

**CALIFORNIA STATE UNIVERSITY,  
CHANNEL ISLANDS FOUNDATION**

**Financial Statements and Supplementary  
Information for the Year Ended June 30, 2011  
and Independent Auditors' Report**

**CALIFORNIA STATE UNIVERSITY, CHANNEL ISLANDS FOUNDATION  
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## **EXECUTIVE SUMMARY**

September 27, 2011

To the Board of Directors of  
California State University, Channel Islands Foundation  
Camarillo, California

We have audited the financial statements of California State University, Channel Islands Foundation as of June 30, 2011, and for the year then ended and issued our report thereon dated September 27, 2011. In connection with our audit of the financial statements, we made a study and evaluation of the internal control structure to establish a basis for reliance thereon in determining the nature, timing and extent of our auditing procedures necessary for expressing our opinions on the financial statements. As a result of our audit and our study and evaluation of the internal control structure made for the limited purpose described above, we have issued a report to management on Page 2 of this letter.

The following information summarizes our findings resulting from the above-described audit tests and is intended solely for the use of the Auxiliary Organizations' management, the California State University Board of Trustees, and the California State University, Channel Islands Foundation.

**FINANCIAL SUMMARY:**

Our independent auditors' report dated September 27, 2011 on the financial statements of the Foundation as of and for the year ended June 30, 2011 contains an unqualified opinion. The following summary of selected financial data for 2011 should be read in conjunction with our audit report and the accompanying financial statements:

Revenues	\$ 90,481
Expenses	\$ 1,557,016
Total assets	\$ 18,738,498
Net assets	\$ 18,040,307

**REPORT ON INTERNAL CONTROL TESTS AND SPECIFIC CONTROL ITEMS:**

Our tests, performed in accordance with the objectives described on Page 1 of this letter, did not reveal any instances of noncompliance.

**REPORT ON INTERNAL CONTROL STRUCTURE:**

Our study and evaluation of the internal control structure made for the limited purpose described on Page 1 of this letter would not necessarily disclose all material weaknesses in the structure. Accordingly, we do not express an opinion on the internal control structure of the Foundation taken as a whole. However, our study and evaluation disclosed no condition that we believed to be a material weakness.

Yours truly,

*Vorwin, Hays + Co.*

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
California State University, Channel Islands Foundation  
Camarillo, California

We have audited the accompanying statement of net assets of California State University, Channel Islands Foundation as of June 30, 2011, and the related statements of revenues, expenses, and changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of The Foundation'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 Foundation's financial statements and, in our report dated September 20, 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Foundation 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 taken as a whole. The Management's Discussion and Analysis (MD&A) and supplemental schedules on pages 17 through 32 are presented for the purpose of additional analysis and are not a required part of the basic financial statements. These schedules are the responsibility of The Foundation's management. Such supplemental schedules have been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

*Vasin, Heyn + Co.*

September 27, 2011

**CALIFORNIA STATE UNIVERSITY, CHANNEL ISLANDS FOUNDATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2011**

This section of California State University, Channel Islands Foundation (Foundation) annual financial report presents our discussion and analysis of the financial performance of the Foundation for the fiscal year ended June 30, 2011. This discussion has been prepared by management and should be read in conjunction with the financial statements and notes.

**Introduction to the Financial Statements**

This annual report consists of a series of financial statements prepared in accordance with the Governmental Accounting Standards Board (GASB) Statements No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*, No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*, and No. 38, *Certain Financial Statement Note Disclosures* all as modified by GASB Statement No. 34. For reporting purposes, the University is considered a special-purpose government engaged only in business-type activities, which best represent the activities of the Foundation.

The financial statements include the statement of net assets; the statement of revenues, expenses, and changes in net assets; and the statement of cash flows. These statements are supported by the notes to the financial statements and this section. All sections must be considered together to obtain a complete understanding of the financial picture of the Foundation.

**Statement of Net Assets** – The statement of net assets includes all assets and liabilities. Assets and liabilities are reported at their book value, on an accrual basis, as of the statement date. It also identifies major categories of restrictions on the net assets of the Foundation.

**Statement of Revenues, Expenses, and Changes in Net Assets** – The statement of revenues, expenses, and changes in net assets presents the revenues earned and expenses incurred during the year on an accrual basis.

**Statement of Cash Flows** – The statement of cash flows presents the inflows and outflows of cash for the year and is summarized by operating, noncapital financing, capital and related financing, and investing activities. The statement is prepared using the direct method of cash flows and, therefore, presents gross rather than net amounts for the year's activities.

**Analytical Overview**

**Summary**

The following discussion highlights management's understanding of the key financial aspects of the Foundation's financial activities. Included is an analysis of current year activities and balances; a discussion of restrictions of Foundation net assets; a discussion of capital assets and long-term debt; and factors impacting future reporting periods.

**CALIFORNIA STATE UNIVERSITY, CHANNEL ISLANDS FOUNDATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2011**

The Foundation's summary of net assets as of June 30, 2011 and 2010 are as follows:

Condensed Summary of Net Assets

	<u>June 30</u>	
	<u>2011</u>	<u>2010</u>
Assets:		
Current assets	\$ 2,621,048	\$ 2,277,579
Other noncurrent assets	<u>16,117,450</u>	<u>13,227,206</u>
Total assets	<u>18,738,498</u>	<u>15,504,785</u>
Liabilities:		
Current liabilities	343,104	73,116
Other noncurrent liabilities	<u>355,087</u>	<u>267,141</u>
Total liabilities	<u>698,191</u>	<u>340,257</u>
Net assets		
Restricted	17,211,745	14,426,862
Unrestricted	<u>828,562</u>	<u>737,666</u>
Total net assets	<u>\$ 18,040,307</u>	<u>\$ 15,164,528</u>

*Assets*

Total assets increased \$3.2 million from prior year. Investments increased \$2.1 million and finally cash increased \$1.3 million.

*Liabilities*

Total liabilities increased \$.36 million from the prior year. The primary reason for the increase is a payable to the University for salary reimbursements related to Nursing, Smith Business School and other various programs.

*Net Assets*

Total net assets increased by \$2.0 million from the prior year. A significant portion of the increase is in non expendable endowments, instruction and restricted other. The non expendable endowment activity increased by \$0.7 million, \$.9 million was the result of gain on investment earnings and \$.2 million was for investment fees and endowment spending. Instruction increased by \$0.8 million which was also the direct result of gains on investment and expenditures of .1 million Smith funds functioning as endowment earnings. Restricted-Other increased by \$1.1 million of which \$1.9 million was in contributions and \$.8 million in expenses.

**CALIFORNIA STATE UNIVERSITY, CHANNEL ISLANDS FOUNDATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2011**

**Restricted Resources**

Net assets of the Foundation include funds that are restricted by donor or law. The following table summarizes which funds are restricted, the type of restriction, and the amount:

Restricted Net Assets

	<u>June 30</u>	
	<u>2011</u>	<u>2010</u>
Non Expendable Endowments	\$ 5,523,112	\$ 4,791,400
Expendable:		
Scholarships and fellowships	1,002,564	955,977
Research	41,591	35,259
Instruction	5,776,566	4,929,591
Capital Projects	40,146	37,954
Other	<u>4,827,766</u>	<u>3,676,681</u>
Total restricted net assets	<u>\$17,211,745</u>	<u>\$ 14,426,862</u>

**Designated Resources**

The Foundations unrestricted net assets are designated as follows:

	<u>June 30</u>	
	<u>2011</u>	<u>2010</u>
Unrestricted Net Assets		
Designated:		
Working Capital	\$ 728,562	\$ 637,666
Undesignated:		
Foundation Operating Funds	<u>100,000</u>	<u>100,000</u>
Total Unrestricted Net Assets	<u>\$ 828,562</u>	<u>\$ 737,666</u>

The Foundation has adopted a policy of generally utilizing restricted-expendable funds, prior to unrestricted funds, when an expense is incurred for purposes for which both are available.

**CALIFORNIA STATE UNIVERSITY, CHANNEL ISLANDS FOUNDATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2011**

The Foundation's condensed summary of revenues, expenses, and changes in net assets for the years ended June 30, 2011 and 2010 is as follows:

	<u>Year ended June 30</u>	
	<u>2011</u>	<u>2010</u>
<b>Condensed Summary of Revenues, Expenses, and Changes in Net Assets</b>		
Operating Revenues:		
Other Operating Revenues	\$ 90,481	\$ 136,296
Total operating revenues	90,481	136,296
Operating Expenses	(1,557,016)	(1,458,175)
Operating income (loss)	(1,466,535)	(1,321,879)
Nonoperating revenues (expenses):		
Gifts non Capital	2,277,376	2,589,593
Gifts in-Kind	24,538	193,971
Investment income, net	1,951,152	944,428
Other nonoperating revenues (expenses), net	48,665	32,339
Total nonoperating revenues (expenses)	4,301,731	3,760,331
Income (loss) before other additions	2,835,196	2,438,452
Additions to permanent endowment	40,583	-
Increase (decrease) in net assets	2,875,779	2,660,218
Beginning net assets	15,164,528	12,504,310
Ending net assets	<u>\$ 18,040,307</u>	<u>\$ 15,164,528</u>

**Operating Revenues and Expenses**

Operating revenues and expenses come from sources that are connected directly to the Foundation's business function. Revenues come from other operating revenues which include sales of goods and services associated with fundraising activities and other miscellaneous revenue. Expenses include categories such as gift to university, supplies and other services, scholarships and fellowships. In this discussion and analysis, expenses are reported by functional program such as instruction, research, public service, academic support, student services, institutional support, operation and maintenance of plant, student grants and scholarships.

*Operating Revenues*

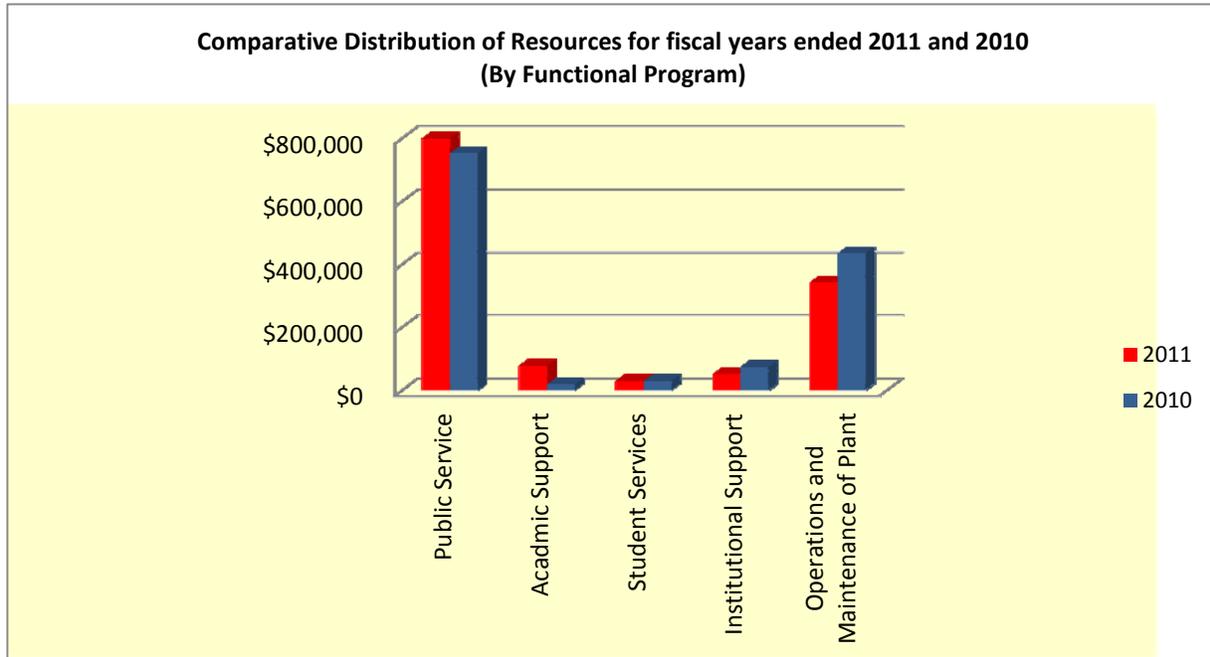
Total operating revenues reflected no material change over the previous year.

**CALIFORNIA STATE UNIVERSITY, CHANNEL ISLANDS FOUNDATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2011**

*Operating Expenses*

Total operating expenses reflected no material change over the previous year.

The following chart presents the distribution of resources in support of the Foundation's mission for fiscal years 2011 and 2010:



**Non-operating Revenues (Expenses)**

Non-operating revenues (expenses) come from sources that are not part of the Foundation's primary business functions. Included in this classification are categories such as gifts non capital, gifts in-kind, and investment income. Total non-operating revenue increased by \$.5 and is primarily due to a gain on investment earnings of \$1 million and decrease in contributions of \$0.5 million.

**CALIFORNIA STATE UNIVERSITY, CHANNEL ISLANDS FOUNDATION**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2011**  
**(WITH COMPARATIVE TOTALS FOR 2010)**

	<u>2011</u>	<u>2010</u>
<b>ASSETS</b>		
Current assets		
Cash	\$ 1,260,886	\$ 998,492
Short-term investments	98,606	98,207
Accounts receivable	67,125	72,845
Related party receivables	95,407	-
Pledges receivable, net	1,090,718	1,108,035
Prepaid expenses	<u>8,306</u>	<u>-</u>
Total current assets	2,621,048	2,277,579
Non-current assets		
Restricted cash and cash equivalents	2,399,231	1,278,642
Long-term investments	12,165,063	9,993,595
Pledges receivable, net	<u>1,553,156</u>	<u>1,954,969</u>
Total non-current assets	<u>16,117,450</u>	<u>13,227,206</u>
Total assets	<u>18,738,498</u>	<u>15,504,785</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	47,599	18,512
Accrued liabilities	-	54,604
Related party payable	<u>295,505</u>	<u>-</u>
Total current liabilities	343,104	73,116
Noncurrent liabilities		
Liability to beneficiaries	<u>355,087</u>	<u>267,141</u>
Total noncurrent liabilities	<u>355,087</u>	<u>267,141</u>
Total liabilities	<u>698,191</u>	<u>340,257</u>
<b>NET ASSETS</b>		
Restricted for:		
Nonexpendable - endowments	5,523,112	4,791,400
Expendable:		
Scholarships and fellowships	1,002,564	955,977
Research	41,591	35,259
Instruction	5,776,566	4,929,591
Capital projects	40,146	37,954
Other	4,827,766	3,676,681
Unrestricted	<u>828,562</u>	<u>737,666</u>
Total net assets	<u>\$ 18,040,307</u>	<u>\$ 15,164,528</u>

See accompanying auditors' report and  
notes to financial statements.

**CALIFORNIA STATE UNIVERSITY, CHANNEL ISLANDS FOUNDATION  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2011  
(WITH COMPARATIVE TOTALS FOR 2010)**

	<u>2011</u>	<u>2010</u>
<b>REVENUES</b>		
Operating revenues		
Other operating income	\$ 90,481	\$ 136,296
Total operating revenues	90,481	136,296
 <b>EXPENSES</b>		
Operating expenses		
Instruction	857,830	753,049
Research	378	-
Public service	27,639	19,358
Academic support	30,202	29,251
Student services	51,435	73,659
Institutional support	319,122	434,382
Operation and maintenance of plant	83	131
Student grants and scholarships	<u>270,327</u>	<u>148,345</u>
Total operating expenses	<u>1,557,016</u>	<u>1,458,175</u>
Operating income (loss)	(1,466,535)	(1,321,879)
 <b>NONOPERATING REVENUES (EXPENSES)</b>		
Gifts, noncapital	2,277,376	2,589,593
In-kind contributions	24,538	193,971
Investment income (loss)	1,951,152	944,428
Other nonoperating revenues (expenses)	<u>48,665</u>	<u>32,339</u>
Net nonoperating revenues and expenses	<u>4,301,731</u>	<u>3,760,331</u>
 <b>INCOME BEFORE ADDITIONS</b>	2,835,196	2,438,452
 <b>ADDITIONS TO PERMANENT ENDOWMENTS</b>	<u>40,583</u>	<u>221,766</u>
 <b>INCREASE (DECREASE) IN NET ASSETS</b>	2,875,779	2,660,218
 <b>NET ASSETS - beginning of year</b>	<u>15,164,528</u>	<u>12,504,310</u>
 <b>NET ASSETS - end of year</b>	<u>\$ 18,040,307</u>	<u>\$ 15,164,528</u>

See accompanying auditors' report and  
notes to financial statements.

**CALIFORNIA STATE UNIVERSITY, CHANNEL ISLANDS FOUNDATION**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(WITH COMPARATIVE TOTALS FOR 2010)**

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Payments to suppliers	\$(1,156,621)	\$(1,329,115)
Payments to students	(209,177)	(110,090)
Other receipts (payments)	<u>(22,377)</u>	<u>156,360</u>
Net Cash Provided (Used) by Operating Activities	(1,388,175)	(1,282,845)
Cash flows from noncapital financing activities:		
Gifts and grants received for other than capital purposes	<u>2,990,336</u>	<u>1,262,096</u>
Net Cash Provided (Used) by noncapital financing activities	2,990,336	1,262,096
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	1,736,099	4,974,372
Purchases of investments	(2,192,056)	(4,887,514)
Investment income received	<u>406,028</u>	<u>238,114</u>
Net Cash Provided (Used) by Investing Activities	<u>(49,929)</u>	<u>324,972</u>
Net increase (decrease) in cash and cash equivalents	1,552,232	304,223
Cash and cash equivalents at beginning of year	<u>2,107,885</u>	<u>1,803,662</u>
Cash and cash equivalents at end of year	<u>\$ 3,660,117</u>	<u>\$ 2,107,885</u>
Reconciliation of net operating income (loss) to net cash provided by (used by) operating activities		
Operating income	(1,466,535)	(1,321,879)
Adjustments to reconcile net operating income (loss) to net cash provided by (used by) operating activities:		
(Increase) decrease in:		
Accounts receivable	(95,377)	-
Prepaid expenses	(8,305)	-
Increase (decrease) in:		
Accounts payable	323,586	(9,963)
Accrued liabilities	(141,544)	31,957
Other liabilities	<u>-</u>	<u>17,040</u>
Net Cash Provided (Used) by Operating Activities	<u>\$(1,388,175)</u>	<u>\$(1,282,845)</u>

See accompanying auditors' report and notes to financial statements.

**CALIFORNIA STATE UNIVERSITY, CHANNEL ISLANDS FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011**

**1. SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES**

*Nature of Organization*

California State University, Channel Islands Foundation (Foundation) was created on August 28, 1996, pursuant to the General Nonprofit Corporation Law of the State of California and was organized to promote and assist education, administration and related services of the California State University, Channel Islands. The Foundation operates as an auxiliary organization of the California State University, Channel Islands (University) under an operating agreement with the Trustees of the California State University (the Trustees), which goes through June 30, 2015.

*Basis of Accounting and Presentation*

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with U.S. generally accepted accounting principles, as prescribed by the Governmental Accounting Standards Board (GASB). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

*Election of Applicable FASB Statements*

The Foundation has elected to follow standards of accounting and financial reporting issued by the Financial Accounting Standards Board (FASB) prior to November 30, 1989, unless those standards conflict with or contradict guidance of the GASB. The Foundation also has the option of following subsequent private-sector guidance subject to the same limitation. The Foundation has elected not to adopt the pronouncements issued by the FASB after November 30, 1989.

*Cash and Cash Equivalents*

For purposes of the statement of cash flows, cash and cash equivalents include all highly liquid debt instruments with a maturity of three months or less from date of purchase.

*Investments*

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Revenue, Expenses, and Changes in Net Assets.

The fair value of investments in securities is based on the quoted market price of the underlying securities.

Investment income is reported net of related expenses as increases or decreases in unrestricted net assets unless a donor temporarily or permanently restricts their use.

*Net Assets*

The Foundation's net assets are classified into the following net asset categories:

**Restricted – non expendable endowments** – Net assets resulted from contributions restricted by the donor for investment in perpetuity. The investment incomes generated by the endowments are to be used for scholarships for University students and programs described by the respective donors.

**CALIFORNIA STATE UNIVERSITY, CHANNEL ISLANDS FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011**

**1. SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES – Continued**

**Restricted – expendable** – Net assets subject to externally imposed conditions that can be fulfilled by the actions of the Foundation or by the passage of time.

**Unrestricted** – All other categories of net assets. In addition, unrestricted net assets may be designated for use by management of the Foundation or have legislative or bond indenture requirements associated with their use. These requirements limit the area of operations for which expenditures of net assets may be made and require that unrestricted net assets be designated to support future operations in these areas.

The Foundation has adopted a policy of generally utilizing restricted-expendable funds, prior to unrestricted funds when an expense is incurred for purposes for which both are related.

*Revenues*

The Foundation derives its operating revenues primarily from sales and services of goods through fundraising activities; raffle tickets, bizarre and art sales.

*Classification of Revenues*

The Foundation considers operating revenues and expenses in the statement of revenues, expenses, and changes in net assets to be those revenues and expenses that result from exchange transactions or from other activities that are connected directly to the Foundation's primary functions. Exchange transactions include charges for services rendered and the acquisition of goods and services. Certain other transactions are reported as nonoperating revenues and expenses or in accordance with GASB Statement No. 35.

*Income Taxes*

The Foundation for the California State University, Channel Islands is a Not-for-Profit tax-exempt corporation under Internal Revenue Code Section 501(c)(3) and is classified as other than a private foundation. Income taxes are not significant to the financial statements.

*Estimates*

The preparation of these financial statements requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets, liabilities, revenues and expenses, as well as the disclosure of contingent assets and liabilities. Actual results could differ from those estimates. Management also determines the accounting principles to be used in the preparation of the financial statements. A description of the significant accounting policies employed in the preparation of these financial statements follows.

*Subsequent Events*

The Foundation has evaluated events subsequent to June 30, 2011, to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through September 27, 2011, the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.

**CALIFORNIA STATE UNIVERSITY, CHANNEL ISLANDS FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011  
(CONTINUED)**

**2. CASH AND CASH EQUIVALENTS**

The Foundation's cash and cash equivalents as of June 30, 2011 are classified in the accompanying statement of net assets as follows:

Cash and cash equivalents	\$ 1,260,886
Restricted cash and cash equivalents	<u>2,399,231</u>
Total cash and cash equivalents	<u>\$ 3,660,117</u>

(a) *Cash and Cash Equivalents*

At June 30, 2011, cash and cash equivalents consisted of demand deposits maintained at the bank. Total cash and cash equivalents of \$3,660,117 had a corresponding carrying value balance with the bank \$3,671,899 at June 30, 2011. The differences related primarily to deposits in transit and outstanding checks.

(b) *Custodial Credit Risk for Deposits*

Custodial credit risk for deposits is the risk that the Foundation will not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. The California Government Code and Education Code do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the provision that a financial institution must secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. This risk is mitigated in that the Foundation's deposits are maintained at financial institutions that are fully insured or collateralized as required by state law.

**3. ACCOUNTS RECEIVABLE**

Accounts Receivable at June 30, 2011 consisted of the following:

	<u>Current</u>	<u>Non Current</u>	<u>Total</u>
Trade	\$ 162,532	\$ -	\$ 162,532
Pledges	<u>1,090,718</u>	<u>1,553,156</u>	<u>2,643,874</u>
	1,253,250	1,553,156	2,806,406
Less allowance for Doubtful Accounts	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,253,250</u>	<u>\$ 1,553,156</u>	<u>\$ 2,806,406</u>

**CALIFORNIA STATE UNIVERSITY, CHANNEL ISLANDS FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011  
(CONTINUED)**

**4. RELATED PARTY TRANSACTIONS**

Related party receivables consist of the following:

	<u>June 30, 2011</u>
Associated Students of CSU Channel Islands, Inc.	\$ 30
CSU Channel Islands	<u>95,377</u>
	<u>\$ 95,407</u>

Related party payables consist of the following:

	<u>June 30, 2011</u>
CSU Channel Islands	<u>\$ 295,505</u>
	<u>\$ 295,505</u>

**5. LONG TERM LIABILITIES ACTIVITY**

Long term liability activity for the year ended at June 30 2011 consisted of the following:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Total</u>
Liability to Beneficiary	\$ 267,141	\$ 149,467	\$ ( 61,521)	\$ 355,087

**CALIFORNIA STATE UNIVERSITY, CHANNEL ISLANDS FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011  
(CONTINUED)**

**6. CLASSIFICATION OF OPERATING EXPENSES**

The University has elected to report operating expenses by functional classification in the statements of revenues, expenses, and changes in net assets, but to provide the natural classification of those expenses as an additional disclosure. For the year ended June 30, 2011, operating expenses by natural classification consisted of the following:

2011	Salaries	Benefits	Fellowships	Other services	Depreciation	Total
Functional Classification:						
Instruction	\$ -	\$ -	\$ -	\$ 857,830	\$ -	\$ 857,830
Research				378		378
Public service	-	-	-	27,639	-	27,639
Academic support	-	-	-	30,202	-	30,202
Student services	-	-	-	51,435	-	51,435
Institutional support	-	-	-	319,122	-	319,122
Operation and maintenance of plant	-	-	-	83	-	83
Student grants and scholarships	<u>-</u>	<u>-</u>	<u>270,327</u>	<u>-</u>	<u>-</u>	<u>270,327</u>
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 270,327</u>	<u>\$ 1,286,689</u>	<u>\$ -</u>	<u>\$ 1,557,016</u>

**7. TRANSACTIONS WITH RELATED PARTIES**

As discussed in Note 1, the Foundation operates under an agreement with the Trustees as an auxiliary organization of the University. Accordingly, essentially all revenues, and realization of certain assets, are dependent upon the continuation of this agreement.

The accompanying financial statements also include the following transactions with the Site Authority and other related parties as of and for the year ended June 30, 2011:

Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$ 304,055
Payments to University for other than salaries of University personnel	341,268
Amounts payable to the University	(295,505)
Capital Gifts to University	-
Accounts receivable from University	95,376

**SUPPLEMENTARY INFORMATION**

**CALIFORNIA STATE UNIVERSITY, CHANNEL ISLANDS FOUNDATION**  
**GASB STATEMENT OF NET ASSETS**  
**JUNE 30, 2011**

Assets:	
Current assets:	
Cash and cash equivalents	\$ 1,260,886
Short-term investments	98,606
Accounts receivable, net	162,532
Leases receivable, current portion	—
Notes receivable, current portion	—
Pledges receivable, net	1,090,718
Prepaid expenses and other assets	8,306
	<hr/>
Total current assets	2,621,048
Noncurrent assets:	
Restricted cash and cash equivalents	2,399,231
Accounts receivable, net	—
Leases receivable, net of current portion	—
Notes receivable, net of current portion	—
Student loans receivable, net	—
Pledges receivable, net	1,553,156
Endowment investments	5,523,112
Other long-term investments	6,641,951
Capital assets, net	—
Other assets	—
	<hr/>
Total noncurrent assets	16,117,450
Total assets	<hr/> 18,738,498 <hr/>
Liabilities:	
Current liabilities:	
Accounts payable	47,599
Accrued salaries and benefits payable	—
Accrued compensated absences— current portion	—
Deferred revenue	—
Capitalized lease obligations – current portion	—
Long-term debt obligations – current portion	—
Self-insurance claims liability - current portion	—
Depository accounts	—
Other liabilities	295,505
	<hr/>
Total current liabilities	343,104
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 postemployment benefits obligation	—
Other liabilities	355,087
	<hr/>
Total noncurrent liabilities	355,087
Total liabilities	<hr/> 698,191 <hr/>
Net assets:	
Invested in capital assets, net of related debt	—
Restricted for:	
Nonexpendable – endowments	5,523,112
Expendable:	
Scholarships and fellowships	1,002,564
Research	41,591
Loans	—
Capital projects	40,146
Debt service	—
Other	10,604,332
Unrestricted	828,562
	<hr/>
Total net assets	\$ 18,040,307 <hr/>

See accompanying auditors' report and  
notes to financial statements.

**CALIFORNIA STATE UNIVERSITY, CHANNEL ISLANDS FOUNDATION  
GASB STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2011**

Revenues:

Operating revenues:	
Student tuition and fees (net of scholarship allowances of \$ _____)	\$ —
Grants and contracts, noncapital:	
Federal	—
State	—
Local	—
Nongovernmental	—
Sales and services of educational activities	—
Sales and services of auxiliary enterprises (net of scholarship allowances of \$ _____)	—
Other operating revenues	90,481
Total operating revenues	90,481

Expenses:

Operating expenses:	
Instruction	857,830
Research	378
Public service	27,639
Academic support	30,202
Student services	51,435
Institutional support	319,122
Operation and maintenance of plant	83
Student grants and scholarships	270,327
Auxiliary enterprise expenses	—
Depreciation and amortization	—
Total operating expenses	1,557,016
Operating income (loss)	(1,466,535)

Nonoperating revenues (expenses):

State appropriations, noncapital	—
Federal financial aid grants, noncapital	—
State financial aid grants, noncapital	—
Local financial aid grants, noncapital	—
Nongovernmental and other financial aid grants, noncapital	—
Other federal nonoperating grants, noncapital	—
Gifts, noncapital	2,301,914
Investment income (loss), net	1,951,152
Endowment income (loss), net	—
Interest Expenses	—
Other nonoperating revenues (expenses)	48,665
Net nonoperating revenues (expenses)	4,301,731
Income (loss) before other additions	2,835,196

State appropriations, capital

Grants and gifts, capital	—
Additions (reductions) to permanent endowments	40,583
Increase (decrease) in net assets	2,875,779

Net assets:

Net assets at beginning of year, as previously reported	15,164,528
Restatements	—
Net assets at beginning of year, as restated	15,164,528
Net assets at end of year	\$ 18,040,307

See accompanying auditors' report and  
notes to financial statements.

**CALIFORNIA STATE UNIVERSITY, CHANNEL ISLANDS FOUNDATION**  
**EXPENSES BY NATURAL CLASSIFICATION**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	<u>2011</u>	<u>2010</u>
<b>EXPENSES</b>		
Accounting fees and other CSUCI services	\$ 129,127	\$ 115,259
Advertising and promotion	50,418	15,565
Audit and tax services	31,450	28,950
Awards and recognition items	25,988	33,430
Bad debt expense	3,645	-
Bank and credit card fees	3,630	3,876
Books and subscriptions	70	21,410
Consultant fees	35,000	1,000
Contributions to the University	225,173	139,399
Equipment	-	1,419
Event catering services	99,278	77,050
Grants made	14,795	15,439
Honoraria	950	8,750
Hospitality	10,052	15,700
Insurance	2,668	4,533
Investment fees	42,220	43,807
Miscellaneous expense	1,801	13,678
Office supplies	2,305	936
Other services	458,331	550,848
Other supplies	66,009	53,189
Postage	6,829	6,562
Printing	38,270	37,134
Registration and dues	17,211	35,397
Rental	14,634	45,526
Scholarships	252,677	139,591
Software	-	5,916
Telephone	1,378	1,510
Travel	<u>23,107</u>	<u>42,301</u>
 Total expenses	 <u>\$1,557,016</u>	 <u>\$1,458,175</u>

See accompanying auditors' report and  
notes to financial statements.

**CALIFORNIA STATE UNIVERSITY, CHANNEL ISLANDS FOUNDATION  
OTHER INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2011**

<b>1</b>	<b>Restricted cash and cash equivalents at June 30, 2011:</b>	
	Portion of restricted cash and cash equivalents related to endowments	\$ 381,309
	All other restricted cash and cash equivalents	<u>2,017,922</u>
	Total restricted cash and cash equivalents	<u>\$ 2,399,231</u>

See accompanying auditors' report and  
notes to financial statements.



**CALIFORNIA STATE UNIVERSITY, CHANNEL ISLANDS FOUNDATION  
OTHER INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2011**

<b>2.2</b>	<b>Investments held by the University under contractual agreements at June 30, 2011:</b> Portion of investments in note 2.1 held by the University under contractual agreements at June 30, 2011 :	-
<b>2.3</b>	<b>Restricted current investments at June 30, 2011 related to:</b>	<b>Amount</b>
	Mutual Funds	\$ 98,606
	Add description	—
	<b>Total restricted current investments at June 30, 2011</b>	<b>\$ 98,606</b>
<b>2.4</b>	<b>Restricted noncurrent investments at June 30, 2011 related to:</b>	<b>Amount</b>
	Endowment investment	\$ 5,523,112
	Equities	2,236,284
	Mutual Funds	4,363,130
	Real Estate Alternatives	42,537
	Add description	—
	<b>Total restricted noncurrent investments at June 30, 2011</b>	<b>\$ 12,165,063</b>

See accompanying auditors' report and notes to financial statements.





**CALIFORNIA STATE UNIVERSITY, CHANNEL ISLANDS FOUNDATION**  
**OTHER INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(CONTINUED)**

4 Long-term liabilities activity schedule:

	Balance June 30, 2010	Prior period adjustments	Reclassifications	Balance June 30, 2010 (restated)	Additions	Reductions	Balance June 30, 2011	Current portion	Long-term portion
Accrued compensated absences	\$ —	—	—	—	-	-	—	—	—
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:									
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Total long-term debt obligations	—	—	—	—	-	-	—	—	—
Unamortized bond premium / (discount)	—	—	—	—	-	-	—	—	—
Unamortized loss on refunding	—	—	—	—	-	-	—	—	—
Total long-term debt obligations, net	—	—	—	—	—	—	—	—	—
Total long-term liabilities	\$ —	—	—	—	—	—	—	—	—

See accompanying auditors' report and  
notes to financial statements.

**CALIFORNIA STATE UNIVERSITY, CHANNEL ISLANDS FOUNDATION  
OTHER INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2011  
(CONTINUED)**

**5 Future minimum lease payments - capital lease obligations:**

	<u>Principal</u>	<u>Interest</u>	<u>Principal and Interest</u>
Year ending June 30:			
2012	-	-	—
2013	-	-	—
2014	-	-	—
2015	-	-	—
2016	-	-	—
2017 - 2021	-	-	—
2022 - 2026	-	-	—
2027 - 2031	-	-	—
2032 - 2036	-	-	—
2037 - 2041	-	-	—
2042 - 2046	-	-	—
2047 - 2051	-	-	—
2052 - 2056	-	-	—
2057 - 2061	-	-	—
	<hr/>	<hr/>	<hr/>
Total minimum lease payments			—
Less amounts representing interest			—
Present value of future minimum lease payments			—
Less: current portion			—
<b>Capitalized lease obligation, net of current portion</b>			<b>\$ —</b>

See accompanying auditors' report and  
notes to financial statements.

**CALIFORNIA STATE UNIVERSITY, CHANNEL ISLANDS FOUNDATION  
OTHER INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2011  
(CONTINUED)**

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	\$ -	-	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-	-
2017 - 2021	-	-	-	-	-	-	-	-	-
2022 - 2026	-	-	-	-	-	-	-	-	-
2027 - 2031	-	-	-	-	-	-	-	-	-
2032 - 2036	-	-	-	-	-	-	-	-	-
2037 - 2041	-	-	-	-	-	-	-	-	-
2042 - 2046	-	-	-	-	-	-	-	-	-
2047 - 2051	-	-	-	-	-	-	-	-	-
2052 - 2056	-	-	-	-	-	-	-	-	-
2057 - 2061	-	-	-	-	-	-	-	-	-
Total	\$ -	-	-	-	-	-	-	-	-

See accompanying auditors' report and notes to financial statements.

**CALIFORNIA STATE UNIVERSITY, CHANNEL ISLANDS FOUNDATION  
OTHER INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2011  
(CONTINUED)**

**7 Calculation of net assets**

	<u>Auxiliary Organizations</u>		<u>Total</u>
	<u>GASB</u>	<u>FASB</u>	<u>Auxiliaries</u>
<b>7.1 Calculation of net assets - Invested in capital assets, net of related debt</b>			
Capital assets, net of accumulated depreciation	\$ —	—	—
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 adjustments: (please list)			
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Net assets - invested in capital assets, net of related debt	<u>\$ —</u>	<u>—</u>	<u>—</u>
<b>7.2 Calculation of net assets - Restricted for nonexpendable - endowments</b>			
Portion of restricted cash and cash equivalents related to endowments	\$ 381,309	—	381,309
Endowment investments	5,141,803	—	5,141,803
Other adjustments: (please list)			
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Net assets - Restricted for nonexpendable - endowments per SNA	<u>\$ 5,523,112</u>	<u>—</u>	<u>5,523,112</u>

See accompanying auditors' report and notes to financial statements.

**CALIFORNIA STATE UNIVERSITY, CHANNEL ISLANDS FOUNDATION  
OTHER INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2011  
(CONTINUED)**

**8 Transactions with Related Entities**

	<b>Amount</b>
Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$ 304,055
Payments to University for other than salaries of University personnel	341,268
Payments received from University for services, space, and programs	—
Gifts-in-kind to the University from Auxiliary Organizations	172,976
Gifts (cash or assets) to the University from recognized Auxiliary Organizations	52,700
Accounts (payable to) University (enter as negative number)	(295,505)
Other amounts (payable to) University (enter as negative number)	—
Accounts receivable from University	95,376
Other amounts receivable from University	—

See accompanying auditors' report and  
notes to financial statements.

**CALIFORNIA STATE UNIVERSITY, CHANNEL ISLANDS FOUNDATION  
OTHER INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2011  
(CONTINUED)**

**9 Other Postemployment Benefits Obligation (OPEB)**

Annual required contribution (ARC)	\$	—
Contributions during the year		—
		<hr style="border: 1px solid black;"/>
Increase (decrease) in net OPEB obligation (NOO)		—
NOO - beginning of year		—
		<hr style="border: 1px solid black;"/>
NOO - end of year	\$	<hr style="border: 1px solid black;"/>

See accompanying auditors' report and  
notes to financial statements.

**CALIFORNIA STATE UNIVERSITY, CHANNEL ISLANDS FOUNDATION  
OTHER INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2011  
(CONTINUED)**

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

<u>Description</u>	<u>Amount</u>
Add description	\$ —
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
	<hr/>
Total pollution remediation liabilities	\$ —
Less: current portion	—
	<hr/>
Pollution remediation liabilities, net of current portion	<hr/> — <hr/>

See accompanying auditors' report and  
notes to financial statements.

**CALIFORNIA STATE UNIVERSITY, CHANNEL ISLANDS FOUNDATION**  
**OTHER INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(CONTINUED)**

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

	Net Asset Class	Amount Dr. (Cr.)
Net assets as of June 30, 2010, as previously reported	\$	15,164,528
Prior period adjustments:		
1 (list description of each adjustment)		—
2 (list description of each adjustment)		—
3 (list description of each adjustment)		—
4 (list description of each adjustment)		—
5 (list description of each adjustment)		—
6 (list description of each adjustment)		—
7 (list description of each adjustment)		—
8 (list description of each adjustment)		—
9 (list description of each adjustment)		—
10 (list description of each adjustment)		—
Net assets as of June 30, 2010, as restated	\$	15,164,528

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

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

See accompanying auditors' report and  
notes to financial statements.