

UNIVERSITY AUXILIARY AND RESEARCH SERVICES CORPORATION
Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2009

2008-1 Pledges Receivable

During the 2008 audit, we identified a \$2,000,000 pledge that was reported as contribution revenue in the year ended June 30, 2008. This pledge was dated and received by the development department during the year ended June 30, 2007 but was not recorded until the subsequent year. We consider this to be a material weakness in internal control over financial reporting. We did not identify similar findings during the 2009 audit.

**SUPPLEMENTAL CALIFORNIA STATE UNIVERSITY SAN MARCOS
SUPPORTING SCHEDULES**

UNIVERSITY AUXILIARY AND RESEARCH SERVICES CORPORATION

Schedule of Net Assets

June 30, 2009

(for inclusion in the California State University)

Assets:

Current assets:

Cash and cash equivalents	\$ 891,137
Short-term investments	8,191,039
Accounts receivable, net	1,670,981
Leases receivable, current portion	—
Notes receivable, current portion	—
Pledges receivable, net	1,363,709
Prepaid expenses and other assets	1,746,392
Total current assets	<u>13,863,258</u>

Noncurrent assets:

Restricted cash and cash equivalents	1,722,391
Accounts receivable, net	—
Leases receivable, net of current portion	—
Notes receivable, net of current portion	—
Student loans receivable, net	—
Pledges receivable, net	745,117
Endowment investments	11,269,311
Other long-term investments	—
Capital assets, net	1,014,856
Other assets	61,081
Total noncurrent assets	<u>14,812,756</u>

Total assets 28,676,014

Liabilities:

Current liabilities:

Accounts payable	1,189,108
Accrued salaries and benefits payable	192,182
Accrued compensated absences— current portion	186,984
Deferred revenue	853,665
Capitalized lease obligations — current portion	—
Long-term debt obligations — current portion	—
Self-insurance claims liability - current portion	—
Other liabilities	63,514
Total current liabilities	<u>2,485,453</u>

Noncurrent liabilities:

Accrued compensated absences, net of current portion	—
Deferred revenue	—
Grants refundable	—
Capitalized lease obligations, net of current portion	—
Long-term debt obligations, net of current portion	—
Self-insurance claims liabilities, net of current portion	—
Depository accounts	—
Other liabilities (OPEB)	619,840
Total noncurrent liabilities	<u>619,840</u>

Total liabilities 3,105,293

Net assets:

Invested in capital assets, net of related debt	1,014,856
Restricted for:	
Nonexpendable — endowments	15,560,774
Expendable:	
Scholarships and fellowships	76,914
Research	—
Loans	—
Capital projects	2,171,222
Debt service	—
Other	2,669,151
Unrestricted	4,077,804
Total net assets	<u>\$ 25,570,721</u>

UNIVERSITY AUXILIARY AND RESEARCH SERVICES CORPORATION

Schedule of Revenues, Expenses, and Changes in Net Assets

Year Ended June 30, 2009

(for inclusion in the California State University)

Revenues:

Operating revenues:

Student tuition and fees (net of scholarship allowances of \$ _____)	\$	—
Grants and contracts, noncapital:		
Federal		5,311,286
State		351,845
Local		195,506
Nongovernmental		923,409
Sales and services of educational activities		3,316,424
Sales and services of auxiliary enterprises (net of scholarship allowances of \$ _____)		5,527,055
Other operating revenues		—
		<hr/>
Total operating revenues		15,625,525

Expenses:

Operating expenses:

Instruction		3,075,837
Research		3,965,478
Public service		492,823
Academic support		942,501
Student services		945,917
Institutional support		3,813,689
Operation and maintenance of plant		—
Student grants and scholarships		846,031
Auxiliary enterprise expenses		4,973,623
Depreciation and amortization		279,973
		<hr/>
Total operating expenses		19,335,872

Operating income (loss) (3,710,347)

Nonoperating revenues (expenses):

State appropriations, noncapital		—
Federal grant - Pell		—
Gifts, noncapital		2,369,268
Investment income, net		168,846
Endowment income		(2,889,455)
Interest on capital-related debt		—
Other nonoperating revenues (expenses)		(661,950)
		<hr/>

Net nonoperating revenues (expenses) (1,013,291)

Income (loss) before other additions (4,723,638)

State appropriations, capital

Grants and gifts, capital

Additions to permanent endowments

74,190

Increase (decrease) in net assets (4,649,448)

Net assets:

Net assets at beginning of year, as previously reported		29,521,444
Restatements		698,725
		<hr/>
Net assets at end of year, as restated		\$ 25,570,721

UNIVERSITY AUXILIARY AND RESEARCH SERVICES CORPORATION
 Other Information
 June 30, 2009
 (for inclusion in the California State University)

1 Restricted cash and cash equivalents at June 30, 2009:

Portion of restricted cash and cash equivalents related to endowments	\$ 1,326,033
All other restricted cash and cash equivalents	<u>396,258</u>
Total restricted cash and cash equivalents	<u>\$ 1,722,391</u>

2 Composition of investments at June 30, 2009:

	Current	Noncurrent Unrestricted	Noncurrent Restricted	Total Noncurrent	Total
State of California Surplus Money Investment Fund (SMIF)	\$ —	—	—	—	—
State of California Local Agency Investment Fund (LAIF)	—	—	—	—	—
Wachovia Short Term Fund	—	—	—	—	—
Wachovia Medium Term Fund	—	—	—	—	—
Wachovia Equity Fund	—	—	—	—	—
Debt securities	—	—	—	—	—
Equity securities	—	—	2,057,344	2,057,344	2,057,344
Fixed income securities (Treasury notes, GNMA's)	922,425	—	—	—	922,425
Real estate	—	—	—	—	—
Certificates of deposit	7,268,614	—	—	—	7,268,614
Notes receivable	—	—	—	—	—
Mutual funds	—	—	7,720,754	7,720,754	7,720,754
Collateralized mortgage obligations:					
Inverse floaters	—	—	—	—	—
Interest-only strips	—	—	—	—	—
Agency pass-through	—	—	—	—	—
Private pass-through	—	—	—	—	—
Other investments:					
Hedge Fund-Goldentree	—	—	668,219	668,219	668,219
Hedge Fund-Giovine	—	—	822,994	822,994	822,994
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Total investments	<u>8,191,039</u>	<u>—</u>	<u>11,269,311</u>	<u>11,269,311</u>	<u>19,460,350</u>
Less endowment investments (enter as negative number)			<u>(14,234,741)</u>	<u>(14,234,741)</u>	<u>(14,234,741)</u>
Total investments	<u>8,191,039</u>	<u>—</u>	<u>(2,965,430)</u>	<u>(2,965,430)</u>	<u>5,225,609</u>

2.1 - Restricted noncurrent investments at June 30, 2009 related to:

	Amount
Endowment Funds	\$ 14,234,741
Unrestricted-Endowment funds below principal	<u>(2,965,430)</u>
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Total restricted noncurrent investments at June 30, 2009	<u>\$ 11,269,311</u>

UNIVERSITY AUXILIARY AND RESEARCH SERVICES CORPORATION
Other Information
June 30, 2009
(for inclusion in the California State University)

3 Composition of capital assets at June 30, 2009:

	Balance June 30, 2008	Prior period Adjustments	Reclassifications	Balance 30-Jun-08 (restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2009
Nondepreciable capital assets:								
Land and land improvements	\$ ---	---	---	---	---	---	---	---
Works of art and historical treasures	---	---	---	---	---	---	---	---
Construction work in progress (CWIP)	---	---	---	---	---	---	---	---
Total nondepreciable capital assets	---	---	---	---	---	---	---	---
Depreciable capital assets:								
Buildings and building improvements	---	1,103,250	---	1,103,250	---	(1,103,250)	---	---
Improvements, other than buildings	---	---	---	---	---	---	---	---
Infrastructure	---	---	---	---	---	---	---	---
Leasehold improvements	1,737,591	---	---	1,737,591	---	---	---	1,737,591
Personal property:								
Equipment	1,139,433	---	---	1,139,433	20,292	---	---	1,159,725
Library books and materials	---	---	---	---	---	---	---	---
Intangible assets	---	---	---	---	---	---	---	---
Total depreciable capital assets	2,877,024	1,103,250	---	3,980,274	20,292	(1,103,250)	---	2,897,316
Total cost	2,877,024	1,103,250	---	3,980,274	20,292	(1,103,250)	---	2,897,316
Less accumulated depreciation:								
Buildings and building improvements	---	404,525	---	404,525	36,775	(441,300)	---	---
Improvements, other than buildings	---	---	---	---	---	---	---	---
Infrastructure	---	---	---	---	---	---	---	---
Leasehold improvements	776,359	---	---	776,359	238,125	---	---	1,014,484
Personal property:								
Equipment	862,903	---	---	862,903	5,073	---	---	867,976
Library books and materials	---	---	---	---	---	---	---	---
Intangible assets	---	---	---	---	---	---	---	---
Total accumulated depreciation	1,639,262	404,525	---	2,043,787	279,973	(441,300)	---	1,882,460
Net capital assets	\$ 1,237,762	698,725	---	1,936,487	(259,681)	(661,950)	---	1,014,856

Detail of depreciation and amortization expense for the year ended June 30, 2009:

Depreciation and amortization expense related to capital assets	\$ 279,973
Amortization expense related to other assets	---
Total depreciation and amortization	\$ 279,973

UNIVERSITY AUXILIARY AND RESEARCH SERVICES CORPORATION
 Other Information
 June 30, 2009
 (for inclusion in the California State University)

4 Long-term liabilities activity schedule:

	Balance June 30, 2008	Prior period adjustments	Reclassifications	Balance June 30, 2008 (restated)	Additions	Reductions	Balance June 30, 2009	Current portion	Long-term portion
Accrued compensated absences	\$ 155,125	—	—	155,125	186,984	(155,125)	186,984	186,984	—
Capitalized lease obligations:									
Gross balance	—	—	—	—	—	—	—	—	—
Unamortized premium / (discount) on capitalized lease obligations	—	—	—	—	—	—	—	—	—
Total capitalized lease obligations	—	—	—	—	—	—	—	—	—
Long-term debt obligations:									
Revenue Bonds	—	—	—	—	—	—	—	—	—
Other bonds (non-Revenue Bonds)	—	—	—	—	—	—	—	—	—
Commercial Paper	—	—	—	—	—	—	—	—	—
Other:									
Premium on Bond	—	—	—	—	—	—	—	—	—
Description	—	—	—	—	—	—	—	—	—
Description	—	—	—	—	—	—	—	—	—
Description	—	—	—	—	—	—	—	—	—
Description	—	—	—	—	—	—	—	—	—
Description	—	—	—	—	—	—	—	—	—
Total long-term debt obligations	—	—	—	—	—	—	—	—	—
Unamortized bond premium / (discount)	—	—	—	—	—	—	—	—	—
Unamortized loss on refunding	—	—	—	—	—	—	—	—	—
Total long-term debt obligations, net	—	—	—	—	—	—	—	—	—
Total long-term liabilities	\$ 155,125	—	—	155,125	186,984	(155,125)	186,984	186,984	—

5 Future minimum lease payments:

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

UNIVERSITY AUXILIARY AND RESEARCH SERVICES CORPORATION
 Other Information
 June 30, 2009
 (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 and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest
2010	\$ ---	---	---	---	---	---	---	---	---
2011	---	---	---	---	---	---	---	---	---
2012	---	---	---	---	---	---	---	---	---
2013	---	---	---	---	---	---	---	---	---
2014	---	---	---	---	---	---	---	---	---
2015-2019	---	---	---	---	---	---	---	---	---
2020 - 2024	---	---	---	---	---	---	---	---	---
2025 - 2029	---	---	---	---	---	---	---	---	---
2030 - 2034	---	---	---	---	---	---	---	---	---
2035 - 2039	---	---	---	---	---	---	---	---	---
2040 - 2044	---	---	---	---	---	---	---	---	---
2045 - 2049	---	---	---	---	---	---	---	---	---
2050 - 2054	---	---	---	---	---	---	---	---	---
2055 - 2059	---	---	---	---	---	---	---	---	---
Total	\$ ---	---	---	---	---	---	---	---	---

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	\$ ---	1,014,856	1,014,856
Capitalized lease obligations - current portion	---	---	---
Capitalized lease obligations, net of current portion	---	---	---
Long-term debt obligations - current portion	---	---	---
Long-term debt obligations, net of current portion	---	---	---
Portion of outstanding debt that is unspent at year-end	---	---	---
Other:			
(description)	---	---	---
(description)	---	---	---
(description)	---	---	---
(description)	---	---	---
(description)	---	---	---
Net assets - invested in capital assets, net of related debt	\$ ---	1,014,856	1,014,856

UNIVERSITY AUXILIARY AND RESEARCH SERVICES CORPORATION

Other Information

June 30, 2009

(for inclusion in the California State University)

7.2 Calculation of net assets - Restricted for nonexpendable - endowments

Portion of restricted cash and cash equivalents related to endowments	\$	---	1,326,633	1,326,633
Endowment investments		---	14,234,741	14,234,741
Other adjustments: (please list)		---	---	---
		---	---	---
		---	---	---
		---	---	---
		---	---	---
Net assets - Restricted for nonexpendable - endowments per SNA	\$	---	15,560,774	15,560,774

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8 Transactions with Related Entities

	<u>Amount</u>
Reimbursements to University for salaries of University personnel working on contracts, grants, and other programs	\$ 1,027,121
Reimbursements to University for other than salaries of University personnel	4,508,310
Payments received from University for services, space, and programs	772,975
Gifts-in-kind to the University from Auxiliary Organizations	---
Amounts (payable to) University (enter as negative number)	(596,462)
Amounts receivable from University	230,727
Bond principal and interest payments paid to the University	---

9 Other Postemployment Benefits Obligation (OPEB)

Annual required contribution (ARC)	\$	154,960
Contributions during the year		---
Increase (decrease) in net OPEB obligation (NOO)		<u>154,960</u>
NOO - beginning of year		464,880
NOO - end of year	\$	<u>619,840</u>

10 - Pollution remediation liabilities under GASB Statement No. 49:

<u>Description</u>	<u>Amount</u>
NONE	\$ ---
Add description	---
Add description	---
Add description	---
Add description	---
Add description	---
Add description	---
Add description	---
Total pollution remediation liabilities	\$ ---
Less: current portion	---
Pollution remediation liabilities, net of current portion	<u>---</u>

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

	<u>Net Asset</u>	<u>Amount</u>
	<u>Class</u>	<u>Dr. (Cr.)</u>
Net assets as of June 30, 2008, as previously reported	\$	(29,521,444)
Prior period adjustments:		
1 Building-Tilt-Up Classroom		(1,103,250)
2 Accum Deprec-Bldg		404,525
3 (list description of each adjustment)		---
4 (list description of each adjustment)		---
5 (list description of each adjustment)		---
6 (list description of each adjustment)		---
7 (list description of each adjustment)		---
8 (list description of each adjustment)		---
9 (list description of each adjustment)		---
10 (list description of each adjustment)		---
Net assets as of June 30, 2008, as restated	\$	<u>(30,220,169)</u>

UNIVERSITY AUXILIARY AND RESEARCH SERVICES CORPORATION

Other Information

June 30, 2009

(for inclusion in the California State University)

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

	Debit	Credit
Net asset class: _____ Bldg _____		
1 Building	\$ 1,103,250	
Accum Deprec-Bldg	\$	404,525
Net Asset - Bldg	\$	698,725
Net asset class: 2 (breakdown of adjusting journal entry)	---	---
Net asset class: 3 (breakdown of adjusting journal entry)	---	---
Net asset class: 4 (breakdown of adjusting journal entry)	---	---
Net asset class: 5 (breakdown of adjusting journal entry)	---	---
Net asset class: 6 (breakdown of adjusting journal entry)	---	---
Net asset class: 7 (breakdown of adjusting journal entry)	---	---
Net asset class: 8 (breakdown of adjusting journal entry)	---	---
Net asset class: 9 (breakdown of adjusting journal entry)	---	---
Net asset class: 10 (breakdown of adjusting journal entry)	---	---