

**CALIFORNIA STATE UNIVERSITY,
NORTHRIDGE FOUNDATION**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2009

**CALIFORNIA STATE UNIVERSITY,
NORTHRIDGE FOUNDATION**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2009

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GREEN HASSON & JANKS LLP
BUSINESS ADVISORS AND CPAs

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
California State University, Northridge Foundation

We have audited the accompanying statement of financial position of California State University, Northridge Foundation (a nonprofit organization) as of June 30, 2009 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from California State University, Northridge Foundation's 2008 financial statements and, in our report dated September 10, 2008, we expressed an unqualified opinion on those financial statements.


We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of California State University, Northridge Foundation as of June 30, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information included in the statements of net assets; revenues, expenses and changes in net assets; and, other information is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Green Hasson & Janks LLP

September 25, 2009
Los Angeles, California

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**CALIFORNIA STATE UNIVERSITY,
NORTHRIDGE FOUNDATION**

STATEMENT OF FINANCIAL POSITION
June 30, 2009

With Summarized Totals at June 30, 2008

	2009	2008
ASSETS		
Cash and Cash Equivalents	\$ 10,293,997	\$ 8,575,149
Investments	58,754,012	70,360,265
Restricted Cash and Cash Equivalents	649,162	278,047
Pledges Receivable (Net)	9,816,260	11,759,180
Bequests Receivable	1,230,665	-
Prepaid Expenses and Other Receivables	99,208	122,014
Gift Annuities Receivable (Net)	146,171	186,989
Beneficial Interest in Charitable Remainder Trusts	1,717,441	1,790,191
Equipment (Net)	128,716	190,812
Art Collection	22,270,256	22,270,256
	TOTAL ASSETS	\$ 105,105,888
	\$ 105,105,888	\$ 115,532,903
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts Payable and Accrued Liabilities	\$ 185,188	\$ 215,530
Amounts Payable to the University	365,745	76,106
Amounts Payable to Other University Auxiliary Organization	24,764	28,387
Deferred Revenue	391,250	453,750
	TOTAL LIABILITIES	966,947
	966,947	773,773
NET ASSETS:		
Unrestricted - Undesignated	(476,488)	5,584,635
Unrestricted - Board-Designated	2,000,000	2,000,000
Unrestricted - President's Special Fund	91,498	52,167
	TOTAL UNRESTRICTED NET ASSETS	1,615,010
	1,615,010	7,636,802
Temporarily Restricted	49,099,095	54,974,786
Permanently Restricted	53,424,836	52,147,542
	TOTAL NET ASSETS	104,138,941
	104,138,941	114,759,130
	TOTAL LIABILITIES AND NET ASSETS	\$ 105,105,888
	\$ 105,105,888	\$ 115,532,903

The Accompanying Notes are an Integral Part of These Financial Statements

**CALIFORNIA STATE UNIVERSITY,
NORTHRIDGE FOUNDATION**

STATEMENT OF ACTIVITIES
Year Ended June 30, 2009

With Summarized Totals for the Year Ended June 30, 2008

	2009				Total 2008
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
REVENUE AND SUPPORT:					
SUPPORT:					
Contributions	\$ 16,773	\$ 6,563,946	\$ 1,301,637	\$ 7,882,356	\$ 13,386,782
Contributed Goods	658,684	-	-	658,684	351,731
Change in Value of Gift Annuities Receivable	-	(40,818)	-	(40,818)	13,138
Change in Value of Beneficial Interest in Charitable Remainder Trusts	-	(119,000)	-	(119,000)	(38,538)
TOTAL SUPPORT	675,457	6,404,128	1,301,637	8,381,222	13,713,113
OTHER REVENUE:					
Program Income	-	316,450	-	316,450	281,797
Investment Loss (Net)	(6,586,581)	(7,059,089)	-	(13,645,670)	(3,513,444)
Royalties	357,059	-	-	357,059	353,467
Other	49,680	266,371	-	316,051	329,648
TOTAL OTHER REVENUE	(6,179,842)	(6,476,268)	-	(12,656,110)	(2,548,532)
TOTAL REVENUE AND SUPPORT	(5,504,385)	(72,140)	1,301,637	(4,274,888)	11,164,581
Net Assets Released from Program Restrictions	5,827,894	(5,827,894)	-	-	-
Donor Reclassifications	-	24,343	(24,343)	-	-
TOTAL REVENUE AND SUPPORT AND NET ASSETS RELEASED FROM RESTRICTIONS	323,509	(5,875,691)	1,277,294	(4,274,888)	11,164,581
EXPENSES:					
PROGRAM SERVICES:					
Scholarships	1,254,654	-	-	1,254,654	985,402
University Departmental Support	4,046,314	-	-	4,046,314	3,244,737
Public Awareness	22,349	-	-	22,349	25,170
TOTAL PROGRAM SERVICES	5,323,317	-	-	5,323,317	4,255,309
SUPPORTING SERVICES:					
General and Administrative	963,448	-	-	963,448	537,423
Fundraising	58,536	-	-	58,536	92,729
TOTAL SUPPORTING SERVICES	1,021,984	-	-	1,021,984	630,152
TOTAL EXPENSES	6,345,301	-	-	6,345,301	4,885,461
CHANGE IN NET ASSETS	(6,021,792)	(5,875,691)	1,277,294	(10,620,189)	6,279,120
Net Assets - Beginning of Year (As Reclassified)	7,636,802	54,974,786	52,147,542	114,759,130	108,480,010
NET ASSETS - END OF YEAR	\$ 1,615,010	\$49,099,095	\$53,424,836	\$104,138,941	\$114,759,130

The Accompanying Notes are an Integral Part of These Financial Statements

**CALIFORNIA STATE UNIVERSITY,
NORTHRIDGE FOUNDATION**

STATEMENT OF CASH FLOWS

Year Ended June 30, 2009

With Summarized Totals for the Year Ended June 30, 2008

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ (10,620,189)	\$ 6,279,120
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Amortization	62,096	154,869
Allowance for Uncollectable Pledges Receivable	613,928	-
Realized and Unrealized Losses on Investments	15,143,153	5,324,537
Contributed Stock	(1,834,198)	(516,562)
Contributions Restricted for Investment in Perpetuity	(1,301,637)	(808,310)
Change in Value of Gift Annuities Receivable	40,818	(13,138)
Change in Value of Beneficial Interest in Charitable Remainder Trusts	119,000	38,538
(Increase) Decrease in:		
Pledges Receivable	1,328,992	(350,951)
Bequests Receivable	(1,230,665)	-
Prepaid Expenses and Other Receivables	22,806	(99,276)
Gift Annuities Receivable	-	55,388
Beneficial Interest in Split-Interest Agreements	(46,250)	(254,360)
Increase (Decrease) in:		
Accounts Payable and Accrued Liabilities	(30,342)	42,338
Amounts Payable to the University	289,639	(18,535)
Amounts Payable to Other University Auxiliary Organization	(3,623)	(11,346)
Deferred Revenue	(62,500)	(62,500)
NET CASH PROVIDED BY OPERATING ACTIVITIES	2,491,028	9,759,812
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of Investments	(3,797,494)	(5,393,818)
Net Proceeds from Sale and Maturities of Investments	3,584,903	1,497,583
Interest and Dividends Reinvested	(1,490,111)	(1,811,094)
NET CASH USED IN INVESTING ACTIVITIES	(1,702,702)	(5,707,329)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions Restricted for Investment in Perpetuity	1,301,637	808,310
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,089,963	4,860,793
Cash and Cash Equivalents - Beginning of Year	8,853,196	3,992,403
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 10,943,159	\$ 8,853,196
Cash and Cash Equivalents	\$ 10,293,997	\$ 8,575,149
Restricted Cash and Cash Equivalents	649,162	278,047
TOTAL CASH AND CASH EQUIVALENTS	\$ 10,943,159	\$ 8,853,196

The Accompanying Notes are an Integral Part of These Financial Statements

**CALIFORNIA STATE UNIVERSITY,
NORTHRIDGE FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE 1 - ORGANIZATION

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) BASIS OF PRESENTATION

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

(b) ACCOUNTING

To ensure observance of certain constraints and restrictions placed on the use of resources, the accounts of the Foundation are maintained in accordance with the principles of net assets accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into net asset classes that are in accordance with specified activities or objectives. Accordingly, all financial transactions have been recorded and reported by net asset class as follows:

- **Unrestricted - Undesignated.** These generally result from revenues generated by receiving unrestricted contributions, providing services, and receiving income from investments less expenses incurred in providing program related services, raising contributions and performing administrative functions.
- **Unrestricted - Board-Designated.** The Board of Directors has designated a portion of unrestricted net assets for the purpose of the Valley Performing Arts Center at the University. The Foundation has \$2,000,000 of Board-designated net assets at June 30, 2009.
- **Unrestricted - President's Special Fund.** The Board of Directors has designated a portion of unrestricted net assets for the purpose of special projects of the President of California State University, Northridge. The Foundation has \$91,498 of President's Special Fund net assets at June 30, 2009.

**CALIFORNIA STATE UNIVERSITY,
NORTHRIDGE FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) ACCOUNTING (continued)

- **Temporarily Restricted.** The Foundation reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from program or capital restrictions. The Foundation has \$49,099,095 of temporarily restricted net assets at June 30, 2009.
- **Permanently Restricted.** These net assets are from donors who stipulate that resources are to be maintained permanently, but permit the Foundation to expend all of the income (or other economic benefits) derived from the donated assets. The Foundation has \$53,424,836 of permanently restricted net assets at June 30, 2009.

(c) CASH AND CASH EQUIVALENTS

Cash and cash equivalents are short-term, highly liquid investments with maturities of three months or less at the time of purchase. The carrying value of cash and cash equivalents at June 30, 2009 approximates its fair value.

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

(d) INVESTMENTS

Investments in equity and debt securities with readily determinable market values are reported at fair value. The fair value of investments is valued at the closing price on the last business day of the fiscal year. Realized gains and losses are calculated based upon the underlying cost of the securities traded. Interest and dividend income is recorded when earned.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain long-term investments, it is reasonably possible that changes in the values of these investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Investments are made according to the investment policies, guidelines, and objectives adopted by the Foundation's Board of Directors. These guidelines provide for investments in equities, fixed income, and other securities with performance measured against appropriate indices. The investments are generally managed by outside investment managers contracted by the Foundation. Market values of such investments and credit ratings of bond issuers are routinely reviewed by the Board of Directors.

**CALIFORNIA STATE UNIVERSITY,
NORTHRIDGE FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) PLEDGES RECEIVABLE

Unconditional contributions, including pledges recorded at estimated net realizable value, are recognized as revenues when pledges are made. The Foundation reports unconditional contributions as restricted support if they are received with donor stipulations that limit the use of the donated assets. Discounts for pledges (pledges due over one year) are recorded as reductions to contribution revenue and pledges receivable. Discounts increase contribution revenue when the pledge is received. At June 30, 2009, the Foundation evaluated the collectibility of pledges receivable. Pledges receivable at June 30, 2009 are net of an allowance for uncollectible pledges of \$307,711.

(f) BEQUESTS RECEIVABLE

From time-to-time, the Foundation is named as a beneficiary in a bequest. Bequests are not recognized as support until all of the following conditions are met: the demise of the testator, the amount of the bequest is known, the Foundation is certain that, based on the estate's net assets, the amount bequeathed is realizable and the probate court has declared the will valid.

(g) GIFT ANNUITIES RECEIVABLE

On behalf of the Foundation, the University has received donations of assets in exchange for distributions of a fixed amount for a specific period of time to the donor or other beneficiaries. The fair market value of the donated assets at June 30, 2009 was \$592,251, the annuitant liability, adjusted to reflect changes in life expectancies, was \$446,080. The net receivable due from the University at June 30, 2009 was \$146,171.

(h) BENEFICIAL INTEREST IN CHARITABLE REMAINDER TRUSTS

The Foundation has been designated as the beneficiary of assets held in nine charitable remainder trusts administered by other trustees. A receivable is recorded at the present value of the amount held by the trustee that is expected to be received by the Foundation. The Foundation uses an interest rate commensurate with the risks involved to discount the contribution receivable. The discount rate used during the year ended June 30, 2009 was 3.8%. The amortization of this discount and changes in actuarial assumptions are reflected in the statement of activities as a change in value of beneficial interest in charitable remainder trusts.

**CALIFORNIA STATE UNIVERSITY,
NORTHRIDGE FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) EQUIPMENT

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

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

(j) ART COLLECTION

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

(k) LONG-LIVED ASSETS

The Foundation reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the book value of the assets may not be recoverable. An impairment loss is recognized when the sum of the undiscounted future cash flows is less than the carrying amount of the asset, in which case a write-down is recorded to reduce the related asset to its estimated fair value. No impairment losses were recognized on long-lived assets during the year ended June 30, 2009.

(l) DEFERRED REVENUE

In a prior year, the Foundation received a contribution of \$500,000 that is conditional upon a continuing operating agreement between the donor and the University. The term of the operating agreement is eight years, and should the agreement be terminated prior to expiration, any unamortized portion of the contribution will be required to be returned to the donor. Due to the conditional nature of this contribution, only the amortized portion in the amount of \$62,500 has been recognized as contribution revenue during the year ended June 30, 2009, with the unamortized balance of \$312,500 included in deferred revenue. Also included in deferred revenue at June 30, 2009 is \$78,750 of deferred royalty income. Income from royalties is deferred and recognized over the periods to which the royalty income relates.

(m) CONTRIBUTED GOODS AND SERVICES

Contributions of donated non-cash assets are recorded at fair value in the period received. Contributions of donated services are recognized if the services received (a) create or enhance long-lived assets, or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. For the year ended June 30, 2009, the Foundation recorded in-kind contributions of \$658,684 (See Note 8).

**CALIFORNIA STATE UNIVERSITY,
NORTHRIDGE FOUNDATION**

NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) CONTRIBUTED GOODS AND SERVICES (continued)

The Foundation has an arrangement with the University whereby the Foundation receives support from the University to assist in the payment of salaries, use of office space and certain administrative expenses. In return, the Foundation provides services to the University primarily related to fundraising support, management of donated funds, and departmental support. These amounts are not included in the financial statements of the Foundation; however for the year ended June 30, 2009, University support for the Foundation totaled \$319,211.

(n) INCOME TAXES

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

(o) FUNCTIONAL ALLOCATION OF EXPENSES

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

(p) USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues and expenses as of the date and for the period presented. Accordingly, actual results could differ from those estimates.

(q) COMPARATIVE TOTALS

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2008, from which the summarized information was derived.

(r) RECLASSIFICATION

For comparability, the June 30, 2008 amounts have been reclassified, where appropriate, to conform to the financial statement presentation used at June 30, 2009. In a prior year, certain temporarily restricted net assets were disclosed as unrestricted - college-based net assets. As a result, the following net asset reclassification has been presented in the accompanying financial statements.

**CALIFORNIA STATE UNIVERSITY,
NORTHRIDGE FOUNDATION**

NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) **RECLASSIFICATION** (continued)

	Unrestricted Net Assets	Temporarily Restricted Net Assets
Beginning of Year As Previously Reported	\$18,980,748	\$43,630,840
Reclassification of College-Based Net Assets	(11,343,946)	11,343,946
<i>BEGINNING OF YEAR AS RECLASSIFIED</i>	\$ 7,636,802	\$54,974,786

NOTE 3 - INVESTMENTS

Investments at June 30, 2009 consist of the following:

U.S. Corporate Securities	\$31,439,161
Bonds	20,229,826
Real Estate	1,525,109
Commodities	2,346,276
Hedge Fund of Funds	3,213,640
<i>TOTAL INVESTMENTS</i>	\$58,754,012

Included in investments at June 30, 2009 is \$26,261,349 of investments restricted in perpetuity.

Net investment loss for the year ended June 30, 2009 consists of the following:

Net Realized and Unrealized Losses	\$ (15,143,153)
Interest and Dividends	1,824,100
Investment Expense	(326,617)
<i>INVESTMENT LOSS (NET)</i>	\$ (13,645,670)

NOTE 4 - FAIR VALUE MEASUREMENTS

Effective January 1, 2008, the Foundation implemented Statement of Financial Accounting Standards No. 157 (SFAS 157) for those assets (and liabilities) that are re-measured and reported at fair value at each reporting period. This standard establishes a single authoritative definition of fair value, sets out a framework for measuring fair value based on inputs used, and requires additional disclosures about fair value measurements. SFAS 157 applies to fair value measurements already required or permitted by existing standards.

In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets (or liabilities). Fair values determined by Level 2 inputs utilize data points that are observable such as quoted prices, interest rates and yield curves. Fair values determined by Level 3 inputs are unobservable data points for the asset (or liability) and include situations where there is little, if any, market activity for the asset (or liability).

**CALIFORNIA STATE UNIVERSITY,
NORTHRIDGE FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE 4 - FAIR VALUE MEASUREMENTS (continued)

The following table presents information about the Foundation's assets that are measured at fair value on a recurring basis at June 30, 2009 and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value:

	Year Ended June 30, 2009	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Corporate Securities	\$ 31,439,161	\$ 1,738,486	\$ 29,700,675	\$ -
Bonds	20,229,826	20,229,826	-	-
Real Estate	1,525,109	1,525,109	-	-
Commodities	2,346,276	2,346,276	-	-
Hedge Fund of Funds	3,213,640	-	-	3,213,640
TOTAL INVESTMENTS	58,754,012	25,839,697	29,700,675	3,213,640
Gift Annuities Receivable	146,171	-	-	146,171
Beneficial Interest in Charitable Remainder Trusts	1,717,441	-	-	1,717,441
TOTAL	\$ 60,617,624	\$ 25,839,697	\$ 29,700,675	\$ 5,077,252

The fair values of marketable securities within Level 1 inputs were obtained based on quoted market prices at the closing of the last business day of the fiscal year.

The fair value of the marketable securities within Level 2 and Level 3 was based on the net asset value (NAV) of units held by the Foundation. The NAV is determined by the asset managers based on the value of underlying investments within the funds, with reference to liquidity restrictions. The fair value of the beneficial interest in charitable remainder trusts and gift annuities within Level 3 was determined as described in Note 2(g) and Note 2(h).

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)			
	Unrestricted	Temporarily Restricted	Temporarily Restricted	Total
	Investment in Hedge Fund of Funds	Gift Annuities Receivables	Beneficial Interest in Charitable Remainder Trusts	
Beginning Balance	\$ 3,661,569	\$ 186,989	\$ 1,790,191	\$ 5,638,749
Change in Value:				
Beneficial Interest	-	(40,818)	(119,000)	(159,818)
Net Unrealized Losses	(447,929)	-	-	(447,929)
Transfers In (Out) of Level 3	-	-	46,250	46,250
ENDING BALANCE	\$ 3,213,640	\$ 146,171	\$ 1,717,441	\$ 5,077,252

**CALIFORNIA STATE UNIVERSITY,
NORTHRIDGE FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE 5 - PLEDGES RECEIVABLE

Pledges receivable at June 30, 2009 are due to be received as follows:

	Temporarily Restricted	Permanently Restricted	Total
Due in 1 Year	\$ 2,065,553	\$ 3,306,694	\$ 5,372,247
Due in 2-5 Years	2,542,519	2,610,714	5,153,233
Due in over 5 Years	5,000		5,000
<i>TOTAL</i>	\$ 4,613,072	\$ 5,917,408	10,530,480
Less:			
Allowance for Doubtful Accounts			(307,711)
Discount to Reflect Present Value of Pledges Receivable (Discount Rate at 5%)			(406,509)
<i>PLEDGES RECEIVABLE (NET)</i>			\$ 9,816,260

NOTE 6 - EQUIPMENT

Equipment consists of the following at June 30, 2009:

Software		\$ 828,979
Less: Accumulated Amortization		(700,263)
<i>EQUIPMENT (NET)</i>		\$ 128,716

Amortization expense for the year ended June 30, 2009 was \$62,096.

NOTE 7 - ART COLLECTION

The art collection consists of the following at June 30, 2009:

	Temporarily Restricted	Permanently Restricted	Total
Chinese Artifacts	\$ 145,000	\$21,385,956	\$21,530,956
Harry Jackson Sculptures	739,300	-	739,300
<i>TOTAL</i>	\$ 884,300	\$21,385,956	\$22,270,256

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

**CALIFORNIA STATE UNIVERSITY,
NORTHRIDGE FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE 8 - UNIVERSITY DEPARTMENTAL SUPPORT EXPENSE

University departmental support expense is dependent on the annual requirements of the various University faculties and departments and on contributed goods received during the year. Contributed goods that have a value that will depreciate, or that have a short useful life, are transferred to the University. Contributed goods with a cultural or artistic life are retained by the Foundation. Contributed goods transferred to the University during the year ended June 30, 2009, and included in University departmental support expense, amounted to \$658,684.

NOTE 9 - NET ASSETS

(a) TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2009 consist of the following:

Departmental Programs	\$ 30,350,935
Scholarships	7,973,772
Capital Projects	10,522,223
Research	148,598
Other	<u>103,567</u>
TOTAL TEMPORARILY RESTRICTED NET ASSETS	<u>\$ 49,099,095</u>

(b) PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets at June 30, 2009 totaled \$53,424,836, which includes contributions of rare Chinese artifacts and contributions restricted by donors for investment in perpetuity. The earnings from the investments are available for the general support of the Foundation's programs and operations, unless otherwise designated by the donor. Restricted cash and cash equivalents of \$649,162 at June 30, 2009 are part of the permanent endowment investment portfolio.

NOTE 10 - ENDOWMENTS

The Foundation's endowments consist of funds established for a variety of purposes. Endowment funds are established by donor-restricted gifts and bequests to either provide a permanent endowment, which is to provide a permanent source of income to the Foundation, or a term endowment, which is to provide income for a specified period to the Foundation (See Note 9). Beneficial interests in charitable remainder trusts and gift annuities are not considered part of the Foundation's endowments, nor are Board designated net assets, since they are designated for particular programs or capital projects. Endowment pledges receivable are not considered part of the Foundation's endowments until collected.

**CALIFORNIA STATE UNIVERSITY,
NORTHRIDGE FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE 10 - ENDOWMENTS (continued)

The Foundation's management understands California State law as (1) requiring the preservation of the fair value of the original gifts as of the gift date of the donor restricted endowment funds, absent donor stipulations to the contrary and (2) allowing the spending of income and gains on permanently restricted endowments, absent explicit donor stipulations that all or a portion of such gains be maintained in perpetuity.

The primary long-term financial objective for the Foundation's endowments is to preserve the real (inflation-adjusted) purchasing power of endowment assets and income after accounting for endowment spending, inflation and costs of portfolio management. Performance of the overall endowment against this objective is measured over an investment horizon of five to seven years. The endowments are also managed to optimize the long run total rate of return on invested assets, assuming a prudent level of risk. The goal for this rate of return is one that funds the Foundation's existing spending policy and allows sufficient reinvestment to grow the endowment principal at a rate that exceeds inflation (as measured by the Consumer Price Index). Over the short term, the return for each element of the endowment portfolio should match or exceed each of the returns for the broader capital markets in which assets are invested.

At times, the fair value of assets associated with these endowment funds may fall below the level that the donors require the Foundation to retain as funds of perpetual duration. These deficiencies result from unfavorable market fluctuations. In accordance with generally accepted accounting principles, deficiencies of this nature that are reported in unrestricted net assets were \$1,214,648 at June 30, 2009.

The Foundation's Board of Directors has developed a spending policy that distributes a specific payout rate of the endowment base to support the Foundation's programs. Such a policy allows for a greater predictability of spendable income for budgeting purposes and for gradual steady growth for the support of operations by the endowments. In addition, this policy minimizes the probability of invading the principal over the long term. The Foundation's Board of Directors annually approves the spending rate and for the year ended June 30, 2009 the spending rate was 4% of the market value of those endowments without deficiencies or deficits as described above.

**Endowment Net Asset
Composition by Type of Fund
at June 30, 2009**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted	\$(1,214,648)	\$12,984,883	\$26,261,349	\$ 38,031,584

**Changes in Endowment Net
Assets for the Year Ended
June 30, 2009**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets -				
Beginning of Year	\$ -	\$16,806,489	\$25,159,241	\$41,964,730
Contributions	-	3,237,483	1,069,303	4,306,786
Investment Losses	(1,214,648)	(7,059,089)	-	(8,273,737)
Other Changes:				
Donor Reclassifications	-	-	32,805	-

**ENDOWMENT NET ASSETS -
END OF YEAR**

	\$ (1,214,648)	\$12,984,883	\$26,261,349	\$38,031,584
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**CALIFORNIA STATE UNIVERSITY,
NORTHRIDGE FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE 10 - ENDOWMENTS (continued)

The endowment net assets are held as follows at June 30 2009:

	Investments	Restricted Cash	Total
Endowment Portfolio	\$37,382,422	\$ 649,162	\$38,031,584
Non-Endowment and Short-Term Portfolio	21,371,590	-	21,371,590
<i>TOTAL</i>	<u>\$58,754,012</u>	<u>\$ 649,162</u>	<u>\$59,403,174</u>

**CALIFORNIA STATE UNIVERSITY,
NORTHRIDGE FOUNDATION**

SUPPLEMENTAL INFORMATION

YEAR ENDED JUNE 30, 2009

**CALIFORNIA STATE UNIVERSITY,
NORTHRIDGE FOUNDATION**

STATEMENT OF NET ASSETS

June 30, 2009

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

Assets:

Current Assets:

Cash and Cash Equivalents	\$ 10,293,997
Short-Term Investments	21,178,594
Accounts Receivable (Net)	-
Leases Receivable	-
Notes Receivable	-
Pledges Receivable (Net)	5,372,247
Prepaid Expenses and Other Assets	36,904
	36,881,742

Total Current Assets

Non-Current Assets:

Restricted Cash and Cash Equivalents	649,162
Accounts Receivable (Net)	3,156,581
Leases Receivable	-
Notes Receivable	-
Student Loans Receivable (Net)	-
Pledges Receivable (Net)	4,444,013
Endowment Investments	37,575,418
Other Long-Term Investments	-
Capital Assets (Net)	128,716
Other Assets - Collection Items	22,270,256
	68,224,146

Total Non-Current Assets

Total Assets

\$ 105,105,888

Liabilities:

Current Liabilities:

Accounts Payable	\$ 575,697
Accrued Salaries and Benefits Payable	-
Deferred Revenue	141,250
Other Liabilities	-
	716,947

Total Current Liabilities

Non-Current Liabilities:

Accrued Compensated Absences (Net of Current Portion)	-
Deferred Revenue	250,000
Other Liabilities	-
	250,000

Total Non-Current Liabilities

Total Liabilities

966,947

Net Assets:

Invested in Capital Assets (Net of Related Debt)	128,716
Restricted for:	
Nonexpendable Endowments	53,424,836
Expendable:	
Scholarships and Fellowships	7,973,772
Research	148,598
Loans	-
Capital Projects	10,522,223
Debt Service	-
Other	30,454,502
Unrestricted	1,486,294
	104,138,941

Total Net Assets

\$ 104,138,941

See Independent Auditors' Report

**CALIFORNIA STATE UNIVERSITY,
NORTHRIDGE FOUNDATION**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

Year Ended June 30, 2009

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

Revenues:

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

Expenses:

Operating Expenses:	
Instruction	336,642
Research	295,470
Public Service	184,032
Academic Support	759,013
Student Services	642,589
Institutional Support	2,810,805
Operation and Maintenance of Plant	-
Student Grants and Scholarships	1,254,654
Auxiliary Enterprise Expenses	-
Depreciation and Amortization	62,096
	6,345,301
Total Operating Expenses	6,345,301
Operating Income (Loss)	(6,345,301)

Nonoperating Revenues (Expenses):

Gifts (Noncapital)	7,079,585
Investment Income (Net)	(13,645,670)
Other Nonoperating Revenues (Expenses)	989,560
	(5,576,525)
Income (Loss) Before Other Revenues, Expenses, Gains or Losses	(11,921,826)

State Appropriations, Capital	-
Grants and Gifts, Capital	-
Additions to Permanent Endowments	1,301,637
	1,301,637
Increase (Decrease) in Net Assets	(10,620,189)

Net Assets:

Net Assets at Beginning of Year	114,759,130
	114,759,130
Net Assets at End of Year	\$ 104,138,941

See Independent Auditors' Report

CALIFORNIA STATE UNIVERSITY, NORTHRIDGE FOUNDATION

STATEMENT OF OTHER INFORMATION
Year Ended June 30, 2009

(for inclusion in the Consolidated Financial Statements of the California State University)

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

	<u>Amount</u>
U.S. Corporate Equities	\$ 20,767,501
Government Agencies & Bonds	11,835,764
Real Estate	1,130,554
Commodities	1,842,525
Hedge Funds	1,999,074
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Total restricted noncurrent investments at June 30, 2009	\$ <u>37,575,418</u>

3.1 Composition of capital assets at June 30, 2009:

	<u>Balance June 30, 2008</u>	<u>Prior period Adjustments</u>	<u>Reclassifications</u>	<u>Balance June 30, 2008 (restated)</u>	<u>Additions</u>	<u>Reductions</u>	<u>Transfers of Completed CWIP</u>	<u>Balance June 30, 2009</u>
Nondepreciable capital assets:								
Land and land improvements	\$ —	—	—	—	—	—	—	—
Works of art and historical treasures	—	—	—	—	—	—	—	—
Construction work in progress (CWIP)	—	—	—	—	—	—	—	—
Total nondepreciable capital assets	—	—	—	—	—	—	—	—
Depreciable capital assets:								
Buildings and building improvements	—	—	—	—	—	—	—	—
Improvements, other than buildings	—	—	—	—	—	—	—	—
Infrastructure	—	—	—	—	—	—	—	—
Leasehold improvements	—	—	—	—	—	—	—	—
Personal property:								
Equipment	—	—	—	—	—	—	—	—
Library books and materials	—	—	—	—	—	—	—	—
Intangible assets	828,979	—	—	828,979	—	—	—	828,979
Total depreciable capital assets	828,979	—	—	828,979	—	—	—	828,979
Total capital assets	828,979	—	—	828,979	—	—	—	828,979
Less accumulated depreciation:								
Buildings and building improvements	—	—	—	—	—	—	—	—
Improvements, other than buildings	—	—	—	—	—	—	—	—
Infrastructure	—	—	—	—	—	—	—	—
Leasehold improvements	—	—	—	—	—	—	—	—
Personal property:								
Equipment	—	—	—	—	—	—	—	—
Library books and materials	—	—	—	—	—	—	—	—
Intangible assets	(638,167)	—	—	(638,167)	(62,096)	—	—	(700,263)
Total accumulated depreciation	(638,167)	—	—	(638,167)	(62,096)	—	—	(700,263)
Total capital assets, net	\$ 190,812	—	—	190,812	(62,096)	—	—	128,716

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

Depreciation and amortization expense related to capital assets	\$ 62,096
Amortization expense related to other assets	—
Total depreciation and amortization	\$ <u>62,096</u>

See Independent Auditors' Report

CALIFORNIA STATE UNIVERSITY, NORTHRIDGE FOUNDATION

STATEMENT OF OTHER INFORMATION

Year Ended June 30, 2009

(for inclusion in the Consolidated Financial Statements of the California State University)

4 Long-term liabilities activity schedule:

	<u>Balance June 30, 2008</u>	<u>Prior period adjustments</u>	<u>Reclassifications</u>	<u>Balance June 30, 2008 (restated)</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2009</u>	<u>Current portion</u>	<u>Long-term portion</u>
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:									
Description	-	-	-	-	-	-	-	-	-
Description	-	-	-	-	-	-	-	-	-
Description	-	-	-	-	-	-	-	-	-
Description	-	-	-	-	-	-	-	-	-
Description	-	-	-	-	-	-	-	-	-
Description	-	-	-	-	-	-	-	-	-
Total long-term debt obligations	-	-	-	-	-	-	-	-	-
Unamortized bond premium / (discount)	-	-	-	-	-	-	-	-	-
Unamortized loss on refunding	-	-	-	-	-	-	-	-	-
Total long-term debt obligations, net	-	-	-	-	-	-	-	-	-
Total long-term liabilities	\$ -	-	-	-	-	-	-	-	-

5 Future minimum lease payments - capital lease obligations:

	<u>Principal</u>	<u>Interest</u>	<u>Principal and Interest</u>
Year ending June 30:			
2010	-	-	-
2011	-	-	-
2012	-	-	-
2013	-	-	-
2014	-	-	-
2015 - 2019	-	-	-
2020 - 2024	-	-	-
2025 - 2029	-	-	-
2030 - 2034	-	-	-
2035 - 2039	-	-	-
2040 - 2044	-	-	-
2045 - 2049	-	-	-
2050 - 2054	-	-	-
2055 - 2059	-	-	-
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			\$ -

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CALIFORNIA STATE UNIVERSITY, NORTHRIDGE FOUNDATION

STATEMENT OF OTHER INFORMATION

Year Ended June 30, 2009

(for inclusion in the Consolidated Financial Statements of 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:								
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

	Auxiliary Organizations		Total
	GASB	FASB	Auxiliaries
7.1 Calculation of net assets - Invested in capital assets, net of related debt			
Capital assets, net of accumulated depreciation	\$ —	128,716	128,716
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	\$ —	128,716	128,716

7.2 Calculation of net assets - Restricted for nonexpendable - endowments

Portion of restricted cash and cash equivalents related to endowments	\$ —	649,162	649,162
Endowment investments	—	37,575,418	37,575,418
Other adjustments: (please list)	—	—	—
Art Collection	—	21,240,956	21,240,956
Quasi Endowment Investment in Endowment Investment	—	(6,040,700)	(6,040,700)
	—	—	—
	—	—	—
	—	—	—
	—	—	—
	—	—	—
	—	—	—
	—	—	—
Net assets - Restricted for nonexpendable - endowments per SNA	\$ —	53,424,836	53,424,836

See Independent Auditors' Report

CALIFORNIA STATE UNIVERSITY, NORTHRIDGE FOUNDATION

STATEMENT OF OTHER INFORMATION

Year Ended June 30, 2009

(for inclusion in the Consolidated Financial Statements of the California State University)

8 Transactions with Related Entities

	<u>Amount</u>
Reimbursements to University for salaries of University personnel working on contracts, grants, and other programs	\$ 408,227
Reimbursements to University for other than salaries of University personnel	174,574
Payments received from University for services, space, and programs	70,047
Gifts-in-kind to the University from Auxiliary Organizations	658,684
Gifts (cash or assets) to the University from recognized Auxiliary Organizations	—
Accounts (payable to) University (enter as negative number)	(365,540)
Other amounts (payable to) University (enter as negative number)	—
Accounts receivable from University	—
Other amounts receivable from University	—

9 Other Postemployment Benefits Obligation (OPEB)

Annual required contribution (ARC)	\$ —
Contributions during the year	<u>—</u>
Increase (decrease) in net OPEB obligation (NOO)	—
NOO - beginning of year	<u>—</u>
NOO - end of year	\$ <u><u>—</u></u>

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

See Independent Auditors' Report

CALIFORNIA STATE UNIVERSITY, NORTHRIDGE FOUNDATION

STATEMENT OF OTHER INFORMATION

Year Ended June 30, 2009

(for inclusion in the Consolidated Financial Statements of the California State University)

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

	<u>Net Asset Class</u>	<u>Amount Dr. (Cr.)</u>
Net assets as of June 30, 2008, as previously reported		\$ 114,759,130
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, 2008, as restated		<u>\$ 114,759,130</u>

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

	<u>Debit</u>	<u>Credit</u>
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 Independent Auditors' Report