

**CALIFORNIA STATE UNIVERSITY,
CHANNEL ISLANDS FOUNDATION**

**Financial Statements and Supplementary
Information for the Year Ended June 30, 2008
and Independent Auditors' Report**

**CALIFORNIA STATE UNIVERSITY, CHANNEL ISLANDS FOUNDATION
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EXECUTIVE SUMMARY

September 12, 2008

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

We have audited the financial statements of California State University, Channel Islands Foundation as of June 30, 2008, and for the year then ended and issued our report thereon dated September 12, 2008. In connection with our audit of the financial statements, we made a study and evaluation of the internal control structure to establish a basis for reliance thereon in determining the nature, timing and extent of our auditing procedures necessary for expressing our opinions on the financial statements. As a result of our audit and our study and evaluation of the internal control structure made for the limited purpose described above, we have issued a report to management on Page 2 of this letter.

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

FINANCIAL SUMMARY:

Our independent auditors' report dated September 12, 2008 on the financial statements of the Foundation as of and for the year ended June 30, 2008 contains an unqualified opinion. The following summary of selected financial data for 2008 should be read in conjunction with our audit report and the accompanying financial statements:

Revenues	\$ 3,165,534
Expenses	\$ 3,109,622
Total assets	\$ 17,188,809
Net assets	\$ 16,470,595

REPORT ON INTERNAL CONTROL TESTS AND SPECIFIC CONTROL ITEMS:

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

REPORT ON INTERNAL CONTROL STRUCTURE:

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

Yours truly,

Vorwin, Hryn + Co.

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statement of financial position of California State University, Channel Islands 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 Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Foundation's financial statements and, in our report dated September 12, 2007, we expressed an unqualified opinion on those financial statements.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules on pages 12 through 24 are presented for the purpose of additional analysis and are not a required part of the basic financial statements. These schedules are the responsibility of the Foundation's management. Such supplemental schedules have been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

Vasin, Heyn + Co.

September 12, 2008

CALIFORNIA STATE UNIVERSITY, CHANNEL ISLANDS FOUNDATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2008
(WITH COMPARATIVE TOTALS FOR 2007)

	<u>2008</u>	<u>2007</u>
ASSETS		
Cash	\$ 991,073	\$ 443,852
Short-term investments	<u>3,183,702</u>	<u>2,843,717</u>
Total cash and cash equivalents	4,174,775	3,287,569
Receivables		
Accounts receivable	9,040	11,608
Pledges	<u>3,544,941</u>	<u>3,639,750</u>
Total accounts receivable	3,553,981	3,651,358
Long-term investments	<u>9,460,053</u>	<u>10,045,565</u>
Total assets	<u><u>\$ 17,188,809</u></u>	<u><u>\$ 16,984,492</u></u>
LIABILITIES		
Accounts payable	\$ 371,178	\$ 68,623
Accrued liabilities	38,472	7,717
Liability to beneficiaries	<u>308,564</u>	<u>493,469</u>
Total liabilities	718,214	569,809
NET ASSETS		
Unrestricted net assets		
Designated	578,529	438,683
Undesignated	100,000	100,000
Temporarily restricted net assets	10,807,003	11,925,524
Permanently restricted net assets	<u>4,985,063</u>	<u>3,950,476</u>
Total net assets	<u>16,470,595</u>	<u>16,414,683</u>
Total liabilities and net assets	<u><u>\$ 17,188,809</u></u>	<u><u>\$ 16,984,492</u></u>

See accompanying auditors' report and
notes to financial statements.

**CALIFORNIA STATE UNIVERSITY, CHANNEL ISLANDS FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008
(WITH COMPARATIVE TOTALS FOR 2007)**

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	2008 <u>Total</u>	2007 <u>Total</u>
CHANGES IN NET ASSETS					
REVENUES					
Contributions	\$ 492,501	\$ 1,096,348	\$ 1,092,604	\$ 2,681,453	\$ 1,511,458
In-kind contributions	132,130	230,063	-	362,193	659,309
Investment income	11,277	501,424	-	512,701	487,838
Gain (loss) on investments	(1,195)	(583,319)	-	(584,514)	1,084,562
Auxiliary enterprises	40,653	-	-	40,653	141,413
Other income (expense)	80,340	72,708	-	153,048	99,514
Restrictions released	<u>2,493,762</u>	<u>(2,435,745)</u>	<u>(58,017)</u>	<u>-</u>	<u>-</u>
 Total revenue	 3,249,468	 (1,118,521)	 1,034,587	 3,165,534	 3,984,094
 EXPENSES					
Program	2,863,131	-	-	2,863,131	1,858,732
General and administrative	190,008	-	-	190,008	207,486
Fundraising	<u>56,483</u>	<u>-</u>	<u>-</u>	<u>56,483</u>	<u>159,287</u>
 Total expenses	 <u>3,109,622</u>	 <u>-</u>	 <u>-</u>	 <u>3,109,622</u>	 <u>2,225,505</u>
 CHANGE IN NET ASSETS	 139,846	 (1,118,521)	 1,034,587	 55,912	 1,758,589
 NET ASSETS - beginning of year	 <u>538,683</u>	 <u>11,925,524</u>	 <u>3,950,476</u>	 <u>16,414,683</u>	 <u>14,656,094</u>
 NET ASSETS - end of year	 <u>\$ 678,529</u>	 <u>\$ 10,807,003</u>	 <u>\$ 4,985,063</u>	 <u>\$ 16,470,595</u>	 <u>\$ 16,414,683</u>

See accompanying auditors' report and
notes to financial statements.

CALIFORNIA STATE UNIVERSITY, CHANNEL ISLANDS FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2008
(WITH COMPARATIVE TOTALS FOR 2007)

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 55,912	\$ 1,758,589
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
(Gain) loss on investments	584,514	(1,084,562)
Miscellaneous noncash expense (income)	-	25,000
(Increase) decrease in:		
Accounts receivable	2,568	30,140
Pledges receivable	94,809	(414,901)
Prepaid expenses	-	2,000
Increase (decrease) in:		
Accounts payable	302,555	(430,908)
Liability to beneficiaries	(184,905)	(14,935)
Other accrued liabilities	<u>30,755</u>	<u>(3,309)</u>
 Total adjustments	 <u>830,296</u>	 <u>(1,891,475)</u>
 Net Cash Provided (Used) by Operating Activities	 886,208	 (132,886)
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	5,127,347	13,128,462
Purchase of investments	<u>(5,126,349)</u>	<u>(12,341,745)</u>
 Net Cash Provided (Used) by Investing Activities	 <u>998</u>	 <u>786,717</u>
 NET INCREASE (DECREASE) IN CASH	 887,206	 653,831
 CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	 <u>3,287,569</u>	 <u>2,633,738</u>
 CASH AND CASH EQUIVALENTS AT END OF YEAR	 <u><u>\$ 4,174,775</u></u>	 <u><u>\$ 3,287,569</u></u>

See accompanying auditors' report and notes to financial statements.

**CALIFORNIA STATE UNIVERSITY, CHANNEL ISLANDS FOUNDATION
SCHEDULE OF INVESTMENTS
FOR THE YEAR ENDED JUNE 30, 2008**

Investments consisted of the following at June 30, 2008:

<u>Type</u>	<u>Description</u>	<u>Original Cost</u>	<u>Current Fair Value</u>	<u>Cumulative Unrealized Gain(loss)</u>
Unrestricted:				
	Wells Fargo Money Market Fund	\$ 160,452	\$ 160,452	\$ -
	Mutual Funds - Equities	<u>100,000</u>	<u>97,610</u>	<u>(2,390)</u>
	Total unrestricted short-term investments	<u>260,452</u>	<u>258,062</u>	<u>(2,390)</u>
Restricted:				
Money Market				
	Wells Fargo Money Market Fund	2,839,138	2,839,138	-
	Rabobank Money Market Fund	<u>86,502</u>	<u>86,502</u>	<u>-</u>
	Total restricted short-term investments	<u>2,925,640</u>	<u>2,925,640</u>	<u>-</u>
	Total short-term investments	3,186,092	3,183,702	(2,390)
Fixed Income				
	Western Asset Core Bond	1,534,604	1,410,128	(124,476)
	Mutual Funds - Taxable Bonds	302,536	296,099	(6,437)
	Pimco Mutual Funds	1,650,789	1,625,472	(25,317)
Equities				
	Common Stock	142,727	114,729	(27,998)
	International	2,104,434	2,260,242	155,808
	Small Cap	587,076	680,190	93,114
	Mid Cap	34,780	33,041	(1,739)
	Large Cap	2,179,709	2,152,375	(27,334)
	Dorchester Alternatives	750,000	766,283	16,283
	Investments held by the Chancellor's Office	<u>36,447</u>	<u>121,494</u>	<u>85,047</u>
	Total long-term investments	<u>9,323,102</u>	<u>9,460,053</u>	<u>136,951</u>
	Total restricted investments	<u>12,248,742</u>	<u>12,385,693</u>	<u>136,951</u>
	Total investments	<u>\$ 12,509,194</u>	<u>\$ 12,643,755</u>	<u>\$ 134,561</u>

All investments classified as restricted are not available for general use of the Foundation.

**CALIFORNIA STATE UNIVERSITY, CHANNEL ISLANDS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008**

1. SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

California State University, Channel Islands Foundation (Foundation) was created on August 28, 1996, pursuant to the General Nonprofit Corporation Law of the State of California and was organized to promote and assist education, administration and related services of the California State University, Channel Islands. The Foundation operates as an auxiliary organization of the California State University, Channel Islands (University) under an operating agreement with the Trustees of the California State University (the Trustees), which goes through June 30, 2010.

Basis of Accounting and Presentation

The financial statements of the Foundation have been prepared on the accrual basis of accounting in conformity with generally accepted accounting principles. The financial statements are presented in accordance with Statement of Financial Accounting Standards (SFAS) No.117, "Financial Statements of Not-for-Profit Organizations". Accordingly, information regarding financial position and activities are reported according to three classes of net assets: unrestricted net assets that are not subject to donor-imposed restrictions and may be designated for specific purposes by action of the Board of Trustees; temporarily restricted net assets whose use by the Foundation is subject to donor-imposed restrictions that can be fulfilled by actions of the Foundation or that expire by the passage of time; and permanently restricted net assets which are stipulated by donors as investments in perpetuity, the income from which may be expendable by the Foundation.

Cash and Cash Equivalents

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

Investments

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

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

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

Estimates

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

**CALIFORNIA STATE UNIVERSITY, CHANNEL ISLANDS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008**

1. SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pledges

The Foundation recognizes a contribution when the donor makes a promise to give that is, in substance, unconditional. Contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Donated Materials, Services and Other Assets

Donated materials and other assets such as stocks, bonds and other long-lived assets are recorded at fair market value at the date of the donation.

Donated services are also recognized at fair value when those services require special expertise and the Foundation would have purchased those services had they not been donated.

Property, Plant and Equipment

Property, consisting primarily of furniture and equipment, is carried at cost or, if contributed, at fair market value at the date of contribution. The Foundation's policy is to capitalize additions and improvements that significantly add to productive capacity or extend the useful life of an asset. Repairs and maintenance are charged to operations as incurred. Costs and related allowances for depreciation of property, plant and equipment sold or otherwise retired are eliminated from the accounts and gains or losses on disposition are included in income. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets.

Income Taxes

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

Comparative Totals

The financial statements include certain prior-year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2007, from which the summarized information was derived.

Reclassifications

Certain amounts in the 2007 comparative totals have been reclassified to conform with the 2008 reporting format.

**CALIFORNIA STATE UNIVERSITY, CHANNEL ISLANDS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008
(CONTINUED)**

2. RELATED PARTIES AND ECONOMIC DEPENDENCY

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

Furthermore, there have been numerous and substantial transactions whereby the Foundation and University incur costs on behalf of each other for personnel or other operating expenses. At June 30, 2008 \$85,000 of such costs of the Foundation have been reflected in the financial statements.

3. NET ASSETS

Designated Net Assets

The Board of Directors of the Foundation have developed reserve policies which designate certain funds for specific purposes.

Designated net assets at June 30, 2008 are as follows:

Working Capital and Operations	\$ 578,529
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Temporarily Restricted Net Assets

Temporarily restricted net asset balances for the year ended June 30, 2008 are summarized as follows:

Capital Project	\$ 2,469,385
Instruction	4,047,888
Library	49,105
Other	3,274,767
Research	84,334
Scholarships	881,524
Total	<u>\$ 10,807,003</u>

Permanently Restricted Net Assets

Permanently restricted net assets totaled \$4,985,063 at June 30, 2008 and primarily represent endowment funds for scholarships and academic programs. These net assets resulted from contributions restricted by the donor for investment in perpetuity. The investment incomes generated by the endowments are to be used for scholarships for University students and programs described by the respective donors. At June 30, 2008 certain accumulated income balances previously reported as Permanently Restricted were reclassified to Temporarily Restricted in accordance with donor stipulations and related amendments.

**CALIFORNIA STATE UNIVERSITY, CHANNEL ISLANDS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008
(CONTINUED)**

4. LIABILITY TO BENEFICIARIES

The Foundation is the beneficiary of various charitable remainder annuity trusts (CRAT) which provide for the payment to the grantor over the beneficiaries lifetime. The Foundation is the Trustee of the largest CRAT with a market value of \$825,369 at June 30, 2008 and is included with the general investments. For the year ended June 30, 2008 liability to beneficiaries was \$308,564. Payments for that CRAT totaled \$61,521 during the year. In addition, the California State University Foundation is the Trustee for three other CRAT that the Foundation is the named beneficiary. Those assets total \$121,494 and are also reported with the investments.

SUPPLEMENTARY INFORMATION

CALIFORNIA STATE UNIVERSITY, CHANNEL ISLANDS FOUNDATION
GASB STATEMENT OF NET ASSETS
JUNE 30, 2008

Assets:

Current assets:

Cash and cash equivalents	\$ 991,073
Short-term investments	258,062
Accounts receivable, net	9,040
Leases receivable, current portion	—
Notes receivable, current portion	—
Pledges receivable, net	1,834,020
Prepaid expenses and other assets	—
Total current assets	3,092,195

Noncurrent assets:

Restricted cash and cash equivalents	2,925,640
Accounts receivable, net	—
Leases receivable, net of current portion	—
Notes receivable, net of current portion	—
Student loans receivable, net	—
Pledges receivable, net	1,710,921
Endowment investments	4,985,063
Other long-term investments	4,474,990
Capital assets, net	—
Other assets	—
Total noncurrent assets	14,096,614
Total assets	17,188,809

Liabilities:

Current liabilities:

Accounts payable	371,178
Accrued salaries and benefits payable	—
Accrued compensated absences— current portion	—
Deferred revenue	—
Capitalized lease obligations – current portion	—
Long-term debt obligations – current portion	—
Self-insurance claims liability - current portion	—
Other liabilities	38,472
Total current liabilities	409,650

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	308,564
Self-insurance claims liabilities, net of current portion	—
Depository accounts	—
Other liabilities	—
Total noncurrent liabilities	308,564
Total liabilities	718,214

Net assets:

Invested in capital assets, net of related debt	—
Restricted for:	
Nonexpendable – endowments	4,985,063
Expendable:	
Scholarships and fellowships	886,294
Research	84,334
Loans	—
Capital projects	2,469,385
Debt service	—
Other	7,366,990
Unrestricted	678,529
Total net assets	\$ 16,470,595

See accompanying auditors' report and
notes to financial statements.

**CALIFORNIA STATE UNIVERSITY, CHANNEL ISLANDS FOUNDATION
GASB STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2008**

Revenues:	
Operating revenues:	
Student tuition and fees (net of scholarship allowances of \$ ___0___)	\$ —
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 \$ ___0___)	40,653
Other operating revenues	153,048
	<hr/>
Total operating revenues	193,701
	<hr/>
Expenses:	
Operating expenses:	
Instruction	814,543
Research	20,000
Public service	32,545
Academic support	182,118
Student services	49,486
Institutional support	512,586
Operation and maintenance of plant	1,318,095
Student grants and scholarships	180,249
Auxiliary enterprise expenses	—
Depreciation and amortization	—
	<hr/>
Total operating expenses	3,109,622
	<hr/>
Operating income (loss)	(2,915,921)
	<hr/>
Nonoperating revenues (expenses):	
State appropriations, noncapital	—
Federal grant - Pell	—
Gifts, noncapital	1,951,042
Investment income, net	(71,813)
Endowment income	—
Interest on capital-related debt	—
Other nonoperating revenues (expenses)	—
	<hr/>
Net nonoperating revenues (expenses)	1,879,229
	<hr/>
Income (loss) before other additions	(1,036,692)
	<hr/>
State appropriations, capital	—
Grants and gifts, capital	—
Additions to permanent endowments	1,092,604
	<hr/>
Increase (decrease) in net assets	55,912
	<hr/>
Net assets:	
Net assets at beginning of year, as previously reported	16,414,683
Restatements	—
	<hr/>
Net assets at end of year, as restated	\$ 16,470,595
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See accompanying auditors' report and notes to financial statements.

CALIFORNIA STATE UNIVERSITY, CHANNEL ISLANDS FOUNDATION
GASB FOOTNOTES
FOR THE YEAR ENDED JUNE 30, 2008

Footnote II-Transactions with related entities

State appropriations receivable	\$ -
Reimbursements from Auxiliary Organizations for employee salaries, services, space, etc.	85,000
Payments to Auxiliaries for services, space and programs	-
Gifts In-Kind to the University from the Auxiliary Organization	1,910,758
Amounts receivable from (payable to) the University	
Amounts receivable from (payable to) the University	(152,867)
Amounts receivable from (payable to) the Auxiliary Organizations	-
Amounts receivable from (payable to) ASI	-
Depreciation expense	-
Accumulated depreciation	-
Pledges received	-
Purchases of property, plant and equipment	-
Principal repayments of long term debt	-
Principal portion of payments on capital lease obligations	-

See accompanying auditors' report and
notes to financial statements.

**CALIFORNIA STATE UNIVERSITY, CHANNEL ISLANDS FOUNDATION
EXPENSES BY NATURAL CLASSIFICATION
FOR THE YEAR ENDED JUNE 30, 2008
(WITH COMPARATIVE TOTALS FOR 2007)**

	<u>2008</u>	<u>2007</u>
EXPENSES		
Accounting fees and other CSUCI services	\$ 85,000	\$ 90,000
Advertising and promotion	72,844	35,374
Audit and tax services	33,219	23,585
Awards and recognition items	56,483	40,336
Bad debt expense	-	5,808
Bank and credit card fees	6,780	9,359
Books and subscriptions	5,399	22,575
Consultant fees	-	700
Contributions to the University	1,902,137	977,993
Equipment	18,999	73,434
Event catering services	151,629	154,549
Gift to auxiliaries	-	25,000
Gift to university	8,621	-
Grants made	11,974	12,455
Hospitality	17,763	17,114
Insurance	2,914	8,647
Investment fees	50,330	44,181
Legal	262	1,745
Miscellaneous expense	31,078	153,240
Office supplies	1,776	5,755
Other services	106,271	167,984
Other supplies	152,748	108,449
Postage	13,918	11,739
Printing	56,454	95,227
Registration and dues	112,443	27,604
Rental	42,807	24,922
Scholarships	134,340	67,420
Software	14,518	16,283
Supplies	2,263	-
Travel	<u>16,652</u>	<u>4,027</u>
 Total expenses	 <u>\$ 3,109,622</u>	 <u>\$ 2,225,505</u>

See accompanying auditors' report and
notes to financial statements.

CALIFORNIA STATE UNIVERSITY, CHANNEL ISLANDS FOUNDATION
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2008
(CONTINUED)

2 Composition of investments at June 30, 2008:

	<u>Current</u>	<u>Noncurrent Unrestricted</u>	<u>Noncurrent Restricted</u>	<u>Total Noncurrent</u>	<u>Total</u>
State of California Surplus Money Investment Fund (SMIF)	\$ —	—	—	—	—
State of California Local Agency Investment Fund (LAIF)	—	—	—	—	—
Wachovia Short Term Fund	—	—	—	—	—
Wachovia Medium Term Fund	—	—	—	—	—
Wachovia Equity Fund	—	—	—	—	—
Debt securities	—	—	—	—	—
Equity securities	—	—	—	—	—
Fixed income securities (Treasury notes, GNMA's)	—	—	—	—	—
Real estate	—	—	—	—	—
Certificates of deposit	—	—	—	—	—
Notes receivable	—	—	—	—	—
Mutual funds	97,610	—	—	—	97,610
Collateralized mortgage obligations:					
Inverse floaters	—	—	—	—	—
Interest-only strips	—	—	—	—	—
Agency pass-through	—	—	—	—	—
Private pass-through	—	—	—	—	—
Other investments:					
Money market funds	160,452	—	—	—	160,452
Equity funds held by Wells Fargo	—	—	7,833,410	7,833,410	7,833,410
Equity funds held by Rabobank	—	—	738,866	738,866	738,866
Other Alternatives held by Dorchester	—	—	766,283	766,283	766,283
Investments held by the Chancellors Office	—	—	121,494	121,494	121,494
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Total investments	<u>258,062</u>	<u>—</u>	<u>9,460,053</u>	<u>9,460,053</u>	<u>9,718,115</u>
Less endowment investments (enter as negative number)	<u>258,062</u>	<u>—</u>	<u>(4,985,063)</u>	<u>(4,985,063)</u>	<u>(4,985,063)</u>
	<u>258,062</u>	<u>—</u>	<u>4,474,990</u>	<u>4,474,990</u>	<u>4,733,052</u>

2.1 - Restricted noncurrent investments at June 30, 2008 related to:

	<u>Amount</u>
Endowment	\$ 4,985,063
Other restricted investments	4,474,990
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Total restricted noncurrent investments at June 30, 2008	<u>\$ 9,460,053</u>

See accompanying auditors' report and
notes to financial statements.

CALIFORNIA STATE UNIVERSITY, CHANNEL ISLANDS FOUNDATION
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3 Composition of capital assets at June 30, 2008:

	Balance June 30, 2007	Prior period Adjustments	Reclassifications	Balance June 30, 2007 (restated)	Additions	Reductions	Transfer 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	87,843	—	—	87,843	—	(87,843)	—	—
Library books and materials	16,525	—	—	16,525	—	(16,525)	—	—
Intangible assets	—	—	—	—	—	—	—	—
Total depreciable capital assets	104,368	—	—	104,368	—	(104,368)	—	—
Total cost	104,368	—	—	104,368	—	(104,368)	—	—
Less accumulated depreciation:								
Buildings and building improvements	—	—	—	—	—	—	—	—
Improvements, other than buildings	—	—	—	—	—	—	—	—
Infrastructure	—	—	—	—	—	—	—	—
Leasehold improvements	—	—	—	—	—	—	—	—
Personal property:								
Equipment	(87,843)	—	—	(87,843)	—	87,843	—	—
Library books and materials	(16,525)	—	—	(16,525)	—	16,525	—	—
Intangible assets	—	—	—	—	—	—	—	—
Total accumulated depreciation	(104,368)	—	—	(104,368)	—	104,368	—	—
Net capital assets	\$ —	—	—	—	—	—	—	—

Detail of depreciation and amortization expense for the year ended June 30, 2008:

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

See accompanying auditors' report and
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CALIFORNIA STATE UNIVERSITY, CHANNEL ISLANDS FOUNDATION
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(CONTINUED)

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	Current portion	Long-term 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:									
Liability to beneficiaries	493,469	—	—	493,469	—	(184,905)	308,564	—	308,564
Description	—	—	—	—	—	—	—	—	—
Description	—	—	—	—	—	—	—	—	—
Description	—	—	—	—	—	—	—	—	—
Description	—	—	—	—	—	—	—	—	—
Total long-term debt obligations	493,469	—	—	493,469	—	(184,905)	308,564	—	308,564
Unamortized bond premium / (discount)	—	—	—	—	—	—	—	—	—
Unamortized loss on refunding	—	—	—	—	—	—	—	—	—
Total long-term debt obligations, net	493,469	—	—	493,469	—	(184,905)	308,564	—	308,564
Total long-term liabilities	\$ 493,469	—	—	493,469	—	(184,905)	308,564	—	308,564

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(CONTINUED)**

5 Future minimum lease payments:

	<u>Principal</u>	<u>Interest</u>	<u>Principal and Interest</u>
Year ending June 30:			
2009	\$ —	—	—
2010	—	—	—
2011	—	—	—
2012	—	—	—
2013	—	—	—
2014 - 2018	—	—	—
2019 - 2023	—	—	—
2024 - 2028	—	—	—
2029 - 2033	—	—	—
2034 - 2038	—	—	—
2039 - 2043	—	—	—
2044 - 2048	—	—	—
2049 - 2053	—	—	—
2054 - 2058	—	—	—
	<hr/>	<hr/>	<hr/>
Total minimum lease payments			—
Less amounts representing interest			—
			<hr/>
Present value of future minimum lease payments			—
Less: current portion			—
Capitalized lease obligation, net of current portion		\$	—
			<hr/>

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**CALIFORNIA STATE UNIVERSITY, CHANNEL ISLANDS FOUNDATION
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6 Long-term debt obligation schedule

	Revenue Bonds			All other long-term debt obligations			Total		
	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal Interest
Year ending June 30:									
2009	\$ —	—	—	—	—	—	—	—	—
2010	—	—	—	308,564	—	308,564	308,564	—	308,564
2011	—	—	—	—	—	—	—	—	—
2012	—	—	—	—	—	—	—	—	—
2013	—	—	—	—	—	—	—	—	—
2014 - 2018	—	—	—	—	—	—	—	—	—
2019 - 2023	—	—	—	—	—	—	—	—	—
2024 - 2028	—	—	—	—	—	—	—	—	—
2029 - 2033	—	—	—	—	—	—	—	—	—
2034 - 2038	—	—	—	—	—	—	—	—	—
2039 - 2043	—	—	—	—	—	—	—	—	—
2044 - 2048	—	—	—	—	—	—	—	—	—
2049 - 2053	—	—	—	—	—	—	—	—	—
2054 - 2058	—	—	—	—	—	—	—	—	—
Total	\$ —	—	—	308,564	—	308,564	308,564	—	308,564

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See accompanying auditors' report and notes to financial statements.

**CALIFORNIA STATE UNIVERSITY, CHANNEL ISLANDS FOUNDATION
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7 Calculation of net assets - Invested in capital assets, net of related debt

	<u>Auxiliary Organizations</u>		<u>Total</u>
	<u>GASB</u>	<u>FASB</u>	<u>Auxiliaries</u>
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	\$ —	—	—

See accompanying auditors' report and
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**CALIFORNIA STATE UNIVERSITY, CHANNEL ISLANDS FOUNDATION
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8 Transactions with Related Entities

	Amount
Reimbursements to University for salaries of University personnel working on contracts, grants, and other programs	\$ 85,000
Reimbursements to University for other than salaries of University personnel	—
Payments received from University for services, space, and programs	—
Gifts-in-kind to the University from Auxiliary Organizations	1,910,758
Amounts (payable to) University (enter as negative number)	(152,867)
Amounts receivable from University	—

See accompanying auditors' report and
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CALIFORNIA STATE UNIVERSITY, CHANNEL ISLANDS FOUNDATION
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9 The nature and amount of the prior period adjustment(s) recorded to beginning net assets

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

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

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

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