</u>	<u>Total</u>
Investments in securities at market value at beginning of year	\$1,094,899	\$1,156,032	\$2,250,931
Return on investments designated by the Board, net of investment expenses of \$5,121:			
Dividends and interest	16,142	45,807	61,949
Net unrealized and realized gains/(losses)	<u>134,348</u>	<u>99,824</u>	<u>234,172</u>
Total return on investments (included in other income in the Statements of Activities)	150,490	145,631	296,121
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>\$1,279,751</u>	<u>\$2,508,998</u>

Long-Term investments at June 30, 2011 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	\$1,229,247	\$1,279,751	\$2,508,998
Return on investments designated by the Board, net of investment expenses of \$5,853:			
Dividends and interest	18,612	47,340	65,952
Net unrealized and realized gains/(losses)	<u>311,035</u>	<u>85,465</u>	<u>396,500</u>
Total return on investments (included in other income in the Statements of Activities)	329,647	132,805	462,452
Withdrawals from Investments	<u>(18,612)</u>	<u>(23,176)</u>	<u>(41,788)</u>
Investment in securities at market value at end of year	<u>\$1,540,282</u>	<u>\$1,389,380</u>	<u>\$2,929,662</u>

Note 8 – Fair Value Measurements

Effective May 1, 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			
	<u>Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>2010 (reclassified-Note 2)</u>				
Investments –Mutual Funds	\$ 1,279,751	\$ 1,279,751	\$ 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>\$44,657,715</u>	<u>\$23,962,052</u>	<u>\$1,229,247</u>	<u>\$19,466,516</u>
<u>2011</u>				
Investments –Mutual Funds	\$ 1,389,380	\$ 1,389,380	\$ 0	\$ 0
Investments –Multi Strategy				
Equity Fund	1,540,282	0	1,540,282	0
Cash and Cash Equivalents	21,006,673	21,006,673	0	0
Pledges Receivable-SMC	<u>17,268,154</u>	<u>0</u>	<u>0</u>	<u>17,268,154</u>
Totals	<u>\$41,204,489</u>	<u>\$22,396,053</u>	<u>\$1,540,282</u>	<u>\$17,268,154</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>2010</u>	<u>2011</u>
Pledges Receivable – Save Mart Center:		
Balance, July 1,	\$21,335,271	\$19,466,516
New Pledges	548,517	601,100
Pledge payments received	(3,523,146)	(3,527,522)
Write-off	(287,846)	(506,765)
Change in present value discount	<u>1,393,720</u>	<u>1,234,825</u>
Balance, June 30,	<u>\$19,466,516</u>	<u>\$17,268,154</u>

Note 9 – Notes and Installment Contracts

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

	<u>2010</u>	<u>2011</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	\$34,673	\$0
Amounts Due Within One Year	<u>34,673</u>	<u>0</u>
Long Term Portion of Obligation	<u>\$ 0</u>	<u>\$0</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 cost-sharing 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 2010/2011 was 10.233%. 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 2010/2011, California State University, Fresno Association, Inc.’s annual pension cost of \$424,306 was equal to the Association’s required and actual contributions. The total pension cost for both employee and employer contributions was \$702,118. The required contribution for fiscal year 2010/2011 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 6/30/09	\$396,741	100%	\$0
6/30/10	\$387,723	100%	\$0
6/30/11	\$424,306	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 Value of Assets	Pooled Unfunded Liabilities (UL)	Funded Ratio	Pooled Annual Covered Payroll	UL as a % of Payroll
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%
6/30/09	3,104,798,222	2,758,511,101	346,287,121	88.9%	742,981,488	46.6%

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, 2011, 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, 2010			<u>\$2,064,169</u>	<u>\$708,764</u>
Recognition of components of net periodic post-retirement benefit cost:				
Service cost (benefit)	\$345,667		487,433	
Interest cost	67,770		67,770	
Amortization of transition obligation	<u>141,766</u>	<u>141,766</u>	(141,766)	(141,766)
Total	<u>\$ 555,203</u>			
Benefit payments			<u>(502,257)</u>	
Net Change		<u>\$141,766</u>	<u>(88,820)</u>	<u>(141,766)</u>
June 30, 2011			<u>\$1,975,349</u>	<u>\$566,998</u>

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

	2010	2011
Current portion	\$520,000	\$540,000
Long-term portion	<u>1,544,169</u>	<u>1,435,349</u>
	<u>\$2,064,169</u>	<u>\$1,975,349</u>

The funded status of the plan is the following:

Accrued post-retirement benefit obligation	\$2,064,169	\$1,975,349
Plan assets	<u>0</u>	<u>0</u>
Unfunded plan obligation	<u>\$2,064,169</u>	<u>\$1,975,349</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 2010 and 2011 were \$448,632 and \$502,257, respectively. Benefits expected to be paid for future years is as follows:

Year Ended June 30:	
2012	\$ 540,000
2013	560,000
2014	580,000
2015	600,000
2016	620,000
2017-2021	<u>3,400,000</u>
Total	<u>\$6,300,000</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.
- Use of southeast corner of second floor of Henry Madden Library (Starbucks store), between the Trustees of the CSU, expiring June 30, 2013.
- 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 May 1, 2031.
- Use of West Complex/SRC, between the Trustees of the CSU, expiring June 30, 2016.
- 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, 2011.
- In November 2010, the Association renewed a lease for copier equipment from TCM Investments for the Kennel Bookstore-Copy Center under an operating lease, which terminates June 30, 2014 at \$2,204 per month. Future minimum lease payments on the copier are as follows:

Year Ended June 30:	
2012	\$26,448
2013	26,448
2014	<u>26,448</u>
Total	<u>\$79,344</u>

Rent expense for 2009/10 was \$75,098 and 2010/11 was \$63,282, 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, 2010 were \$351,608 and \$140,715, respectively. Advances to SMG for the management fee/operating expenses and incentive fee for the year ended June 30, 2011 were \$1,998,556 and \$126,403, 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 one legal action.

Land Value 77, LLC, et al. v. Board of Trustees of the CSU, CSU Fresno Association, Inc., et al; Fresno County Superior Court Case #07CECG02872: 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 Section 1090 regarding the approval and advancement of the Campus Pointe real estate development project to be located on the Fresno State Campus. A decision was rendered in July of 2009 upholding a portion of Petitioner's claims; and in part affirmed and in part reversed in February 2011 by the California Court of Appeal. Litigation on this matter has not yet concluded, and the ultimate effect of such litigation is not yet ascertainable.

In addition to the above, the Association has an unliquidated claim against the County of Fresno for a refund of excess possessory interest taxes paid to the County in the amount of \$4,190,860 for tax years 2003-2006 inclusive. Though the amount paid was in conformity with the determination of the Fresno County Assessment Appeals Board ("AAB") for years 2003-2006, the Association maintains that the determination of the AAB in this matter is not in conformity with existing law, and will maintain a request for refund that ultimately if denied by the County, will be subject to judicial review.

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, 2010 and 2011:

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, 2010 and June 30, 2011 were \$570,700 and \$589,700, respectively, allocated on the basis of gross revenue and services rendered. The Agricultural Foundation's administrative fees for the years ended June 30, 2010 and June 30, 2011 were \$119,700 and \$120,800, respectively, based on services rendered. The Programs for Children's administrative fees for the years ended June 30, 2010 and June 30, 2011 were \$71,600 and \$75,200, respectively, based on services rendered. The Associated Students administrative fees for the years ended June 30, 2010 and June 30, 2011 were \$51,000 and \$53,600, 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 \$965,967 and \$898,399 for the years ended June 30, 2010 and June 30, 2011, respectively.

The amount due to the Association from the Foundation for miscellaneous expenses was \$8,031 and \$1,767 for the years ended June 30, 2010 and June 30, 2011, respectively.

The amount due to the Association from the Agricultural Foundation for miscellaneous expenses was \$2,809 and \$750 for the years ended June 30, 2010 and June 30, 2011, respectively. The amount due to the Agricultural Foundation for miscellaneous expenses was \$10,000 and \$0 for the years ended June 30, 2010 and June 30, 2011, respectively.

The amount receivable from the University was \$7,515 and \$0 for the years ended June 30, 2010 and June 30, 2011 respectively.

The amount payable to the University was \$336,915 and \$368,265 for the years ended June 30, 2010 and June 30, 2011 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>2010</u> <u>\$12,048,548</u>	<u>2011</u> <u>\$13,817,078</u>
Total Liabilities	\$ 621,493	\$ 574,416
Fund Balance	<u>11,427,055</u>	<u>13,242,662</u>
Total Liabilities and Fund Balance	<u>\$12,048,548</u>	<u>\$13,817,078</u>
Total Revenues (Deficit)	\$ 3,529,570	\$ 4,635,570
Total Claims and Expenses	(2,570,669)	(2,635,876)
Distribution of Reserves to Members	<u>(23,921)</u>	<u>(184,086)</u>
Decrease in Total Fund Balance	<u>\$(934,980)</u>	<u>\$ (1,815,608)</u>

The Association's share of the Trust's Fund Balance at June 30, 2010 and June 30, 2011 was \$584,000 and \$686,120, respectively.

Effective July 1, 2011, the Association will transition the program from the Auxiliary Organizations Unemployment Insurance Trust to the California State University Risk Management Authority AORMA Unemployment Insurance Program (UIP).

The amount due to the Association at June 30, 2011 from the Trust is \$129,237 which represents a distribution of reserve funds above the required safe level. Full dissolution of the Trust is expected by December 2012 at which time distribution of residual reserve funds in excess of the safe level is anticipated.

Note 16 – Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2010 and 2011 are available for the following:

Save Mart Center	<u>2010</u> <u>\$45,929,359</u>	<u>2011</u> <u>\$37,653,776</u>
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Net assets released from donor restrictions by incurring expenses satisfying the restricted purposes during the year ended June 30, 2011 are:

Save Mart Center	<u>\$9,604,743</u>
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Note 17 - Expenses by Natural Classification

For The Years Ended June 30:

Expenses	2010			2011		
	Program	General & Administrative	Total	Program	General & Administrative	Total
Cost of Goods Sold	\$9,900,670		\$9,900,670	\$10,062,465		\$10,062,465
Salaries/Wages	4,683,285	\$1,073,995	5,757,280	4,738,396	\$1,218,798	5,957,194
Employee Benefits	1,682,467	448,404	2,130,871	2,036,986	675,818	2,712,804
Administration-Food Services	259,881		259,881	299,545		299,545
Advances to SMG	492,323		492,323	2,124,959		2,124,959
Advertising/Printing	68,528		68,528	81,832		81,832
Athletic Corporation Entitlements	312,495		312,495	283,102		283,102
Audit/Legal Expense	176,828	41,814	218,642	127,096	46,928	174,024
Bad Debt Expense	42,011		42,011	52,960		52,960
Bank Charges	0	12,376	12,376	0	17,123	17,123
Bond Expenses	335,040		335,040	322,977		322,977
Capital Lease Expense	3,384,169		3,384,169	3,384,169		3,384,169
Chancellor's Office Fee	29,810		29,810	9,526		9,526
Computer Supplies/Expense	68,494	12,260	80,754	74,457	12,734	87,191
Consulting	0	1,723	1,723	0	4,400	4,400
Contract Services	1,013,000		1,013,000	1,047,148		1,047,148
Credit Card Fees	265,172		265,172	293,616		293,616
Depreciation/Amortization	4,090,891	99,567	4,190,458	4,093,126	110,008	4,203,134
Dues/Memberships/Subscriptions	18,259	3,832	22,091	18,019	5,656	23,675
Employee Recruitment	754	1,467	2,221	2,088	6,819	8,907
Equipment Purchased	32,019		32,019	34,185		34,185
Housing Incentives	31,443		31,443	14,360		14,360
Insurance	494,385	12,100	506,485	490,336	12,699	503,035
Interest Expense	4,353,611		4,353,611	4,277,860		4,277,860
Janitorial/Sanitation	100,417		100,417	75,325		75,325
Laundry	59,956		59,956	65,814		65,814
Licenses/Permits/Fees	53,123	66,791	119,914	50,696	70,343	121,039
Miscellaneous	61,811	8,579	70,390	50,916	7,204	58,120
Non-Student Tax	11,674		11,674	11,903		11,903
Obsolete Merchandise	66,465		66,465	26,895		26,895
Office Supplies	93,004	20,279	113,283	92,915	24,920	117,835
Paper Supplies	228,389		228,389	236,807		236,807
Possessory Interest Tax	0		0	867,763		867,763
Postage/Freight	27,858	13,908	41,766	6,681	13,213	19,894
Rent/Rental	184,062	41,191	225,253	87,598	40,789	128,387
Repairs/Maintenance	483,610	58,524	542,134	514,639	57,255	571,894
Resident Advisors Meals	148,077		148,077	157,789		157,789
Royalties	111,943		111,943	117,237		117,237
Security Services	38,469	27,894	66,363	41,325	30,114	71,439
Smallwares	40,646		40,646	71,868		71,868
Student Programs	81,471		81,471	72,143		72,143
Telephone/Communications	44,369	7,794	52,163	42,821	7,716	50,537
Travel/Training	44,112	15,335	59,447	27,852	14,005	41,857
University Donations	82,379	199,158	281,537	92,175	190,777	282,952
USU Co-Sponsorships	13,321		13,321	7,046		7,046
Utilities	1,165,796	20,494	1,186,290	1,208,176	16,935	1,225,111
Warehouse Expense	(3,197)		(3,197)	2,562		2,562
Wilkinson Group Fee	180,000		180,000	180,000		180,000
Totals	\$35,053,290	\$2,187,485	\$37,240,775	\$37,978,154	\$2,584,254	\$40,562,408

Note 18 – Subsequent Events

Subsequent events have been evaluated through September 19, 2011, which is the date the financial statements were available to be issued, noting no matters requiring disclosure in the financial statements for the year ended June 30, 2011.

Note 19 – Uncertain Tax Positions

Generally Accepted Accounting Principles (GAAP) 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. GAAP 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 GAAP and determined that this requirement had no impact on the Association's financial statements.

ADDITIONAL INFORMATION FOR
CALIFORNIA STATE UNIVERSITY, FRESNO

CALIFORNIA STATE UNIVERSITY, FRESNO ASSOCIATION, INC.

Schedule of Net Assets

June 30, 2011

(for inclusion in the California State University)

Assets:

Current assets:

Cash and cash equivalents	\$ 6,667,193
Short-term investments	14,339,480
Accounts receivable, net	11,291,778
Pledges receivable, net	3,418,339
Prepaid expenses and other assets	<u>1,899,397</u>
Total current assets	<u>37,616,187</u>

Noncurrent assets:

Restricted cash and cash equivalents	69,076,790
Accounts receivable, net	-
Pledges receivable, net	13,849,815
Other long-term investments	2,929,662
Capital assets, net	95,230,528
Other assets	<u>5,214,728</u>
Total noncurrent assets	<u>186,301,523</u>

Total assets	<u>223,917,710</u>
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Liabilities:

Current liabilities:

Accounts payable	3,493,110
Accrued salaries and benefits payable	377,363
Accrued compensated absences— current portion	25,000
Deferred revenue	8,861,371
Capitalized lease obligations – current portion	-
Long-term debt obligations – current portion	1,660,000
Other liabilities	<u>4,359,893</u>
Total current liabilities	<u>18,776,737</u>

Noncurrent liabilities:

Accrued compensated absences, net of current portion	215,811
Deferred revenue	-
Capitalized lease obligations, net of current portion	68,835,000
Long-term debt obligations, net of current portion	71,305,645
Depository accounts	54,375
Other liabilities	<u>1,435,349</u>
Total noncurrent liabilities	<u>141,846,180</u>

Total liabilities	<u>160,622,917</u>
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Net assets:

Invested in capital assets, net of related debt	19,122,072
Restricted for:	
Expendable:	
Debt service	3,384,601
Unrestricted	<u>40,788,120</u>
Total net assets	<u>\$ 63,294,793</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, 2011

(for inclusion in the California State University)

Revenues:

Operating revenues:

Student fees	\$	2,414,000
Sales and services of auxiliary enterprises (net of scholarship allowances of \$0)		25,613,211
Other operating revenues		<u>1,420,066</u>
Total operating revenues		<u>29,447,277</u>

Expenses:

Operating expenses:

Auxiliary enterprise expenses		31,939,649
Depreciation and amortization		<u>4,203,134</u>
Total operating expenses		<u>36,142,783</u>
Operating income (loss)		<u>(6,695,506)</u>

Nonoperating revenues (expenses):

Gifts, noncapital		0
Investment income, net		3,638,520
Interest Expenses		<u>(4,277,860)</u>
Net nonoperating revenues (expenses)		<u>(639,340)</u>
Income (loss) before other additions		(7,334,846)

Grants and gifts, capital

		<u>1,334,160</u>
Increase (decrease) in net assets		(6,000,686)

Net assets:

Net assets at beginning of year		<u>69,295,479</u>
Net assets at end of year	\$	<u><u>63,294,793</u></u>

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY, FRESNO ASSOCIATION, INC.
Other Information
June 30, 2011
(for inclusion in the California State University)

1 Restricted Cash and Cash Equivalents at June 30,2011:

Portion of restricted cash and cash equivalents related to endowments	\$ —
All other restricted cash and cash equivalents	69,076,790
Total restricted cash and cash equivalents	\$ 69,076,790

2.1 Composition of Investments at June 30,2011:

	Current Unrestricted	Current Restricted	Total Current	Noncurrent Unrestricted	Noncurrent Restricted	Total Noncurrent	Total
State of California Local Agency Investment Fund (LAIF)	\$ 14,339,480	\$ —	\$ 14,339,480	\$ —	\$ —	\$ —	\$ 14,339,480
Debt & Equity securities	—	—	—	1,540,282	—	1,540,282	1,540,282
Other investments:							
Mutual Funds	—	—	—	1,389,380	—	1,389,380	1,389,380
Total investments	14,339,480	—	14,339,480	2,929,662	—	2,929,662	17,269,142
Less endowment investments (enter as negative number)							
Total investments	\$ 14,339,480	\$ —	\$ 14,339,480	\$ 2,929,662	\$ —	\$ 2,929,662	\$ 17,269,142

2.1 Restricted Noncurrent Investments at June 30,2011 related to:

Not Applicable

3 Composition of Capital Assets at June 30,2011:

	Balance June 30, 2010	Prior period Adjustments	Reclassifications	Balance June 30, 2010 (restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2011
Nondepreciable capital assets:								
Construction work in progress (CWIP)	\$ 417,015	\$ —	\$ —	\$ 417,015	\$ 963,334	\$ —	\$ (936,303)	\$ 444,046
Total nondepreciable capital assets	417,015	—	—	417,015	963,334	—	(936,303)	444,046
Depreciable capital assets:								
Buildings and building improvements	114,844,416	—	—	114,844,416	5,723	(14,432)		114,835,707
Personal property:								
Equipment	13,657,548	—	—	13,657,548	208,687	(1,209,471)	936,303	13,593,067
Intangible assets	1,006,998	—	—	1,006,998	—	(84,118)	—	922,880
Total depreciable capital assets	129,508,962	—	—	129,508,962	214,410	(1,308,021)	936,303	129,351,654
Total cost	129,925,977	—	—	129,925,977	1,177,744	(1,308,021)	—	129,795,700
Less accumulated depreciation:								
Buildings and building improvements	(22,479,471)	—	—	(22,479,471)	(3,168,888)	14,432		(25,633,927)
Personal property:								
Equipment	(8,683,303)	—	—	(8,683,303)	(853,477)	1,118,193		(8,418,587)
Intangible assets	(410,077)	—	—	(410,077)	(180,769)	78,188		(512,658)
Total accumulated depreciation	(31,572,851)	—	—	(31,572,851)	(4,203,134)	1,210,813	—	(34,565,172)
Net capital assets	\$ 98,353,126	\$ —	\$ —	\$ 98,353,126	\$ (3,025,390)	\$ (97,208)	\$ —	\$ 95,230,528

CALIFORNIA STATE UNIVERSITY, FRESNO ASSOCIATION, INC.
Other Information
June 30, 2011
(for inclusion in the California State University)

Detail of Depreciation and Amortization Expense for the Year Ended June 30, 2011:

Depreciation and amortization expense related to capital assets	\$ 4,203,134
Amortization expense related to other assets	<u>—</u>
Total depreciation and amortization	<u>\$ 4,203,134</u>

4 Long-term liabilities activity schedule:

	Balance June 30, 2010	Prior period adjustments	Reclassifications	Balance June 30, 2010	Additions	Reductions	Balance June 30, 2011	Current portion	Long-term portion
Accrued compensated absences	\$ 217,366	\$ —	\$ —	\$ 217,366	\$ 124,403	\$ (100,958)	\$ 240,811	\$ 25,000	\$ 215,811
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	68,835,000	—	—	68,835,000	—	—	68,835,000	—	68,835,000
Long-term debt obligations:									
Revenue Bonds	74,485,000	—	—	74,485,000	—	(1,405,000)	73,080,000	1,660,000	71,420,000
Commercial Paper	34,673	—	—	34,673	—	(34,673)	—	—	—
Total long-term debt obligations	74,519,673	—	—	74,519,673	—	(1,439,673)	73,080,000	1,660,000	71,420,000
Unamortized bond premium / (discount)	(166,274)	—	—	(166,274)	—	51,919	(114,355)	—	(114,355)
Unamortized loss on refunding	—	—	—	—	—	—	—	—	—
Total long-term debt obligations, net	74,353,399	—	—	74,353,399	—	(1,387,754)	72,965,645	1,660,000	71,305,645
Total long-term liabilities	<u>\$ 143,405,765</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 143,405,765</u>	<u>\$ 124,403</u>	<u>\$ (1,488,712)</u>	<u>\$ 142,041,456</u>	<u>\$ 1,685,000</u>	<u>\$ 140,356,456</u>

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5 Future minimum lease payments:

	Principal	Interest	Principal and Interest
Year ending June 30:			
2012	\$ —	\$ 5,640,281	\$ 5,640,281
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 - 2021	10,045,000	12,337,417	22,382,417
2022 - 2026	22,325,000	8,265,833	30,590,833
2027 - 2031	14,990,000	3,517,333	18,507,333
2032	7,260,000	121,000	7,381,000
Total minimum lease payments			110,784,506
Less amounts representing interest			(41,949,506)
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>

CALIFORNIA STATE UNIVERSITY, FRESNO ASSOCIATION, INC.
Other Information
June 30, 2011
(for inclusion in the California State University)

6 Long-term debt obligation schedule

	Revenue Bonds			All other long-term debt obligations			Total		
	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest
Year ending June 30:									
2012	\$ 1,660,000	\$ 4,195,244	\$ 5,855,244	\$ -	\$ -	\$ -	\$ 1,660,000	\$ 4,195,244	\$ 5,855,244
2013	64,860,000	339,884	65,199,884	-	-	-	64,860,000	339,884	65,199,884
2014	410,000	321,248	731,248	-	-	-	410,000	321,248	731,248
2015	430,000	301,377	731,377	-	-	-	430,000	301,377	731,377
2016	450,000	280,322	730,322	-	-	-	450,000	280,322	730,322
2017 - 2021	2,630,000	1,032,531	3,662,531	-	-	-	2,630,000	1,032,531	3,662,531
2022 - 2025	2,640,000	290,331	2,930,331	-	-	-	2,640,000	290,331	2,930,331
Total	\$ 73,080,000	\$ 6,760,937	\$ 79,840,937	\$ -	\$ -	\$ -	\$ 73,080,000	\$ 6,760,937	\$ 79,840,937

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	\$ -	\$ 95,230,528	\$ 95,230,528
Capitalized lease obligations - current portion	-	-	-
Capitalized lease obligations, net of current portion	-	(68,835,000)	(68,835,000)
Long-term debt obligations - current portion	-	(375,000)	(375,000)
Long-term debt obligations, net of current portion	-	(6,898,457)	(6,898,457)
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	\$ -	\$ 19,122,072	\$ 19,122,072

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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	-
Amounts (payable to) University (enter as negative number)	(368,265)
Amounts receivable from University	-

9 Other Postemployment Benefits Obligation (OPEB)

Annual required contribution (ARC)	\$ 413,437
Contributions during the year	(502,257)
Increase (decrease) in net OPEB obligation (NOO)	(88,820)
NOO - beginning of year	2,064,169
NOO - end of year	\$ 1,975,349