

**HUMBOLDT STATE UNIVERSITY CENTER
BOARD OF DIRECTORS**

**FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION**

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

June 30, 2007

With

Report of Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

Humboldt State University Center
Board of Directors
Arcata, California

We have audited the accompanying statement of financial position of the Humboldt State University Center Board of Directors as of June 30, 2007, 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 Center Board of Directors as of June 30, 2007, 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 schedule of revenues, expenses and changes in net assets, and other information (supplementary information on pages 12 – 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

September 13, 2007

HUMBOLDT STATE UNIVERSITY CENTER
 BOARD OF DIRECTORS
 STATEMENT OF FINANCIAL POSITION
 AS OF JUNE 30, 2007

ASSETS

Current Assets:

Cash on hand & commercial accounts	\$	336,194
Deposits held in custody for Humboldt State University Alumni Association		171,964
Unreserved cash in LAIF funds		2,679,929
Total Cash		3,188,087

Accounts & other receivables, net of reserve for uncollectible accounts of \$5,165		536,262
Inventory		1,017,648
Prepaid expenses		9,601
Vendor credit available		32,975
		32,975

Total Current Assets		4,784,573
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Fixed Assets:

Building & improvements		2,509,162
Equipment, furniture & fixtures		1,775,936
Work in Progress		73,541
Total		4,358,639

Less: Accumulated depreciation		(3,564,720)
Total Fixed Assets		793,919

Other Assets:

Cash reserved for pension costs and postretirement health benefits		6,143,122
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TOTAL ASSETS	\$	11,721,614
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LIABILITIES & NET ASSETS

Current Liabilities:

Accounts payable	\$	247,603
Accrued liabilities		457,065
Deposits held in custody for Humboldt State University Alumni Association		171,964
Payable to other agencies		79,912
Deferred revenues		220,454
		220,454

Total Current Liabilities		1,176,998
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Long-term Liabilities:

Net pension cost liability		388,350
Postretirement health benefits		5,754,772
		5,754,772

TOTAL LIABILITIES		7,320,120
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Net Assets:

Unrestricted net assets		4,401,494
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TOTAL NET ASSETS		4,401,494
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TOTAL LIABILITIES & NET ASSETS	\$	11,721,614
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See Accompanying Accountants' Audit Report and Notes

HUMBOLDT STATE UNIVERSITY CENTER
 BOARD OF DIRECTORS
 STATEMENT OF ACTIVITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007

CHANGE IN UNRESTRICTED NET ASSETS

REVENUES & SUPPORT:

Revenues from operations	\$ 13,698,339
Revenues from operations	6,209,532
Less cost of sales	<u>6,209,532</u>
Net revenues from operations	7,488,807
Return of surplus revenue funds	975,000
Interest	<u>479,274</u>
Total Revenues & Support	<u>8,943,081</u>

EXPENDITURES:

Salaries & wages	3,166,991
Employee benefits	1,392,397
Rent	425,434
Depreciation	230,225
Advertising & promotion	23,585
Repairs & maintenance	542,242
Utilities	197,155
Communications	58,565
Bank service charges	163,196
Outside professional services	28,427
Dues & subscriptions	10,167
Business & professional meetings	39,591
Insurance	79,036
Services from other funds	89,273
Supplies & services	232,355
Laundry, paper & cleaning	104,306
Event costs	1,100,698
Vehicle	11,894
Loss on disposal of equipment, net	12,757
Other & miscellaneous	<u>174,786</u>
Total Expenditures	<u>8,083,080</u>

INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS BEFORE EFFECT OF ADOPTION OF FASB STATEMENT NO. 158	860,001
EFFECT OF ADOPTION OF RECOGNITION PROVISIONS OF FASB STATEMENT NO. 158	<u>(3,417,046)</u>
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	(2,557,045)
NET ASSETS, BEGINNING OF YEAR	<u>6,958,539</u>
NET ASSETS, END OF YEAR	<u>\$ 4,401,494</u>

See Accompanying Accountants' Audit Report and Notes

HUMBOLDT STATE UNIVERSITY CENTER
 BOARD OF DIRECTORS
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007

CASH FLOWS FROM OPERATING ACTIVITIES

Increase (Decrease) in unrestricted net assets	\$ (2,557,045)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:	
Loss on disposal of equipment	12,757
Depreciation	230,225
(Increase) Decrease in operating assets:	
Receivables, net	(5,857)
Inventories	62,987
Prepaid expenses	2,313
Vendor credit available	24,905
Reserve for postretirement benefits	(3,830,390)
Increase (Decrease) in operating liabilities:	
Accounts payable	61,826
Accrued liabilities	(73,818)
Deposits held in custody	171,964
Deferred revenues	(32,996)
Payable to other agencies	1,835
Pension plan liability	388,350
Postretirement health benefits	<u>3,442,040</u>
Net cash provided by (used by) operating activities	<u>(2,100,904)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of equipment/improvements	<u>(152,280)</u>
Net cash provided by (used by) investing activities	<u>(152,280)</u>

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (2,253,184)

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR 5,441,271

CASH AND CASH EQUIVALENTS, END OF YEAR \$ 3,188,087

See Accompanying Accountants' Audit Report and Notes

**HUMBOLDT STATE UNIVERSITY CENTER
BOARD OF DIRECTORS
NOTES TO FINANCIAL STATEMENTS
June 30, 2007**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Humboldt State University Center Board of Directors (University Center) is presented to assist in understanding University Center'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

University Center is an auxiliary organization of Humboldt State University (HSU) in Arcata, California, and is a component unit of the California State University. University Center is a nonprofit corporation formed to promote the welfare of HSU and its students and employees. The primary activities of University Center are to develop, finance and operate the College Union, bookstore, and dining services on the HSU campus. During the fiscal year ending June 30, 2007, University Center provided management services to the College of the Redwoods bookstore, HSU Advancement Foundation, HSU Alumni Association, and the Northern Humboldt Recreation and Park District. University Center is primarily supported by student fees, bookstore and dining sales, and contracted revenues from students at HSU.

Basis of Accounting

Assets and liabilities, and revenues and expenses are recognized on the accrual basis of accounting.

Accounts Receivable

University Center provides a reserve for uncollectible accounts that is based upon a review of outstanding receivables. Accounts receivable considered uncollectible are charged against the reserve account in the year they are deemed to be uncollectible.

Board Designated Unrestricted Net Assets

The board of directors has designated that \$6,143,122 of unrestricted net assets be used for pension and postretirement health benefits.

Cash and Cash Equivalents

For the purpose of the statement of cash flows University Center considers all certificates of deposits and insured money market accounts with a maturity of three months or less, to be cash equivalents

Deposits Held in Custody

Funds administered by University Center on behalf of HSU Alumni Association are recorded as deposits held in custody and are recorded as a current liability. University Center is acting as an agent for the transactions of the HSU Alumni Association and accordingly, HSU Alumni Association's financial activities have not been recorded in the accompanying statement of activities.

Fixed Assets

Fixed assets are recorded at cost less depreciation calculated by the straight-line method. Building improvements are depreciated over a 5 to 20 year life. Equipment, furniture, and fixtures are depreciated over a 3 to 10 year life.

University Center capitalizes acquisitions of equipment that have a useful life greater than one year and are in excess of \$2,500, improvements in excess of \$10,000, and intangible property in excess of \$5,000.

**HUMBOLDT STATE UNIVERSITY CENTER
BOARD OF DIRECTORS
NOTES TO FINANCIAL STATEMENTS
June 30, 2007**

At June 30, 2007, \$166,575 of equipment is used by University Center but is not recorded on the statement of financial position because title is held by an outside granting agency. Additionally, University Center uses office facilities and equipment which are the property of the California State University. No lease payments are required for the use of these facilities.

Inventories

The bookstore inventory is recorded at cost and maintained on the retail method. The food and beverage inventory is stated at cost, using the first-in, first-out (FIFO) method. At June 30, 2007, the cost of the bookstore inventory was \$927,965 and the cost of the food and beverage inventory was \$89,683.

Recent Accounting Pronouncements

University Center has adopted the provisions of *SFAS No. 158, Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans - An Amendment of FASB Statements No. 87, 88, 106, and 132(R)*, which requires that the funded status of defined benefit pension and other postretirement plans be fully recognized as a liability in the statement of financial position and to recognize changes in that funded status in the year in which the changes occur in unrestricted net assets.

Revenue Recognition

Student Fees - Student union fees are recorded when received from the revenue bond program.

Commercial Revenue - All commercial revenue including, but not limited to, book and supply sales, food sales, and vending, is recorded when earned.

Investment Income - Investment income is recorded at the time it is earned.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 - CASH AND CASH INVESTMENTS

Deposits held in custody for HSU Alumni Association includes \$71,964 in cash and cash equivalents and \$100,000 held in a six-month certificate of deposit that matures in August 2007 and earns an annual percentage yield of 4.85%. (See Note 5).

University Center 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. At June 30, 2007, cash in LAIF was \$8,823,051. Of this amount, \$6,143,122 is reserved for pension and post retirement health benefits.

**HUMBOLDT STATE UNIVERSITY CENTER
BOARD OF DIRECTORS
NOTES TO FINANCIAL STATEMENTS
June 30, 2007**

NOTE 3 - CONCENTRATION OF CREDIT RISK

University Center maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The maximum amount of loss due to this risk would be \$141,180 as of June 30, 2007. Management believes the company is not exposed to any significant credit risk related to cash.

NOTE 4 - ACCRUED LIABILITIES

Accrued liabilities as of June 30, 2007, consist of the following:

Salaries and benefits payable	\$ 107,249
Compensated absences	161,491
Other	188,325
Total	<u>\$ 457,065</u>

NOTE 5 - HSU ALUMNI ASSOCIATION

University Center has entered into an agreement with HSU Alumni Association to provide accounting and business services. The initial term of the agreement is July 1, 2006 through June 30, 2007, with the option to continue for an additional two years. University Center was paid \$6,600 for the services provided and HSU Alumni Association owed University Center \$785 at June 30, 2007.

HSU Sponsored Programs Foundation previously held the assets of HSU Alumni Association and transferred beginning net assets of \$129,361 to University Center.

The financial position of the HSU Alumni Association as of June 30, 2007, is as follows:

Current assets:	
Cash & cash equivalents	\$ 171,964
Other receivables	135
Total current assets	<u>\$ 172,099</u>
Current liabilities:	
Accounts payable	\$ 31,869
Other payables	1,060
Total current liabilities	<u>32,929</u>
Unrestricted net assets	<u>139,170</u>
Total current liabilities and net assets	<u>\$ 172,099</u>

The activities of the HSU Alumni Association for the year ended June 30, 2007, are as follows:

Revenues:	
Revenue from operations	\$ 93,429
Interest revenues	3,292
Total revenues	<u>96,721</u>

**HUMBOLDT STATE UNIVERSITY CENTER
BOARD OF DIRECTORS
NOTES TO FINANCIAL STATEMENTS
June 30, 2007**

Expenditures:	
Outside professional services	14,490
Accounting services	6,600
Distribution to others	16,500
Other general and administrative expenses	<u>49,322</u>
Total expenditures	<u>86,912</u>
 Increase in unrestricted net assets	 9,809
 Beginning net assets	 <u>129,361</u>
 Ending net assets	 <u>\$ 139,170</u>

HSU Alumni Association distributed \$14,500 to HSU Advancement Foundation and \$2,000 to HSU Financial Aid during the year ended June 30, 2007.

NOTE 6 - PENSION PLAN

Plan Description

University Center contracts with the California Public Employee's Retirement System (CalPERS) to provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

CalPERS acts as a common investment and administrative agent for participating California public entities and reports information to University Center in accordance with reporting standards established by the Governmental Accounting Standards Board. The effects of adopting the reporting provisions of the Financial Accounting Standards Board on the financial statements as of June 30, 2007, versus the information provided by CalPERS have been determined to be immaterial to University Center's financial statements taken as a whole.

All employers with less than 100 employees (such as University Center), are part of a CalPERS cost sharing multiple employer plan, a pooling arrangement whereby risks, rewards, and benefit costs are shared and not attributed individually to any single employer. Plan asset allocations are meaningless unless the plan terminates or moves to another pool. This is because all assets of the pool are used to pay benefits of all members of the pool.

University Center's benefit obligation (the under-funded net pension cost liability) as of June 30, 2007, is \$388,350, based on June 30, 2006, draft information provided by CalPERS. Information regarding the benefit obligation as of June 30, 2007, is not available. As a result, the amount recorded as the net pension cost liability at June 30, 2007, might not represent the true amount owed to CalPERS should University Center decide to exit the plan. Management estimates that the benefit obligation at June 30, 2007, could be less than \$388,350, given the improving market conditions during the 2006-07 year. Therefore, it is considered to be a conservative estimate to rely on the June 30, 2006, information provided by CalPERS.

**HUMBOLDT STATE UNIVERSITY CENTER
BOARD OF DIRECTORS
NOTES TO FINANCIAL STATEMENTS
June 30, 2007**

At June 30, 2006, University Center's share of the fair value of plan assets is \$8,833,977, and the accumulated benefit obligation is \$9,222,327. The following cannot be accurately determined at this time: current year benefits paid, benefits expected to be paid for each of the next five years, and unrecognized components of net periodic benefit cost.

See Note 9 for the incremental effects of applying the recognition provisions of SFAS No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans - An Amendment of FASB Statements No. 87, 88, 106, and 132(R)*, as it relates to the net pension cost liability at June 30, 2007.

Funding Policy

University Center personnel are required to contribute 7.0% of their monthly earnings in excess of \$133.33 per month to CalPERS. By board resolution the University Center is paying 2.85% of the employees' required payment of 7.00%. The University Center is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate was 11.455% of annual payroll for fiscal year 2006-07, 10.811% for fiscal year 2005-06, and 6.531% for 2004-05. The contribution requirements of the plan members are established and may be amended by CalPERS.

The University Center's contributions to CalPERS for the fiscal years ending June 30, 2007, 2006, and 2005, were \$168,521, \$173,643, and \$103,325, respectively.

NOTE 7 - INCOME TAXES

University Center is exempt from federal and state income taxes under Internal Revenue Code (IRC) Section 501(c)(3) and California Revenue and Taxation Code Section 23701, except for amounts based on unrelated business income. Unrelated business income is derived from contracts at the College of the Redwoods and North Humboldt Recreation and Park District. For the fiscal year ending June 30, 2007, no income tax is due on unrelated business income. Further, the Internal Revenue Service has determined that University Center is not a private foundation within the meaning of IRC Section 509(a).

NOTE 8 - OPERATING LEASES

University Center leases its facilities under several operating leases from HSU (See Note 1). Following is a summary of operating leases and renewal options:

	Contingent Annual Rental	Expiration Date	Renewal Options
Jolly Giant Commons - food service facilities	7% of gross sales	June 30, 2010	None
South Campus Marketplace	ranges from 6-7% of gross sales	June 30, 2012	5 years
Giant's Cupboard - food service facility	7% of gross sales	June 30, 2010	None

**HUMBOLDT STATE UNIVERSITY CENTER
BOARD OF DIRECTORS
NOTES TO FINANCIAL STATEMENTS
June 30, 2007**

Following is a summary by property of rental expense under all operating leases:

Jolly Giant Commons (HSU)	\$ 298,193
South Campus Marketplace (HSU)	32,300
Giant's Cupboard (HSU)	94,958
Total	<u>\$ 425,451</u>

NOTE 9 - POSTRETIREMENT HEALTH BENEFITS

University Center provides medical coverage through the CalPERS medical plan. Benefited employees hired prior to July 1, 2006, who are eligible to retire from CalPERS, are 100% vested. Benefited employees hired on or after July 1, 2006, are 50% vested at age 50 if they have 10 years of service. With every additional year of service the vesting increases by 5% reaching 100% for employees who are age 50 or older who have at least 20 years of service. The University Center's premium contribution cannot be less than what is defined by CalPERS Section 22892(b).

The following information is based on a measurement date of June 30, 2007, a discount rate of 6%, an initial medical trend of 8.5%, an ultimate medical trend of 5%, and a grade-down period of 7 years:

Change in benefit obligation:	
Benefit obligation at end of prior year	\$ 4,614,416
Service cost	118,173
Interest cost	272,811
Actuarial (gain)/loss	889,662
Benefits paid	(140,290)
Benefit obligation at end of year	<u>\$ 5,754,772</u>

Change in plan assets:	
Fair value of plan assets at beginning of year	\$ -
Employer contribution	140,290
Benefits paid	(140,290)
Fair value of plan assets at end of year	<u>\$ -</u>

Funded status:	
Benefit obligation at June 30, 2007	\$ 5,754,772
Unrecognized net transition obligation	(195,216)
Unrecognized net actuarial gain/ (loss)	(2,833,480)
Prepaid (accrued) benefit cost	<u>\$ (2,726,076)</u>

Components of net periodic cost:	
Service cost	\$ 118,173
Interest cost	272,811
Amortization of unrecognized transition obligation	27,888
Recognized net (gains)/ losses	134,762
Total net period cost	<u>\$ 553,634</u>

Projected net periodic costs of \$694,288 are expected to be accrued during the next fiscal year. Benefits expected to be paid in each of the next five years cannot be accurately determined at this time. It is estimated that the payments for the next five years will be \$190,308, \$209,350, \$231,534, \$253,201, and \$278,266.

**HUMBOLDT STATE UNIVERSITY CENTER
BOARD OF DIRECTORS
NOTES TO FINANCIAL STATEMENTS
June 30, 2007**

The incremental effects of applying the recognition provisions of *SFAS No. 158, Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans - An Amendment of FASB Statements No. 87, 88, 106, and 132(R)*, on individual line items in the statement of financial position are as follows:

Postretirement health benefits liability before application of SFAS No. 158	\$ 2,726,076
Net transition obligation recognized	195,216
Net actuarial loss recognized	<u>2,833,480</u>
Postretirement health benefits liability after application of SFAS No. 158	<u>\$ 5,754,772</u>
Net pension cost liability before application of SFAS No. 158	\$ -
Net pension cost liability recognized (See Note 6)	<u>388,350</u>
Net pension cost liability after application of SFAS No. 158	<u>\$ 388,350</u>
Unrestricted net assets before application of SFAS No. 158	\$ 7,818,540
Total incremental effect of applying SFAS No. 158	<u>(3,417,046)</u>
Unrestricted net assets after application of SFAS No. 158	<u>\$ 4,401,494</u>

NOTE 10 - RELATED PARTY TRANSACTIONS

Management Services

University Center provides accounting and/or other management services to HSU Alumni Association (See Note 5), HSU Associated Students, and HSU Advancement Foundation. Based on agreements, University Center was paid \$205,650 by HSU Associated Students and \$30,000 by Advancement Foundation for services during the year ended June 30, 2007. HSU Associated Students owed \$17,137 and Advancement Foundation owed \$2,500 for these services at June 30, 2007.

Leases

University Center has lease agreements with HSU that are described in Note 8.

NOTE 11 - FUNCTIONAL ALLOCATION OF EXPENSES

Expenses by functional classification for the year ended June 30, 2007 are as follows:

Auxiliary Enterprises:	
Bookstore	\$ 1,280,033
Dining	3,079,457
Program Services & General:	
CenterArts	1,407,700
Center Activities	648,100
General Operations/Facilities & Administration	<u>1,667,790</u>
Total Expenses	<u>\$ 8,083,080</u>

SUPPLEMENTARY INFORMATION

HUMBOLDT STATE UNIVERSITY CENTER

BOARD OF DIRECTORS

Schedule of Net Assets

June 30, 2007

(for inclusion in the California State University)

Assets:

Current assets:

Cash and cash equivalents	\$ 408,158
Short-term investments	8,923,051
Accounts receivable, net	—
Leases receivable, current portion	—
Pledges receivable, net	—
Prepaid expenses and other assets	1,596,486
Total current assets	<u>10,927,695</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	—
Other long-term investments	—
Capital assets, net	793,919
Other assets	—
Total noncurrent assets	<u>793,919</u>
Total assets	<u>11,721,614</u>

Liabilities:

Current liabilities:

Accounts payable	247,603
Accrued salaries and benefits payable	107,249
Accrued compensated absences— current portion	161,491
Deferred revenue	220,454
Capitalized lease obligations – current portion	—
Long-term debt obligations – current portion	—
Self-insurance claims liability - current portion	—
Other liabilities	440,201
Total current liabilities	<u>1,176,998</u>

Noncurrent liabilities:

Accrued compensated absences, net of current portion	—
Deferred revenue	—
Grants refundable	—
Capitalized lease obligations, net of current portion	—
Long-term debt obligations, net of current portion	—
Self-insurance claims liabilities, net of current portion	—
Depository accounts	—
Other liabilities	6,143,122
Total noncurrent liabilities	<u>6,143,122</u>
Total liabilities	<u>7,320,120</u>

Net assets:

Invested in capital assets, net of related debt	793,919
Restricted for:	
Nonexpendable – endowments	—
Expendable:	
Scholarships and fellowships	—
Research	—
Loans	—
Capital projects	—
Debt service	—
Other	—
Unrestricted	3,607,575
Total net assets	<u>\$ 4,401,494</u>

See Accompanying Accountants' Audit Report and Note to Supplementary Information.

HUMBOLDT STATE UNIVERSITY CENTER

BOARD OF DIRECTORS

Schedule of Revenues, Expenses, and Changes in Net Assets

Year Ended June 30, 2007

(for inclusion in the California State University)

Revenues:

Operating revenues:

Student tuition and fees (net of scholarship allowances of \$ _____)	\$ 975,000
Grants and contracts, noncapital:	
Federal	—
State	—
Local	—
Nongovernmental	—
Sales and services of educational activities	—
Sales and services of auxiliary enterprises (net of scholarship allowances of \$ _____)	13,698,339
Other operating revenues	—
Total operating revenues	<u>14,673,339</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	14,062,387
Depreciation and amortization	230,225
Total operating expenses	<u>14,292,612</u>
Operating income (loss)	<u>380,727</u>

Nonoperating revenues (expenses):

State appropriations, noncapital	—
Gifts, noncapital	—
Investment income, net	479,274
Endowment income	—
Interest on capital-related debt	—
Other nonoperating revenues (expenses)	(3,417,046)
Net nonoperating revenues (expenses)	<u>(2,937,772)</u>
Income (loss) before other additions	<u>(2,557,045)</u>

State appropriations, capital

Grants and gifts, capital

Additions to permanent endowments

Increase (decrease) in net assets	<u>(2,557,045)</u>
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Net assets:

Net assets at beginning of year, as previously reported	6,958,539
Restatements	—
Net assets at end of year, as restated	<u>\$ 4,401,494</u>

See Accompanying Accountants' Audit Report and Note to Supplementary Information.

HUMBOLDT STATE UNIVERSITY CENTER
BOARD OF DIRECTORS

Other Information
June 30, 2007

(for inclusion in the California State University)

1 Restricted cash and cash equivalents at June 30, 2007:
 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, 2007:

	Current	Noncurrent	Total
\$	8,923,051	\$	8,923,051
State of California Surplus Money Investment Fund (SMIF)			
State of California Local Agency Investment Fund (LAIF)			
Met West Short Term Fund			
Met West Medium Term Fund			
Met West Equity Fund			
Debt securities			
Equity securities			
Fixed income securities (Treasury notes, GNMAs)			
Real estate			
Certificates of deposit	100,000		100,000
Notes receivable			
Mutual funds			
Collateralized mortgage obligations			
Inverse floaters			
Interest-only strips			
Agency pass-through			
Private pass-through			
Other investments:			
Add description			
Add description			
Add description			
Add description			
Add description			
Add description			
Add description			
Add description			
Total investments	8,923,051		8,923,051
Less endowment investments (enter as negative number)			
Total investments	8,923,051	\$	8,923,051

HUMBOLDT STATE UNIVERSITY CENTER
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Other Information
June 30, 2007

(for inclusion in the California State University)

3 Composition of capital assets at June 30, 2007:

	Balance June 30, 2006	Prior period Adjustments	Reclassifications	Balance 30-Jun-06 (restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2007
Nondepreciable capital assets								
Land and land improvements	\$ ---	---	---	\$ ---	---	---	---	\$ ---
Works of art and historical treasures	3,986	---	---	3,986	69,555	---	---	73,541
Construction work in progress (CWIP)	3,986	---	---	3,986	69,555	---	---	73,541
Total nondepreciable capital assets								
Depreciable capital assets:								
Buildings and building improvements	2,509,162	---	---	2,509,162	---	---	---	2,509,162
Improvements, other than buildings	---	---	---	---	---	---	---	---
Infrastructure	---	---	---	---	---	---	---	---
Leasehold improvements	---	---	---	---	---	---	---	---
Personal property:								
Equipment	1,826,907	---	---	1,826,907	83,225	(134,196)	---	1,775,936
Library books and materials	---	---	---	---	---	---	---	---
Intangible assets	---	---	---	---	---	---	---	---
Total depreciable capital assets								
Total cost	4,336,069	---	---	4,336,069	83,225	(134,196)	---	4,285,098
Less accumulated depreciation:								
Buildings and building improvements	(1,947,186)	---	---	(1,947,186)	(102,355)	---	---	(2,049,541)
Improvements, other than buildings	---	---	---	---	---	---	---	---
Infrastructure	---	---	---	---	---	---	---	---
Leasehold improvements	---	---	---	---	---	---	---	---
Personal property:								
Equipment	(1,508,248)	---	---	(1,508,248)	(127,870)	120,939	---	(1,515,179)
Library books and materials	---	---	---	---	---	---	---	---
Intangible assets	---	---	---	---	---	---	---	---
Total accumulated depreciation	(3,455,434)	---	---	(3,455,434)	(230,225)	120,939	---	(3,564,720)
Net capital assets	884,621	---	---	884,621	(77,445)	(13,257)	---	993,919

Detail of depreciation and amortization expense for the year ended June 30, 2007:

Depreciation and amortization expense related to capital assets	\$ 230,225
Amortization expense related to other assets	---
Total depreciation and amortization	\$ 230,225

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4 Long-term liabilities activity schedule:

	Balance June 30, 2006	Prior period adjustments	Reclassifications	Balance June 30, 2006 (restated)	Additions	Reductions	Balance June 30, 2007	Long-term portion	Current portion
Accrued compensated absences	\$ 140,467	—	—	\$ 140,467	21,024	—	\$ 161,491	—	161,491
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 / (discount)	—	—	—	—	—	—	—	—	—
Unamortized loss on refunding	—	—	—	—	—	—	—	—	—
Total long-term debt obligations, net	—	—	—	—	—	—	—	—	—
Total long-term liabilities	\$ 140,467	—	—	\$ 140,467	21,024	—	\$ 161,491	—	161,491

HUMBOLDT STATE UNIVERSITY CENTER
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June 30, 2007

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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	---	---	---

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
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	GASB	Auxiliaries
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)	---	---	---	---
Net assets - invested in capital assets, net of related debt	---	---	---	---

HUMBOLDT STATE UNIVERSITY CENTER
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(for inclusion in the California State University)

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

Net assets as of June 30, 2006, as previously reported	Net Asset Class	Amount	
		Dr.	Cr.
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, 2006, 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 CENTER
BOARD OF DIRECTORS
NOTE TO SUPPLEMENTARY INFORMATION
June 30, 2007

NOTE 1 – SUPPLEMENTARY SCHEDULES

As an auxiliary organization of the California State University (CSU), Humboldt State University Center Board of Directors (University Center) 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 reporting format between University Center's financial statements and the supplementary schedules for CSU.