

**HUMBOLDT STATE UNIVERSITY
ADVANCEMENT FOUNDATION**

**FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION**

**Including Schedules Prepared for
Inclusion in the Financial Statements of the
California State University**

June 30, 2006

With

Report of Certified Public Accountants

HUMBOLDT STATE UNIVERSITY ADVANCEMENT FOUNDATION

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June 30, 2006

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INDEPENDENT AUDITORS' REPORT

Humboldt State University Advancement Foundation
Board of Directors
Arcata, California

We have audited the accompanying statement of financial position of the Humboldt State University Advancement Foundation as of June 30, 2006, 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.

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 Humboldt State University Advancement Foundation as of June 30, 2006, and the changes in its net assets and 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 schedule of net assets, the statement of revenues, expenses and changes in net assets, and other information (supplementary information on pages 10 – 18) are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information has been subjected to auditing procedures applied in the examination 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.

Hunter, Hunter & Hunt

August 14, 2006

HUMBOLDT STATE UNIVERSITY ADVANCEMENT FOUNDATION

STATEMENT OF FINANCIAL POSITION For the Fiscal Year Ended June 30, 2006

Assets

Current assets

Cash and cash equivalents	\$ 7,707
Cash and cash equivalents - LAIF Funds	<u>81,097</u>
Total cash	88,804
Interest receivable	18,057
Other receivable	<u>28,187</u>
Total current assets	<u>135,048</u>

Long term assets

Stock	1,565
Investments	18,827,657
Land	<u>715,000</u>
Total long term assets	<u>19,544,222</u>

Total assets \$ 19,679,270

Liabilities and Net Assets

Current liabilities

Accounts payable	\$ 2,084
Other payable	<u>28,187</u>
Total current liabilities	<u>30,271</u>

Net assets

Unrestricted	128,057
Temporarily restricted	6,152,971
Permanently restricted	<u>13,367,971</u>
Total net assets	<u>19,648,999</u>

Total liabilities and net assets \$ 19,679,270

See the accompanying notes to the financial statements.

HUMBOLDT STATE UNIVERSITY ADVANCEMENT FOUNDATION

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2006

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and gains				
Contributions, gifts and grants	\$ 360	\$ 287,105	\$ 220,822	\$ 508,287
Interest income	852	435,381	-	436,233
Misc income	76	100	-	176
Investment return	803	1,113,911	-	1,114,714
Total revenues and gains	2,091	1,836,497	220,822	2,059,410
Net assets transferred from HSUSPF	-	178,086	86,152	264,238
Net assets released from restrictions	371,774	(371,774)	-	-
Total revenues, gains, and net assets transferred/released from restrictions	373,865	1,642,809	306,974	2,323,648
Expenses				
Investment fees	185,705	-	-	185,705
Less administration cost recovery	(109,583)	-	-	(109,583)
Net investment fees	76,122	-	-	76,122
Distributions of earnings	186,197	-	-	186,197
General and administrative	48,455	-	-	48,455
Total expenses	310,774	-	-	310,774
Change in net assets	63,091	1,642,809	306,974	2,012,874
Net assets at beginning of year	64,966	4,510,162	13,060,997	17,636,125
Net assets at end of year	<u>\$ 128,057</u>	<u>\$ 6,152,971</u>	<u>\$ 13,367,971</u>	<u>\$ 19,648,999</u>

See the accompanying notes to the financial statements.

HUMBOLDT STATE UNIVERSITY ADVANCEMENT FOUNDATION

STATEMENT OF CASH FLOWS

For the Fiscal Year Ended June 30, 2006

CASH FLOWS FROM OPERATING ACTIVITIES:

Increase (Decrease) in net assets	\$ 2,012,874
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:	
Net realized (gain) loss on investments	(209,521)
Net unrealized (gain) loss on investments	(905,193)
Interest earned on investments	(471,092)
Investment fees deducted from investments	157,407
Distributions of earnings	185,302
Donated stocks	(65,303)
(Increase) decrease in operating assets:	
Interest receivable	35,495
Other receivable	(28,187)
Increase (decrease) in operating liabilities:	
Accounts payable	119
Other payable	28,187
Contributions & transfers received restricted for long term purposes:	
Endowment and non-endowment contributions	(772,165)
Net cash provided (used) by operating activities	<u>(32,077)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of investments	<u>(708,394)</u>
Net cash provided (used) by investing activities	<u>(708,394)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Collections of contributions & transfers restricted for long term purposes:	
Endowment and non-endowment funds	<u>772,165</u>
Net cash provided (used) by financing activities	<u>772,165</u>

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS 31,694

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR 57,110

CASH AND CASH EQUIVALENTS, END OF YEAR \$ 88,804

See the accompanying notes to the financial statements.

HUMBOLDT STATE UNIVERSITY ADVANCEMENT FOUNDATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

This summary of significant accounting policies of Humboldt State University Advancement Foundation (Advancement Foundation) is presented to assist in understanding Advancement Foundation's financial statements. The financial statements and notes are representations of management, who is responsible for their integrity and objectivity. These accounting policies have been consistently applied in the preparation of the financial statements.

Organization

Advancement Foundation is an auxiliary organization of Humboldt State University (HSU) in Arcata, California, and is a component unit of the California State University. Advancement Foundation is a nonprofit corporation, whose exclusive purpose is to provide designated support services to HSU in accordance with accepted financial standards, within program and policy objectives of HSU. Advancement Foundation serves as the recipient of gifts and grants intended by the donors, grantors, and HSU "for endowment." The Advancement Foundation Board of Directors is composed of community members, alumni and HSU administrators.

Basis of Accounting

The financial statements of Advancement Foundation have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expiration of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Unconditional promises to give are recognized as revenues or gains in the period received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Contributions of assets other than cash are recorded at their estimated fair value at the time of the gift.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, Advancement Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

HUMBOLDT STATE UNIVERSITY ADVANCEMENT FOUNDATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2006

Permanently restricted net assets - Net assets subject to donor-imposed stipulations to be maintained permanently by the Advancement Foundation.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that will be met by actions of the Advancement Foundation and/or the passage of time.

Unrestricted net assets - Net assets not subject to donor-imposed stipulations.

Quasi-endowments (or funds functioning as endowments) are amounts that Advancement Foundation's board of directors has determined should be managed as if they were permanent or temporarily restricted endowments. The amounts may come from unrestricted resources, surplus operating funds, unused reserves, or moneys that a donor or other outside entity restricted for a particular purpose. The quasi-endowments are reported as restricted and expendable or as unrestricted, depending on whether there are restrictions on the resources used to create the quasi-endowment. See Note 6.

Income Taxes

Advancement Foundation qualifies as a tax exempt organization under the applicable sections of the Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Advancement Foundation considers all short-term, highly liquid investments, with a maturity date of not more than three months from the date of acquisition to be "cash equivalents." At June 30, 2006, "cash and cash equivalents" consisted of cash in checking and savings accounts.

Non-endowed Investments

Advancement Foundation is managing the investment of the Hydrogen Demonstration Trust non-endowed asset portfolio. Advancement Foundation has an agreement with the trust directors that any withdrawal of the trust funds requires prior approval from the Advancement Foundation's board of directors. See Note 3.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value with gains and losses included in the accompanying statement of activities as investment return.

HUMBOLDT STATE UNIVERSITY ADVANCEMENT FOUNDATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2006

Advancement Foundation maintains master investment accounts for its donor-restricted and board-designated endowments. Realized and unrealized gains and losses and interest and dividend income from the securities in the master investment accounts are allocated monthly to the individual endowments based on the relationship of the market value of each endowment to the total market value of the master investment accounts, as adjusted for additions to or deductions from those accounts.

Administration Cost Recovery

Advancement Foundation incurs management, accounting, data processing, insurance and related support service expenses. To recover these costs, all funds are charged a quarterly administrative fee of fifteen basis points of the fund's market value. For purposes of financial statement presentation, administration cost recovery fees are netted against investment fees.

NOTE 2 - CONCENTRATION OF RISK:

Advancement Foundation occasionally has a need to maintain a cash balance with a single financial institution in excess of the \$100,000 insured by the Federal Deposit Insurance Corporation (FDIC).

Advancement Foundation maintains cash in the State of California Local Agency Investment Fund (LAIF), an investment pool. The investment is not insured. However, these funds are invested in accordance with California Government Code Sections 16430 and 16480, the stated investment authority for the Pooled Money Investment Account. The total cash in LAIF at June 30, 2006 is \$81,097.

NOTE 3 - INVESTMENTS:

Long term investments consist of both endowment and non-endowment funds managed by investment managers. Investments at June 30, 2006, consist of the following:

Endowment Investments

Large Cap US Equity, Small/Mid Cap US Equity and Non-US Equity	\$ 7,841,776
Fixed income	3,751,559
Municipal bonds	290,169
Real estate	1,398,904
All asset strategies	749,827
Cash equivalents	141,272
Total	<u>\$ 14,173,507</u>

For those donor-restricted endowment funds for which the fair market value of the assets is less than the level required by donor stipulations or law, the aggregate amount of the deficiencies is \$5,250 at June 30, 2006. For all donor-restricted endowment funds, the fair market value of the assets is \$1,041,625 greater than the level required by donor stipulations or law.

HUMBOLDT STATE UNIVERSITY ADVANCEMENT FOUNDATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2006

Non-endowment Investments

Hydrogen Demonstration funds	
Mutual funds - equity	\$ 2,716,856
Mutual funds - fixed income	1,314,225
Municipal bonds	613,694
Cash equivalents	9,375
Total	<u>\$ 4,654,150</u>

Return on all investments for the year ended June 30, 2006, consisted of the following:

Interest and dividends	\$ 435,466
Net realized gains	209,521
Net unrealized gains	905,193
Total	<u>\$ 1,550,180</u>

NOTE 4 - LAND:

In June, 2005, Advancement Foundation accepted 385 acres of land commonly known as the Schatz Demonstration Tree Farm. The land is permanently restricted to provide a demonstration tree farm operation for the benefit of the instructional and research needs of the students and faculty of HSU and as an example for owners of small timberland parcels. Advancement Foundation considers the land an operating asset. The basis in the land is \$715,000, the appraised value on October 29, 1987, the date of the trust agreement gifting the property to HSU.

NOTE 5 - TRANSFERS OF ASSETS:

During the year ended June 30, 2006, Advancement Foundation received transfers from Humboldt State University Sponsored Programs Foundation (HSUSPF) in the amount of \$264,238. The assets transferred during the fiscal year ended June 30, 2006 from HSUSPF are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowed:				
Cash & investments	\$ -	\$ -	\$ 86,152	\$ 86,152
Non-endowed:				
Cash	-	178,086	-	178,086
Total Assets Transferred	<u>\$ -</u>	<u>\$ 178,086</u>	<u>\$ 86,152</u>	<u>\$ 264,238</u>

NOTE 6 - QUASI-ENDOWMENTS:

Effective July 1, 2005, Advancement Foundation's board of directors has classified as quasi-endowments those funds received from donors who described the purposes for the expenditures of those funds but did not specify an endowment restriction. The quasi-endowments will function as endowments for investment and spending purposes. Those funds

HUMBOLDT STATE UNIVERSITY ADVANCEMENT FOUNDATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2006

previously classified as permanently restricted before being transferred to Advancement Foundation will continue to be classified in this manner to be consistent with past treatment.

At June 30, 2006, Advancement Foundation has 15 quasi-endowments with a fair market value of \$1,219,736. The assets are categorized as follows:

Unrestricted net assets	\$ 11,056
Temporarily restricted net assets	447,936
Permanently restricted net assets	<u>760,744</u>
Total	<u>\$ 1,219,736</u>

NOTE 7 - ENDOWMENT SPENDING POLICY:

It is Advancement Foundation's target to distribute annually a net return of 4.5% of the Endowment's average total market value during the twelve quarters ending with the last quarter of the previous fiscal year. Advancement Foundation may also spend any additional funds that were available to spend but were not withdrawn in previous fiscal years. Until there are twelve full quarters of history, the average total market value calculation will include as many quarters as possible, beginning with the June 30, 2005, quarter. Contractual agreements with significant donors may have spending and investment terms that take precedence over the general spending policy.

NOTE 8 - FUNCTIONAL ALLOCATION OF EXPENSES:

Expenses by functional classification for the year ended June 30, 2006, are as follows:

Program Expenses:	
Investment fees	\$ 76,122
Distributions of earnings	186,197
Support Expenses:	
General and administrative	<u>48,455</u>
Total Expenses	<u>\$ 310,774</u>

NOTE 9 - RELATED PARTY TRANSACTIONS:

Humboldt State University Center (UC) is an auxiliary nonprofit organization of HSU. At the request of the Advancement Foundation and with the authorization of HSU, UC provides accounting and financial reporting services to the Advancement Foundation. Advancement Foundation paid UC a fixed annual fee of \$25,000 during the current fiscal year, of which \$2,083 was owed at June 30, 2006. The fixed annual fee agreed upon for the subsequent year is \$30,000.

The executive director of UC, an HSU employee, performed the executive director duties for Advancement Foundation through June 30, 2006.

SUPPLEMENTARY INFORMATION

HUMBOLDT STATE UNIVERSITY ADVANCEMENT FOUNDATION

Schedule of Net Assets

June 30, 2006

(for inclusion in the California State University)

Assets:

Current assets:

Cash and cash equivalents	\$ 7,707
Short-term investments	81,097
Accounts receivable, net	—
Leases receivable, current portion	—
Pledges receivable, net	—
Prepaid expenses and other assets	46,244
Total current assets	<u>135,048</u>

Noncurrent assets:

Restricted cash and cash equivalents	—
Accounts receivable, net	—
Leases receivable, net of current portion	—
Student loans receivable, net	—
Pledges receivable, net	—
Endowment investments	14,173,507
Other long-term investments	4,654,150
Capital assets, net	—
Other assets	716,565
Total noncurrent assets	<u>19,544,222</u>
Total assets	<u>\$ 19,679,270</u>

Liabilities:

Current liabilities:

Accounts payable	\$ 2,084
Accrued salaries and benefits payable	—
Accrued compensated absences— current portion	—
Deferred revenue	—
Capitalized lease obligations — current portion	—
Long-term debt obligations — current portion	—
Due to California State University Risk Management Authority	—
Other liabilities	28,187
Total current liabilities	<u>30,271</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	—
Depository accounts	—
Other liabilities	—
Total noncurrent liabilities	<u>—</u>
Total liabilities	<u>30,271</u>

Net assets:

Invested in capital assets, net of related debt	—
Restricted for:	
Nonexpendable — endowments	13,826,963
Expendable:	
Other	5,705,035
	—
	—
	—
	—
Unrestricted	117,001
Total net assets	<u>\$ 19,648,999</u>

See the accompanying independent auditors' report and notes to supplementary information.

Humboldt State University Advancement Foundation
Statement of Revenues, Expenses, and Changes in Net Assets
Year Ended June 30, 2006

Revenues:

Operating revenues:

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

Expenses:

Operating expenses:

Instruction	—
Research	—
Public service	—
Academic support	—
Student services	—
Institutional support	—
Operation and maintenance of plant	—
Student grants and scholarships	—
Auxiliary enterprise expenses	—
Depreciation and amortization	—
Total operating expenses	—
Operating income (loss)	—

Nonoperating revenues (expenses):

State appropriations, noncapital	—
Gifts, noncapital	465,551
Investment income, net	273,532
Endowment income	1,091,710
Interest on capital-related debt	—
Other nonoperating revenues (expenses)	(124,893)
Net nonoperating revenues (expenses)	1,705,900
Income (loss) before other additions	1,705,900

State appropriations, capital

Grants and gifts, capital

Additions to permanent endowments

306,974
2,012,874

Net assets:

Net assets at beginning of year	17,636,125
Net assets at end of year	\$ <u>19,648,999</u>

See the accompanying independent auditors' report and notes to supplementary information.

HUMBOLDT STATE UNIVERSITY ADVANCEMENT FOUNDATION

Other Information

June 30, 2006

(for inclusion in the California State University)

1 Restricted cash and cash equivalents at June 30, 2006:

Portion of restricted cash and cash equivalents related to endowments	\$	—
All other restricted cash and cash equivalents		
Total restricted cash and cash equivalents	\$	—

2 Composition of investments at June 30, 2006:

	Current	Noncurrent	Total
State of California Surplus Money Investment Fund	\$	\$	—
State of California Local Agency Investment Fund	81,097	—	81,097
Met West Short Term Fund	—	—	—
Met West Medium Term Fund	—	—	—
Met West Equity Fund	—	—	—
Debt securities	—	7,841,776	7,841,776
Equity securities	—	3,751,559	3,751,559
Fixed income securities (Treasury notes, GNMA's)	—	1,398,904	1,398,904
Real estate	—	—	—
Certificates of deposit	—	—	—
Notes receivable	—	4,790,283	4,790,283
Mutual funds	—	—	—
Collateralized mortgage obligations:	—	—	—
Inverse floaters	—	—	—
Interest-only strips	—	—	—
Agency pass-through	—	—	—
Private pass-through	—	—	—
Other investments:	—	—	—
Municipal bonds	—	903,863	903,863
Money Market funds	—	141,272	141,272
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Total investments	\$ 81,097	\$ 18,827,657	\$ 18,908,754

HUMBOLDT STATE UNIVERSITY ADVANCEMENT FOUNDATION

Other Information

June 30, 2006
(for inclusion in the California State University)

3 Composition of capital assets at June 30, 2006:

	Balance June 30, 2005	Prior period Adjustments	Reclassifications	Balance June 30, 2005	Additions	Reductions	Transfers	Balance June 30, 2006
Nondepreciable capital assets								
Land and land improvements	\$ —	—	—	—	—	—	—	—
Works of art and historical treasures	—	—	—	—	—	—	—	—
Construction work in progress	—	—	—	—	—	—	—	—
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	—	—	—	—	—	—	—	—
Total depreciable capital assets	—	—	—	—	—	—	—	—
Total cost	—	—	—	—	—	—	—	—
Less accumulated depreciation:								
Buildings and building improvements	—	—	—	—	—	—	—	—
Improvements, other than buildings	—	—	—	—	—	—	—	—
Infrastructure	—	—	—	—	—	—	—	—
Leasehold improvements	—	—	—	—	—	—	—	—
Personal property:								
Equipment	—	—	—	—	—	—	—	—
Library books and materials	—	—	—	—	—	—	—	—
Intangible assets	—	—	—	—	—	—	—	—
Total accumulated depreciation	—	—	—	—	—	—	—	—
Net capital assets	\$ —	—	—	—	—	—	—	—

Detail of depreciation and amortization expense for the year ended June 30, 2006:

Depreciation and amortization expense related to capital assets	\$ —
Amortization expense related to other assets	—
Total depreciation and amortization	\$ —

HUMBOLDT STATE UNIVERSITY ADVANCEMENT FOUNDATION

Other Information

June 30, 2006

(for inclusion in the California State University)

4 Long-term liabilities activity schedule:

	Balance June 30, 2005	Prior period adjustments	Reclassifications	Balance June 30, 2005 (restated)	Additions	Reductions	Balance June 30, 2006	Long-term portion	Current portion
\$	—	—	—	—	—	—	—	—	—
Accrued compensated absences	—	—	—	—	—	—	—	—	—
Capitalized lease obligations:	—	—	—	—	—	—	—	—	—
Gross balance	—	—	—	—	—	—	—	—	—
Unamortized premium 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	—	—	—	—	—	—	—	—	—
Total long-term debt obligations	—	—	—	—	—	—	—	—	—
Unamortized bond premium	—	—	—	—	—	—	—	—	—
Unamortized loss on refunding	—	—	—	—	—	—	—	—	—
Total long-term debt obligations, net	—	—	—	—	—	—	—	—	—
Total long-term liabilities	\$ —	—	—	—	—	—	—	—	—

5 Interest rates

Low	High
-----	------

Range of interest rates on outstanding debt

HUMBOLDT STATE UNIVERSITY ADVANCEMENT FOUNDATION

Other Information

June 30, 2006

(for inclusion in the California State University)

6 Future minimum lease payments:

Year ending June 30:	Principal	Interest	Principal and Interest
2007	\$	—	—
2008	—	—	—
2009	—	—	—
2010	—	—	—
2011	—	—	—
2012 - 2016	—	—	—
2017 - 2021	—	—	—
2022 - 2026	—	—	—
2027 - 2031	—	—	—
2032 - 2036	—	—	—
2037 - 2041	—	—	—
2042 - 2046	—	—	—
2047 - 2051	—	—	—
2052 - 2056	—	—	—
2057 - 2061	—	—	—
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	—	—	\$ —

7 Long-term debt obligation schedule

Year ending June 30:	Revenue Bonds		All other long-term debt obligations		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$	—	—	—	—	—
2008	—	—	—	—	—	—
2009	—	—	—	—	—	—
2010	—	—	—	—	—	—
2011	—	—	—	—	—	—
2012 - 2016	—	—	—	—	—	—
2017 - 2021	—	—	—	—	—	—
2022 - 2026	—	—	—	—	—	—
2027 - 2031	—	—	—	—	—	—
2032 - 2036	—	—	—	—	—	—
2037 - 2041	—	—	—	—	—	—
2042 - 2046	—	—	—	—	—	—
2047 - 2051	—	—	—	—	—	—
2052 - 2056	—	—	—	—	—	—
2057 - 2061	—	—	—	—	—	—
Total	—	—	—	—	—	—

HUMBOLDT STATE UNIVERSITY ADVANCEMENT FOUNDATION

Other Information

June 30, 2006

(for inclusion in the California State University)

8 The nature and amount of the prior period adjustment(s) recorded to beginning net assets - GASB Auxiliary Organizations:

Net Asset Class	Amount
Dr. (Cr.)	
Net assets as of June 30, 2005, as previously reported	\$
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, 2005, as restated	\$

Provide a detailed breakdown of the journal entries booked to record each prior period adjustment:

Net asset class:	Debit	Credit
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)		

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9 The nature and amount of the prior period adjustment(s) recorded to beginning net assets - EASB Auxiliary Organizations:

Net Asset Class	Amount Dr. (Cr.)
Net assets as of June 30, 2005, as previously reported	\$ —
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, 2005, as restated	\$ —

Provide a detailed breakdown of the journal entries booked to record each prior period adjustment:

Net asset class:	Debit	Credit
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)	—	—

HUMBOLDT STATE UNIVERSITY ADVANCEMENT FOUNDATION

Other Information

June 30, 2006

(for inclusion in the California State University)

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

	Auxiliary Organizations	
	GASB	FASB
Capital assets, net of accumulated depreciation	\$	—
Capital lease obligations, current portion	—	—
Capital 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	\$	—

HUMBOLDT STATE UNIVERSITY ADVANCEMENT FOUNDATION
NOTES TO SUPPLEMENTARY INFORMATION
June 30, 2006

NOTE 1 - SUPPLEMENTARY SCHEDULES

As an auxiliary organization of the California State University (CSU), Advancement Foundation is required to include audited supplementary information in its financial statements in the form and content specified by CSU. As a result, there are differences in the reporting format between Advancement Foundation's financial statements and the supplementary schedules for CSU.

Investments

Other long-term investments on the schedule of net assets consist of the investments of non-endowed funds.

Net Assets

For purposes of the supplementary schedules, quasi-endowments are recognized as permanent endowments. Net assets restricted for nonexpendable-endowments consist of \$13,367,971 of permanently restricted net assets, \$11,056 of quasi-endowed unrestricted assets and \$447,936 of quasi-endowed temporarily restricted net assets. Net assets restricted for expendable-other consist of temporarily restricted net assets that are not quasi-endowed. Unrestricted net assets consist of unrestricted net assets that are not quasi-endowed.

Nonoperating Revenues and Expenses

For purposes of the supplementary schedules, Advancement Foundation does not meet the criteria to be considered an auxiliary enterprise. As a result, Advancement Foundation's revenues and expenses are considered to be nonoperating.

Noncapital gifts include unrestricted and temporarily restricted contributions and transfers. Investment income includes revenues from non-endowment investments, net of investment expenses. Endowment income includes revenues from endowment investments, net of investment expenses. Investment and endowment income include interest and dividend revenues and net realized and unrealized gains and losses.

Other nonoperating revenues and expenses include administrative cost recovery revenue, miscellaneous income, distributions of earnings, and general and administrative expenses. Additions to permanent endowments include permanently restricted contributions and transfers.

NOTE 2 – DISTRIBUTIONS OF EARNINGS

Earnings were distributed as follows:

Humboldt State University Sponsored Programs Foundation	\$ 171,797
Humboldt State University	8,977
Humboldt State University Financial Aid	3,672
Other	1,751
Total	<u>\$ 186,197</u>