

**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, 2008

With

Report of Certified Public Accountants

HUMBOLDT STATE UNIVERSITY ADVANCEMENT FOUNDATION

TABLE OF CONTENTS

June 30, 2008

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1
AUDITED FINANCIAL STATEMENTS:	
Statement of Financial Position.....	2
Statement of Activities.....	3
Statement of Cash Flows.....	4
Notes to the Financial Statements.....	5 - 10
SUPPLEMENTARY SCHEDULES:	
Schedule of Net Assets.....	11
Statement of Revenues, Expenses, and Changes in Net Assets.....	12
Other Information.....	13-17
Notes to Supplementary Information.....	18-19

John B. Hunter, CPA
James A. Hunter, CPA
Scott E. Hunt, CPA
Donna L. Taylor, CPA, CFE
Eileen Sacra Capaccio, CPA
Carol Mayes, CPA, CFE
Kim Windsor, CPA
Kyle E. Lucas, CPA

Hunter, Hunter & Hunt
CERTIFIED PUBLIC ACCOUNTANTS



1315 Fourth Street
Eureka, California 95501
Telephone 707-476-0674
FAX 707-476-0675
admin@hhh-cpa.com

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, 2008, 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, 2008, 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 11 – 17) are presented for purposes of additional analysis and are not required parts 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 27, 2008

HUMBOLDT STATE UNIVERSITY ADVANCEMENT FOUNDATION

STATEMENT OF FINANCIAL POSITION

For the Fiscal Year Ended June 30, 2008

Assets

Current assets

Cash and cash equivalents	\$	6,042
Cash and cash equivalents - LAIF Funds		<u>113,937</u>
Total Cash		119,979

Interest receivable		1,618
Other receivable		<u>76,123</u>
Total current assets		<u>197,720</u>

Long term assets

Promise to give		4,176
Stock		1,217
Investments		20,740,087
Land		<u>715,000</u>
Total long term assets		<u>21,460,480</u>

Total assets **\$ 21,658,200**

Liabilities and Net Assets

Current liabilities

Payable to HSU	\$	74,080
Other payables		<u>83,322</u>
Total current liabilities		<u>157,402</u>

Net assets

Unrestricted		160,959
Temporarily restricted		7,592,465
Permanently restricted		<u>13,747,374</u>
Total net assets		<u>21,500,798</u>

Total liabilities and net assets **\$ 21,658,200**

See the accompanying notes to the financial statements.

HUMBOLDT STATE UNIVERSITY ADVANCEMENT FOUNDATION

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2008

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and gains				
Contributions, gifts and grants	\$ 26,307	\$ 210,858	\$ 122,923	\$ 360,088
Investment return	2,878	(456,063)	-	(453,185)
Misc income	633	-	-	633
Net revenues and investment returns	29,818	(245,205)	122,923	(92,464)
Net transfers (to) from other organizations	-	20,455	8,234	28,689
Net assets released from restrictions	955,432	(955,432)	-	-
Net revenues and investment returns and net assets transferred/released from restrictions	985,250	(1,180,182)	131,157	(63,775)
Expenses				
Investment fees	253,218	-	-	253,218
Less administration cost recovery	(172,584)	-	-	(172,584)
Net investment fees	80,634	-	-	80,634
Distribution of earnings	695,523	-	-	695,523
General and administrative	184,572	-	-	184,572
Total expenses	960,729	-	-	960,729
Change in net assets	24,521	(1,180,182)	131,157	(1,024,504)
Net assets at beginning of year	136,438	8,772,647	13,616,217	22,525,302
Net assets at end of year	\$ 160,959	\$ 7,592,465	\$ 13,747,374	\$ 21,500,798

See the accompanying notes to the financial statements.

HUMBOLDT STATE UNIVERSITY ADVANCEMENT FOUNDATION

STATEMENT OF CASH FLOWS

For the Fiscal Year Ended June 30, 2008

CASH FLOWS FROM OPERATING ACTIVITIES:

Increase (Decrease) in net assets	\$ (1,024,504)
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:	
Investment return reinvested	456,327
Fees paid on investments	209,208
Distribution of earnings	695,037
Transfer to other organization	339,000
Promise to give	(4,176)
Donated stock	(29,788)
(Increase) decrease in operating assets:	
Interest receivable	1,516
Other receivable	(44,047)
Increase (decrease) in operating liabilities:	
Accounts payable	(2,831)
Other payable	96,017
Contributions received restricted for long term purposes:	
Endowment contributions	<u>(701,470)</u>
Net cash provided (used) by operating activities	<u>(9,711)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of investments	<u>(696,679)</u>
Net cash provided (used) by investing activities	<u>(696,679)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Collections of contributions restricted for long term purposes:	
Endowment fund	<u>701,470</u>
Net cash provided (used) by financing activities	<u>701,470</u>

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (4,920)

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR 124,899

CASH AND CASH EQUIVALENTS, END OF YEAR \$ 119,979

See the accompanying notes to the financial statements.

HUMBOLDT STATE UNIVERSITY ADVANCEMENT FOUNDATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

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 made. 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.

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

HUMBOLDT STATE UNIVERSITY ADVANCEMENT FOUNDATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

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, 2008, "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 Notes 3 and 5.

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.

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

HUMBOLDT STATE UNIVERSITY ADVANCEMENT FOUNDATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

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. Fifteen basis points of the market value of all funds was charged in the first three fiscal quarters and thirty-seven and one half basis points were charged in the fourth quarter. 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, 2008, is \$113,937.

NOTE 3 - INVESTMENTS:

Long term investments consist of both endowment and non-endowment funds managed by investment managers. Investments at June 30, 2008, consist of the following:

Endowment Investments

Large Cap US Equity, Small/Mid Cap US Equity and Non-US Equity	\$ 8,830,978
Fixed income	4,195,999
Real estate	1,582,981
All asset strategies	936,978
Cash	525,985
Total	<u>\$ 16,072,921</u>

Alternative investments are defined as any investment in private equity, non-listed and market priced absolute return strategies, non-listed and market priced vehicles investing in real estate, non-listed and market priced vehicles investing in commodities, non-listed and market priced vehicles off-shore vehicles, and non-listed and market priced commingled funds. The investments listed above include \$1,582,981 in market priced real estate investments and \$2,158,289 in a private commingled trust that invests in publicly traded stocks. The fair market value of the real estate investments is determined based on annual appraisals of the underlying properties. The fair market value of the commingled trust is determined based on the stock prices underlying the investment.

HUMBOLDT STATE UNIVERSITY ADVANCEMENT FOUNDATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

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 \$9,386 at June 30, 2008. For all donor-restricted endowment funds, the fair market value of the assets is \$2,279,967 greater than the level required by donor stipulations or law.

Non-endowment Investments

Hydrogen Demonstration funds	
Mutual funds - equity	\$ 2,675,982
Mutual funds – fixed income	1,986,297
Cash	4,887
Total	<u>\$ 4,667,166</u>

Return on all investments for the year ended June 30, 2008, consisted of the following:

Endowment and non-endowment investments:	
Interest and dividends	\$ 669,788
Net realized gains	976,451
Net unrealized losses	(2,103,395)
LAIF interest	3,971
Total	<u>\$ (453,185)</u>

For purposes of the cash flow statement, investment returns reinvested for the year ended June 30, 2008, consisted of the following:

Interest and dividends	\$ 670,617
Net realized gains	976,451
Net unrealized losses	(2,103,395)
Total	<u>\$ (456,327)</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 a permanently restricted investment 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. 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 TO AND FROM OTHER ORGANIZATIONS:

Occasionally HSU and its auxiliary organizations find it appropriate to transfer the fiscal responsibility for certain endowments to a different entity. The transfers do not change the underlying characteristics of the endowments transferred.

During the year ended June 30, 2008, Advancement Foundation received transfers from Humboldt State University Sponsored Programs Foundation (HSUSPF), HSU Alumni

HUMBOLDT STATE UNIVERSITY ADVANCEMENT FOUNDATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

Association, and HSU. The endowed and non-endowed assets transferred during the fiscal year ended June 30, 2008, are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Transfers from:				
HSUSPF	\$ -	\$ 328,000	\$ 7,234	\$ 335,234
HSU Alumni Association	-	13,500	1,000	14,500
HSU	-	17,955	-	17,955
Transfers to HSUSPF	-	(339,000)	-	(339,000)
Total Assets Transferred	<u>\$ -</u>	<u>\$ 20,455</u>	<u>\$ 8,234</u>	<u>\$ 28,689</u>

The transfer to HSUSPF consists of approved withdrawals from the Hydrogen Demonstration Trust non-endowed asset portfolio.

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 function as endowments for investment and spending purposes. Those funds 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, 2008, Advancement Foundation has 22 quasi-endowments with a fair market value of \$1,944,921. The assets are categorized as follows:

Unrestricted net assets	\$ 36,924
Temporarily restricted net assets	1,070,922
Permanently restricted net assets	<u>837,075</u>
Total	<u>\$ 1,944,921</u>

NOTE 7 - ENDOWMENT SPENDING POLICY:

For the fiscal year ending June 30, 2008, it was Advancement Foundation's goal to distribute annually a target 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 calendar year (the Board of Directors authorized an actual distribution rate of 4.0% for the fiscal year ending June 30, 2008). Earnings shall generally be available for distribution from those participant accounts invested for four or more quarters.

Contractual agreements with significant donors may have spending and investment terms that take precedence over the general spending policy.

NOTE 8 - 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

HUMBOLDT STATE UNIVERSITY ADVANCEMENT FOUNDATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

accounting and financial reporting services to the Advancement Foundation. Advancement Foundation paid UC a fixed annual fee of \$33,000 during the current fiscal year. The fixed annual fee agreed upon for the subsequent year is \$34,650.

Advancement Foundation reimbursed HSU \$125,080 for personnel services during the current fiscal year, of which \$74,080 was owed at June 30, 2008. For the subsequent year, HSU will charge \$155,286 for personnel services.

NOTE 9 - FUNCTIONAL ALLOCATION OF EXPENSES:

Expenses by functional classification for the year ended June 30, 2008, are as follows:

Program services	\$ 776,157
Fundraising expenses	32,250
Supporting services	<u>152,322</u>
Total	<u>\$ 960,729</u>

NOTE 10 - SUBSEQUENT EVENT:

Subsequent to the fiscal year end, Advancement Foundation purchased an investment property for \$1.7 million to be leased to HSU for a guaranteed annual rate of return on investment of eight percent.

SUPPLEMENTARY SCHEDULES

HUMBOLDT STATE UNIVERSITY ADVANCEMENT FOUNDATION

Schedule of Net Assets

June 30, 2008

(for inclusion in the California State University)

Assets:

Current assets:

Cash and cash equivalents	\$ 6,042
Short-term investments	113,937
Accounts receivable, net	—
Leases receivable, current portion	—
Pledges receivable, net	—
Prepaid expenses and other assets	77,741
Total current assets	<u>197,720</u>

Noncurrent assets:

Restricted cash and cash equivalents	—
Accounts receivable, net	—
Leases receivable, net of current portion	—
Student loans receivable, net	—
Promise to give	4,176
Endowment investments	16,072,921
Other long-term investments	4,667,166
Capital assets, net	—
Other assets	716,217
Total noncurrent assets	<u>21,460,480</u>
Total assets	<u>21,658,200</u>

Liabilities:

Current liabilities:

Accounts payable	—
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	157,402
Total current liabilities	<u>157,402</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>157,402</u>

Net assets:

Invested in capital assets, net of related debt	—
Restricted for:	
Nonexpendable – endowments	14,855,220
Expendable:	
Other	6,521,543
	—
	—
	—
	—
Unrestricted	124,035
Total net assets	<u>\$ 21,500,798</u>

Humboldt State University Advancement Foundation
Statement of Revenues, Expenses, and Changes in Net Assets
Year Ended June 30, 2008
(for inclusion in the California State University)

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		<u>—</u>

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		<u>—</u>
Operating income (loss)		<u>—</u>

Nonoperating revenues (expenses):

State appropriations, noncapital		—
Gifts, noncapital		596,620
Investment income, net		(214,733)
Endowment income		(491,670)
Interest on capital-related debt		—
Other nonoperating revenues (expenses)		<u>(1,045,878)</u>
Net nonoperating revenues (expenses)		<u>(1,155,661)</u>
Income (loss) before other additions		<u>(1,155,661)</u>

State appropriations, capital		—
Grants and gifts, capital		—
Additions to permanent endowments		<u>131,157</u>
Increase (decrease) in net assets		<u>(1,024,504)</u>

Net assets:

Net assets at beginning of year		<u>22,525,302</u>
Net assets at end of year	\$	<u><u>21,500,798</u></u>

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

HUMBOLDT STATE UNIVERSITY ADVANCEMENT FOUNDATION

Other Information

June 30, 2008

(for inclusion in the California State University)

1 Restricted cash and cash equivalents at June 30, 2008:

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

2 Composition of investments at June 30, 2008:

	Current	Noncurrent	Total
State of California Surplus Money Investment Fund (SMIF)	\$	—	\$
State of California Local Agency Investment Fund (LAIF)	113,937	—	113,937
Met West Short Term Fund	—	—	—
Met West Medium Term Fund	—	—	—
Met West Equity Fund	—	—	—
Debt securities	—	—	—
Equity securities	—	8,830,978	8,830,978
Fixed income securities (Treasury notes, GNMA's)	—	4,195,999	4,195,999
Real estate	—	1,582,981	1,582,981
Certificates of deposit	—	—	—
Notes receivable	—	—	—
Mutual funds	—	5,599,257	5,599,257
Collateralized mortgage obligations:	—	—	—
Inverse floaters	—	—	—
Interest-only strips	—	—	—
Agency pass-through	—	—	—
Private pass-through	—	—	—
Other investments:	—	—	—
Money market funds	—	530,872	530,872
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Total investments	113,937	20,740,087	20,854,024
Less endowment investments (enter as negative number)	—	(16,072,921)	(16,072,921)
Total investments	\$ 113,937	\$ 4,667,166	\$ 4,781,103

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

HUMBOLDT STATE UNIVERSITY ADVANCEMENT FOUNDATION

Other Information

June 30, 2008

(for inclusion in the California State University)

3 Composition of capital assets at June 30, 2008:

	Balance June 30, 2007	Prior period Adjustments	Reclassifications	Balance 30-Jun-07 (restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2008
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								
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, 2008:

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

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

HUMBOLDT STATE UNIVERSITY ADVANCEMENT FOUNDATION
 Other Information
 June 30, 2008
 (for inclusion in the California State University)

4 Long-term liabilities activity schedule:

	Balance June 30, 2007	Prior period adjustments	Reclassifications	Balance June 30, 2007 (restated)	Additions	Reductions	Balance June 30, 2008	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									
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:

Year ending June 30:	Principal	Interest	Principal and Interest
2008			
2009			
2010			
2011			
2012			
2013 - 2017			
2018 - 2022			
2023 - 2027			
2028 - 2032			
2033 - 2037			
2038 - 2042			
2043 - 2047			
2048 - 2052			
2053 - 2057			
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			

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

HUMBOLDT STATE UNIVERSITY ADVANCEMENT FOUNDATION
 Other Information
 June 30, 2008
 (for inclusion in the California State University)

6 Long-term debt obligation schedule

Year ending June 30:	Revenue Bonds		All other long-term debt obligations				Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$	—	—	—	—	—	—	—
2009	—	—	—	—	—	—	—	—
2010	—	—	—	—	—	—	—	—
2011	—	—	—	—	—	—	—	—
2012	—	—	—	—	—	—	—	—
2013 - 2017	—	—	—	—	—	—	—	—
2018 - 2022	—	—	—	—	—	—	—	—
2023 - 2027	—	—	—	—	—	—	—	—
2028 - 2032	—	—	—	—	—	—	—	—
2033 - 2037	—	—	—	—	—	—	—	—
2038 - 2042	—	—	—	—	—	—	—	—
2043 - 2047	—	—	—	—	—	—	—	—
2048 - 2052	—	—	—	—	—	—	—	—
2053 - 2057	—	—	—	—	—	—	—	—
Total	\$	—	—	—	—	—	—	—

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

	Auxiliary Organizations		Total
	GASB	FASB	
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:			
(description)	—	—	—
(description)	—	—	—
(description)	—	—	—
(description)	—	—	—
(description)	—	—	—
Net assets - invested in capital assets, net of related debt	\$	—	—

HUMBOLDT STATE UNIVERSITY ADVANCEMENT FOUNDATION

Other Information

June 30, 2008

(for inclusion in the California State University)

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

	<u>Net Asset</u>	
	<u>Class</u>	<u>Amount</u>
		<u>Dr. (Cr.)</u>
Net assets as of June 30, 2007, 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, 2007, as restated	\$	<u>—</u>

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

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

**HUMBOLDT STATE UNIVERSITY ADVANCEMENT FOUNDATION
 NOTES TO SUPPLEMENTARY INFORMATION
 June 30, 2008**

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. Endowment investments includes net earnings on endowments in excess of corpus.

Net Assets

For purposes of the supplementary schedules, quasi-endowments are recognized as permanent endowments. 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.

Net assets restricted for nonexpendable-endowments:

Permanently restricted net assets	\$ 13,747,374
Quasi-endowed unrestricted net assets	36,924
Quasi-endowed temporarily restricted net assets	<u>1,070,922</u>
Total	<u>\$ 14,855,220</u>

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:

Unrestricted contributions	\$ 26,307
Temporarily restricted contributions	210,858
Transfers	<u>359,455</u>
Total	<u>\$ 596,620</u>

Investment income, net:

Net investment return on non-endowed investments	\$ (175,232)
Unrestricted LAIF interest income	3,971
Investment fees related to non-endowed investments	<u>(43,472)</u>
Total	<u>\$ (214,733)</u>

HUMBOLDT STATE UNIVERSITY ADVANCEMENT FOUNDATION
NOTES TO SUPPLEMENTARY INFORMATION
June 30, 2008

Endowment income:

Net investment return on endowed investments	\$ (281,924)
Investment fees related to endowed investments	<u>(209,746)</u>
Total	<u>\$ (491,670)</u>

Investment and endowment income include interest and dividend revenues and net realized and unrealized gains and losses.

Other nonoperating revenues (expenses):

Administrative cost recovery revenue	\$ 172,584
Miscellaneous income	633
Distributions of earnings	(695,523)
Non-endowed withdrawals	(339,000)
General and administrative expenses	<u>(184,572)</u>
Total	<u>\$ (1,045,878)</u>

Additions to permanent endowments:

Permanently restricted contributions	\$ 122,923
Transfers	<u>8,234</u>
Total	<u>\$ 131,157</u>

NOTE 2 – DISTRIBUTIONS OF EARNINGS

Earnings were distributed as follows:

Humboldt State University Sponsored Programs Foundation	\$ 562,990
Humboldt State University Financial Aid	121,931
Humboldt State University Center	9,979
Other	<u>623</u>
Total	<u>\$ 695,523</u>