

FRANCISCAN SHOPS
(OPERATING AS SFSU BOOKSTORE)

JUNE 30, 2012

INDEPENDENT AUDITORS' REPORT,

FINANCIAL STATEMENTS

AND

SUPPLEMENTARY INFORMATION

Franciscan Shops
(Operating as SFSU Bookstore)

**Independent Auditors' Report,
Financial Statements and
Supplementary Information**

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Independent Auditors' Report

THE BOARD OF DIRECTORS
FRANCISCAN SHOPS
(OPERATING AS SFSU BOOKSTORE)
San Francisco, California

We have audited the accompanying statement of net assets in liquidation of **FRANCISCAN SHOPS (operating as SFSU Bookstore)** as of June 30, 2012, and the related statements of changes in net assets in liquidation and cash flows for the year then ended. These financial statements are the responsibility of the Franciscan Shops' 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.

As described in Note 1, on June 26, 2012, the Franciscan Shops Board of Directors amended the Articles of Incorporation to designate University Corporation, San Francisco State (the Corporation) as the Franciscan Shops sole member effective July 1, 2012 for the purpose of allowing the Corporation to wind up and liquidate the Franciscan Shops. The Franciscan Shops cease to be the campus bookstore due to the expiration of the operating agreement with San Francisco State University.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets in liquidation of the Franciscan Shops as of June 30, 2012, and related changes in net assets in liquidation and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America applied on the basis described in the preceding paragraph.

Hood & Strong LLP

San Francisco, California
September 13, 2012

Consultants and

Business Advisors

100 First Street

14th Floor

San Francisco

CA 94105

415.781.0793

fax 415.421.2976

10 Almaden Boulevard

Suite 250

San Jose

CA 95113

408.998.8400

fax 408.998.8485



**Franciscan Shops
(Operating as SFSU Bookstore)**

Statement of Net Assets in Liquidation

June 30, 2012

Assets:

Cash	\$ 803,338
Investments	3,085,422
Accounts receivable (less allowance for doubtful accounts of \$10,014 in 2012)	204,789
Inventory	1,820,350
Prepaid expenses	13,426

Total assets	5,927,325
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Liabilities

Accounts payable	1,370,207
Accrued liabilities	49,604
Note payable	225,045

Total liabilities	1,644,856
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Net Assets in Liquidation	\$ 4,282,469
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The accompanying notes are an integral part of this statement.

Franciscan Shops
(Operating as SFSU Bookstore)

Statement of Changes in Net Assets in Liquidation

Year Ended June 30, 2012

Revenue and Support:	
Sales, net	\$ 14,839,456
Less: cost of goods sold	11,102,223
Gross profit on sales	3,737,233
Commissions and other operating service income	1,185,801
Total operating revenue	4,923,034
Expenses:	
Salaries and wages	2,492,168
Employee benefits	404,095
Occupancy	531,387
Merchant discount	194,428
Telephone and utilities	54,311
Supplies	70,678
Insurance	49,494
Depreciation and amortization	235,331
Professional fees	153,572
Repairs and maintenance	193,185
Advertising and promotions	501,963
Travel, food and lodging	7,520
Bank service fees	12,243
Duplicating	59,237
Dues and subscriptions	22,508
Other expense	58,343
Total operating expenses	5,040,463
Net Operating Expense	(117,429)
Non Operating Income (Expense):	
Interest income	55,280
Net unrealized loss on investments	(52,312)
Interest expense	(14,891)
Loss Before Expense of Liquidation	(11,923)
Expense of Liquidation, net:	
Revenue on Sale of Assets	37,165
Professional fees	(115,516)
Employment termination	(150,000)
Inventory Write Off	(219,265)
Equipment and leasehold improvements write off	(507,862)
Change in Unrestricted Net Assets	(1,084,830)
Net Assets - Beginning of year	5,367,299
Net Assets in Liquidation - End of year	\$ 4,282,469

The accompanying notes are an integral part of this statement.

Franciscan Shops
(Operating as SFSU Bookstore)

Statement of Cash Flows

Year Ended June 30, 2012

Operating Activities:

Loss Before Expense of Liquidation	\$ (129,352)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	235,331
Net unrealized gain on investments	52,312
Loss on disposal of assets	507,863
Changes in operating assets and liabilities	
Accounts receivable	(53,678)
Inventory	106,965
Prepaid expenses	36,819
Accounts payable	37,459
Accrued liabilities	(136,577)
Net cash provided by operating activities	657,142

Investing Activities:

Purchase of equipment and leasehold improvements	(22,594)
Purchase of investments	(9,272,537)
Proceeds from sales and maturities of investments	10,423,571
Net cash provided by investing activities	1,128,440

Financing Activities:

Principal payment on note payable	(141,946)
Net cash used by financing activities	(141,946)

Increase in Cash before Expense of Liquidation	1,643,636
Expense of Liquidation - Net	(955,478)
Cash, beginning of year	115,180
Cash, end of year	\$ 803,338

Supplementary Disclosure:

Interest paid	\$ 14,891
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The accompanying notes are an integral part of this statement.

Franciscan Shops (Operating as SFSU Bookstore)

Notes to Financial Statements

Note 1 - Organization and Summary of Significant Accounting Policies:

The Franciscan Shops, which operates as the SFSU Bookstore (the Bookstore), is a not-for-profit organization and functions as an auxiliary organization for San Francisco State University. The Bookstore was established for the purpose of promoting and assisting the educational services, development, maintenance and operations of San Francisco State University. The Bookstore provides commercial services to the campus community through the operation of the bookstore and convenience stores at San Francisco State University.

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

a. Basis of Presentation

The financial statements of the Bookstore are prepared using the accrual basis of accounting.

On June 26, 2012, the Bookstore's Board of Directors amended the Articles of Incorporation to designate The University Corporation of San Francisco State University (the Corporation), a related party, as the sole member effective July 1, 2012. The intent of this action was to allow the Corporation to oversee the operations of the Bookstore by a new operator and then wind up and liquidate the Bookstore. On June 30, 2012, the Corporation entered into an agreement (see Note 2) with the Follett Higher Education Group to manage most of the operations and activities that had been conducted by the Bookstore for San Francisco State University and its students. This took effect July 1, 2012. Additionally, subsequent to June 30, 2012 the Corporation became responsible for the accounting of the Bookstore in its process of winding up and liquidating as well as assuming some of the minor services that had previously been provided for by the Bookstore. The Corporation will also assume responsibility for the operating space and facilities that had been leased by the Bookstore from the Cesar Chavez Student Center (a related party).

As a result of the Board of Directors approval, the Bookstore adopted the liquidation basis of accounting effective June 30, 2012. This basis of accounting is considered appropriate when among other things, liquidation of a company is probable and the net realizable values of assets are reasonably determinable. Under this basis of accounting, assets are valued at their net values and liabilities are stated at their estimated settlement amounts. The conversion from the going concern to liquidation basis of accounting required management to make significant estimates and judgments to record assets at estimated net realizable value and liabilities at estimated settlement amounts.

Franciscan Shops
(Operating as SFSU Bookstore)

Notes to Financial Statements

b. Liquidation

As of June 30, 2012, the Bookstore operations have been limited to wind up the operation, selling the remaining assets and discharging known liabilities. The Bookstore plans to distribute the remaining assets to the Corporation, in accordance with the plan of liquidation.

Upon conversion to the liquidation basis of accounting, the Bookstore has paid or accrued for the known costs to be incurred in liquidation and has made subsequent adjustments against inventory and equipment and leasehold improvements to their net realizable value.

c. Cash

The Bookstore considers cash to include only cash on hand and cash in the bank. All short-term investments with a maturity of 90 days or less are classified as investments.

d. Investments

Investments are carried at fair value. Investments include all investments regardless of their maturity date and consist of investments in fixed income securities, equity securities, and money market mutual fund. Interest, dividend, realized and unrealized gains and losses are reflected in the Changes in Net Assets in Liquidation.

e. Inventory

Inventory has been stated at the lower of cost or market with cost being determined by the retail method. As of June 30, 2012, the value of the inventory has been adjusted to its net realizable value. Follett Higher Education Group agreed to purchase approximately \$1,324,000 of the Bookstore inventory as of July 11, 2012. The subsequent net realizable value has been applied to June 30, 2012 inventory. As a result, approximately \$219,000 of the Bookstore inventory as of June 30, 2012 was written off to reflect its net realizable value.

f. Equipment and Leasehold Improvements

Equipment and leasehold improvements are capitalized at cost when purchased. Depreciation and amortization are provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives, 3 to 25 years, using the straight-line method. Leasehold improvements are amortized over the estimated service lives or length of lease, whichever is shorter. As of June 30, 2012, the values of the equipment and leasehold improvements have been adjusted to its net realizable value. Since no other parties were willing to give consideration for the remaining net book value of the equipment and leasehold improvements as of June 30, 2012, approximately \$508,000 of equipment and leasehold improvements net book value was written off.

Franciscan Shops (Operating as SFSU Bookstore)

Notes to Financial Statements

g. Net Assets

The net assets of the Bookstore are reported as unrestricted because there are no donor-imposed stipulations.

As of June 30, 2012, net assets in liquidation is the approximate amount that will be available to the Corporation after the wind up and liquidation process is completed.

h. Revenue Recognition

Revenue is recognized when the title and the risk of ownership transfers to customers, which generally occurs upon a sale of merchandise at the Bookstore. In the accompanying statement of changes in net assets in liquidation, revenues are recorded net of allowances, discounts and returns.

i. Income Taxes

The Bookstore has been determined to be exempt from income tax by the Internal Revenue Service and the California Franchise Tax Board pursuant to Sections 501(c)(3) and 23701(d), of the Internal Revenue Code and the California Revenue and Taxation Code, respectively. The Bookstore is, however, subject to income taxes on any unrelated business activity.

The Bookstore follows the guidance on accounting for uncertainty in income taxes issued by FASB ASC Topic 740. As of June 30, 2012, Management evaluated the Bookstore's tax positions and concluded that the Bookstore had maintained its tax exempt status and had taken no uncertain tax positions that requested adjustment to the financial statements. The Bookstore is no longer subject to income tax examinations by federal or state authorities for the years before 2009 and 2008, respectively.

j. Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Bookstore classifies its financial assets and liabilities measured at fair value on a recurring basis based on a fair value hierarchy with three levels of inputs. Level 1 values are based on unadjusted quoted prices in active markets for identical securities. Level 2 values are based on significant observable market inputs, such as quoted prices for similar securities and quoted prices in inactive markets. Level 3 values are based on significant unobservable inputs that reflect the Bookstore's determination of assumptions that market participants might reasonably use in valuing the securities. The valuation levels are not necessarily an indication of the risk or liquidity associated with the assets and liabilities measured at fair value.

**Franciscan Shops
(Operating as SFSU Bookstore)**

Notes to Financial Statements

k. Fair Value of Financial Instruments

Financial instruments included in the Bookstore's Statement of Net Assets in Liquidation as of June 30, 2012 which is not required to be measured at fair value include cash equivalents, receivables, payables, and note payable. Cash equivalents, receivables, payables, and note payable carrying amounts represent a reasonable estimate of the corresponding fair values.

l. Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as revenues and expenses during the reporting period. Actual results could differ from those estimates.

m. Sales Tax

Sales tax collected from customers is recorded on a net basis. For the fiscal year ended June 30, 2012, the Bookstore's sales tax amount collected from customers approximates \$1,190,000.

n. Subsequent Events

The Bookstore evaluated subsequent events through September 13, 2012, the date these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements, except as disclosed in Note 1.

Note 2 - Agreement with Follett Higher Education Group:

As indicated in Note 1, the Corporation and Follett Higher Education Groups (Follett) entered into an agreement for Follett to manage most of the operations and activities that had been conducted by the Bookstore. The agreement is for a five year term with three additional two year term options. It allows Follett to purchase the bulk of the Bookstore's inventory based on certain conditions and prices. Follett was required to make various operating and financial commitments to the Corporation in addition to the annual percentage of sales commission required by the agreement. Follett has entered into a lease with the Corporation for the operating space and facilities that had been leased by the Bookstore.

**Franciscan Shops
(Operating as SFSU Bookstore)**

Notes to Financial Statements

Note 3 - Investments and Fair Value of Financial Instruments:

Investments at June 30, 2012 are:

Money market mutual funds	\$ 39,192
Equity securities	1,361,181
Exchange Traded Funds	360,668
Fixed income (U.S. Government and Federal Agency and Corporate bonds)	1,324,381
	\$ 3,085,422

The tables below present investments measured at fair value at June 30, 2012 on a recurring basis:

	Level 1	Level 2	Total
Money Market	\$ 174,349		\$ 174,349
Domestic Equities:			
Materials	47,494		47,494
Telecommunications	46,348		46,348
Consumer Discretionary	150,099		150,099
Consumer Staples	150,108		150,108
Energy	139,838		139,838
Financial	197,256		197,256
Health Care	156,375		156,375
Industrial	150,492		150,492
Technology	273,423		273,423
Utilities	49,749		49,749
Exchange Traded Funds	360,668		360,668
Fixed Income:			
U.S Government Bonds/ Notes		\$ 98,922	98,922
U.S. Agencies		379,800	379,800
U.S. Government Remics/CMOS		61,461	61,461
Corporate Bonds - Domestic		353,729	353,729
Municipal Bonds - California		86,943	86,943
Government Guaranteed		75,766	75,766
Foreign Bonds		103,398	103,398
Floating Rate & Adj Rate Notes		29,204	29,204
	\$ 1,896,199	\$ 1,189,223	\$ 3,085,422

**Franciscan Shops
(Operating as SFSU Bookstore)**

Notes to Financial Statements

Note 4 - Inventory:

Inventory to either be purchased by Follett, returned to vendor or assumed by the Corporation at June 30, 2012 consists of the following:

New text	\$ 785,578
Used text	383,339
General books and bulletins	156,398
Computers and convenient stores	236,184
Supplies, gifts and general inventory	258,851
	<hr/>
	\$ 1,820,350

Note 5 - Accounts Payable:

Accounts payable is reported net of approximately \$186,000 of vendor credits as of June 30, 2012. Such credits are issued by publishers on returned items. The credits are either used to offset future purchases from the same vendor, redeemed in cash or sold to other bookstores. Management believes no provision is needed for unused vendor credits.

Accounts payable includes gift cards issued of approximately \$365,000. This amount was based on management's best estimate that covers gift cards issued as well as potential customer loyalty rewards. Due to liquidation of the Bookstore operations, Follett will honor the outstanding gift cards issued and customer loyalty rewards for up to one year after June 30, 2012.

Note 6 - Note Payable:

The note payable is to the San Francisco State University Student Center. The note proceeds were used for certain improvements to the Bookstore in the Cesar Chavez Student Center as part of the "Student Center Renovation and Expansion Project." The note bears interest at 4.48% per annum and matures on September 25, 2013. Payments of \$78,395, including interest, are due semi-annually.

**Franciscan Shops
(Operating as SFSU Bookstore)**

Notes to Financial Statements

Aggregate maturities of note payable reported by the Bookstore following June 30, 2012 are as follows:

Year Ending	
June 30,	
2013	\$ 148,365
2014	76,680
	<hr/>
	\$ 225,045

Note 7 - Commitments:

The Bookstore subleased its operating space and facilities from San Francisco State University Student Center (the Student Center), a related party. The property being subleased is leased by the Student Center, from the Board of Trustees of the California State University, who in turn subleased to the Bookstore. Both the Bookstore and Student Center are auxiliary organizations operating under the authority of the Board of Trustees of the California State University. Prior to July 1, 2011, the Bookstore was operating on a month to month lease basis however beginning July 1, 2011 the lease was amended and extended through June 30, 2012. The Bookstore also leased warehouse space through June 2012.

Total occupancy expense for the year ended June 30, 2012 was \$531,387.

Note 8 - Retirement Plan:

The Bookstore has a defined contribution plan, The Franciscan Shops Profit Sharing Plan (the Plan), through which salaried employees may accumulate funds for their retirement. Contributions by the Bookstore are made at the discretion of the Board of Directors. The Bookstore added a 401(k) feature to the existing Profit Sharing Plan effective March 1, 2006. The Bookstore contributed approximately \$147,000 to the Plans for fiscal year 2012.

Effective as of June 30, 2012, the Bookstore stopped contributing to the Plan due to its liquidation. The remaining balance of the Plan will be distributed to the eligible employees in accordance with Federal and State laws.

Franciscan Shops
(Operating as SFSU Bookstore)

Notes to Financial Statements

Note 9 - Transactions with Affiliates and Related Parties:

The Bookstore sold computer equipment, supplies and other merchandise to San Francisco State University (the University). Sales to the University for fiscal year 2012 were approximately \$1,090,000. Accounts receivable from the University as of June 30, 2012 was \$68,231. Accounts payable to the University as of June 30, 2012 was \$1,363.

In the normal course of business, the Bookstore conducts business with the other affiliated San Francisco State University auxiliary organizations. Revenue transactions amounted to approximately \$141,000 for the year ended June 30, 2012, and expense transactions amounted to approximately \$581,000 for the year ended June 30, 2012.

Note 10 - Concentration of Risk:

The Bookstore has defined its financial instruments which are potentially subject to risk as cash and investments at City National Bank. City National Bank offers liquid investments in pooled U.S. Treasury and agency securities. Neither are insured nor guaranteed.

Note 11 - Legal Proceedings:

From time to time, the Bookstore is subject to various claims and legal proceedings covering a range of matters that arise in the ordinary course of its business activities. In the opinion of management, although the outcome of any legal proceedings cannot be predicted with certainty, the ultimate liability of the Bookstore in connection with its legal proceedings will not have a material adverse effect on the Bookstore's financial position or activities.



**Independent Auditors' Report
on Supplementary Information**

THE BOARD OF DIRECTORS
FRANCISCAN SHOPS
(OPERATING AS SFSU BOOKSTORE)
San Francisco, California

Our report on our audit of the financial statements of **FRANCISCAN SHOPS (operating as SFSU Bookstore)** for the year ended June 30, 2012 appears on page 1. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying information included on pages 14-22 is presented to facilitate the inclusion of the Franciscan Shops financial statements in the combined California State University financial statements and is not a required part of the Franciscan Shops basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Hood & Strong LLP

San Francisco, California
September 13, 2012

*Consultants and
Business Advisors*

100 First Street

14th Floor

San Francisco

CA 94105

415.781.0793

fax 415.421.2976

10 Almaden Boulevard

Suite 250

San Jose

CA 95113

408.998.8400

fax 408.998.8485



Franciscan Shops

Schedule of Net Assets

June 30, 2012

(for inclusion in the California State University)

(See Independent Auditors' Report on Supplementary Information)

Assets:	
Current assets:	
Cash and cash equivalents	\$ 803,338
Short-term investments	3,085,422
Accounts receivable, net	204,789
Leases receivable, current portion	—
Notes receivable, current portion	—
Pledges receivable, net	—
Prepaid expenses and other assets	<u>1,833,776</u>
Total current assets	<u>5,927,325</u>
Noncurrent assets:	
Restricted cash and cash equivalents	—
Accounts receivable, net	—
Leases receivable, net of current portion	—
Notes receivable, net of current portion	—
Student loans receivable, net	—
Pledges receivable, net	—
Endowment investments	—
Other long-term investments	—
Capital assets, net	—
Other assets	<u>—</u>
Total noncurrent assets	<u>—</u>
Total assets	<u>5,927,325</u>
Liabilities:	
Current liabilities:	
Accounts payable	1,419,811
Accrued salaries and benefits payable	—
Accrued compensated absences— current portion	—
Deferred revenue	—
Capitalized lease obligations – current portion	—
Long-term debt obligations – current portion	148,365
Self-insurance claims liability - current portion	—
Depository accounts	—
Other liabilities	<u>—</u>
Total current liabilities	<u>1,568,176</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	76,680
Self-insurance claims liabilities, net of current portion	—
Depository accounts	—
Other postemployment benefits obligation	—
Other liabilities	<u>—</u>
Total noncurrent liabilities	<u>76,680</u>
Total liabilities	<u>1,644,856</u>
Net assets:	
Invested in capital assets, net of related debt	(225,045)
Restricted for:	
Nonexpendable – endowments	—
Expendable:	
Scholarships and fellowships	—
Research	—
Loans	—
Capital projects	—
Debt service	—
Other	—
Unrestricted	<u>4,507,514</u>
Total net assets	<u>\$ 4,282,469</u>

Franciscan Shops

Schedule of Revenues, Expenses, and Changes in Net Assets

Year Ended June 30, 2012

(for inclusion in the California State University)

(See Independent Auditors' Report on Supplementary Information)

Revenues:

Operating revenues:

Student tuition and fees (net of scholarship allowances of \$_____)	\$	—
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 \$_____)		15,405,961
Other operating revenues		680,520
		16,086,481
Total operating revenues		16,086,481

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		16,924,057
Depreciation and amortization		235,331
		17,159,388
Total operating expenses		17,159,388
Operating income (loss)		(1,072,907)

Nonoperating revenues (expenses):

State appropriations, noncapital		—
Federal financial aid grants, noncapital		—
State financial aid grants, noncapital		—
Local financial aid grants, noncapital		—
Nongovernmental and other financial aid grants, noncapital		—
Other federal nonoperating grants, noncapital		—
Gifts, noncapital		—
Investment income (loss), net		2,968
Endowment income (loss), net		—
Interest Expenses		(14,891)
Other nonoperating revenues (expenses)		—
		(11,923)
Net nonoperating revenues (expenses)		(11,923)
Income (loss) before other additions		(1,084,830)

State appropriations, capital

Grants and gifts, capital

Additions (reductions) to permanent endowments

		—
		—
		—
Increase (decrease) in net assets		(1,084,830)

Net assets:

Net assets at beginning of year, as previously reported		5,367,299
Restatements		—
		5,367,299
Net assets at beginning of year, as restated		5,367,299
Net assets at end of year	\$	4,282,469

Franciscan Shops
Other Information
June 30, 2012
(for inclusion in the California State University)
(See Independent Auditors' Report on Supplementary Information)

1 Restricted cash and cash equivalents at June 30, 2012:

Portion of restricted cash and cash equivalents related to endowments	\$ -
All other restricted cash and cash equivalents	-
Total restricted cash and cash equivalents	<u>\$ -</u>

2.1 Composition of investments at June 30, 2012:

	Current Unrestricted	Current Restricted	Total Current	Noncurrent Unrestricted	Noncurrent Restricted	Total Noncurrent	Total
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	-	-	-	-	-	-	-
US Bank SWIFT pool	-	-	-	-	-	-	-
Common Fund - Short Term Fund	-	-	-	-	-	-	-
Common Fund - Others	-	-	-	-	-	-	-
Debt securities	-	-	-	-	-	-	-
Equity securities	1,721,849	-	1,721,849	-	-	-	1,721,849
Fixed income securities (Treasury notes, GNMA's)	1,189,224	-	1,189,224	-	-	-	1,189,224
Land and other real estate	-	-	-	-	-	-	-
Certificates of deposit	-	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-	-
Mutual funds	-	-	-	-	-	-	-
Money Market funds	174,349	-	174,349	-	-	-	174,349
Collateralized mortgage obligations:							
Inverse floaters	-	-	-	-	-	-	-
Interest-only strips	-	-	-	-	-	-	-
Agency pass-through	-	-	-	-	-	-	-
Private pass-through	-	-	-	-	-	-	-
Other major investments:							
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Total investments	<u>3,085,422</u>	<u>-</u>	<u>3,085,422</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,085,422</u>
Less endowment investments (enter as negative number)	-	-	-	-	-	-	-
Total investments	<u>3,085,422</u>	<u>-</u>	<u>3,085,422</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,085,422</u>

2.2 Investments held by the University under contractual agreements at June 30, 2012:

Portion of investments in note 2.1 held by the University under contractual agreements at June 30, 2012 :	-	-	-	-	-	-	-
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2.3 Restricted current investments at June 30, 2012 related to:

	<u>Amount</u>
Add description	\$ -
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Total restricted current investments at June 30, 2012	<u>\$ -</u>

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2.4 Restricted noncurrent investments at June 30, 2012 related to:

	<u>Amount</u>
Endowment investment	\$ —
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Total restricted noncurrent investments at June 30, 2012	\$ —

3.1 Composition of capital assets at June 30, 2012:

	<u>Balance June 30, 2011</u>	<u>Prior period Adjustments</u>	<u>Reclassifications</u>	<u>Balance June 30, 2011 (restated)</u>	<u>Additions</u>	<u>Reductions</u>	<u>Transfers of Completed CWIP</u>	<u>Balance June 30, 2012</u>
Nondepreciable/nonamortizable capital assets:								
Land and land improvements	-	-	-	-	-	-	-	-
Works of art and historical treasures	-	-	-	-	-	-	-	-
Construction work in progress (CWIP)	-	-	-	-	-	-	-	-
Intangible assets:								
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-
Internally generated intangible assets in progress	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets:								
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-
Total nondepreciable/nonamortizable capital assets	-	-	-	-	-	-	-	-
Depreciable/amortizable capital assets:								
Buildings and building improvements	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	3,100,862	-	-	3,100,862	12,264	(3,113,126)	-	-
Personal property:								
Equipment	2,142,663	-	-	2,142,663	10,330	(2,152,993)	-	-
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets:								
Software and websites	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyright and trademarks	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets:								
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-
Total depreciable/amortizable capital assets	5,243,525	-	-	5,243,525	22,594	(5,266,119)	-	-
Total capital assets	5,243,525	-	-	5,243,525	22,594	(5,266,119)	-	-

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Less accumulated depreciation/amortization:							
Buildings and building improvements	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-
Leasehold improvements	(2,560,247)	-	-	(2,560,247)	(169,994)	2,730,241	-
Personal property:							
Equipment	(1,962,679)	-	-	(1,962,679)	(65,337)	2,028,016	-
Library books and materials	-	-	-	-	-	-	-
Intangible assets:							
Software and websites	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-
Patents, copyright and trademarks	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Other intangible assets:							
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	<u>(4,522,926)</u>	<u>-</u>	<u>-</u>	<u>(4,522,926)</u>	<u>(235,331)</u>	<u>4,758,257</u>	<u>-</u>
Total capital assets, net	<u>\$ 720,599</u>	<u>-</u>	<u>-</u>	<u>720,599</u>	<u>(212,737)</u>	<u>(507,862)</u>	<u>-</u>

3.2 Detail of depreciation and amortization expense for the year ended June 30, 2012:

Depreciation and amortization expense related to capital assets	\$ 235,331
Amortization expense related to other assets	<u>—</u>
Total depreciation and amortization	<u>\$ 235,331</u>

4 Long-term liabilities activity schedule:

	<u>Balance June 30, 2011</u>	<u>Prior period adjustments</u>	<u>Reclassifications</u>	<u>Balance June 30, 2011 (restated)</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2012</u>	<u>Current portion</u>	<u>Long-term portion</u>
Accrued compensated absences	\$ 124,885	—	—	124,885	29,800	(154,685)	—	—	—
Capitalized lease obligations:									
Gross balance	—	—	—	—	-	-	—	—	—
Unamortized premium / (discount) on capitalized lease obligations	—	—	—	—	-	-	—	—	—
Total capitalized lease obligations	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>-</u>	<u>-</u>	<u>—</u>	<u>—</u>	<u>—</u>
Long-term debt obligations:									
Revenue Bonds	—	—	—	—	-	-	—	—	—
Other bonds (non-Revenue Bonds)	—	—	—	—	-	-	—	—	—
Commercial Paper	—	—	—	—	-	-	—	—	—
Other:									
Note Payable	366,990	—	—	366,990	-	(141,945)	225,045	148,365	76,680
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Total long-term debt obligations	<u>366,990</u>	<u>—</u>	<u>—</u>	<u>366,990</u>	<u>-</u>	<u>(141,945)</u>	<u>225,045</u>	<u>148,365</u>	<u>76,680</u>
Unamortized bond premium / (discount)	—	—	—	—	-	-	—	—	—
Unamortized loss on refunding	—	—	—	—	-	-	—	—	—
Total long-term debt obligations, net	<u>366,990</u>	<u>—</u>	<u>—</u>	<u>366,990</u>	<u>—</u>	<u>(141,945)</u>	<u>225,045</u>	<u>148,365</u>	<u>76,680</u>
Total long-term liabilities	<u>\$ 491,875</u>	<u>—</u>	<u>—</u>	<u>491,875</u>	<u>29,800</u>	<u>(296,630)</u>	<u>225,045</u>	<u>148,365</u>	<u>76,680</u>

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5 Future minimum lease payments - capital lease obligations:

	<u>Principal</u>	<u>Interest</u>	<u>Principal and Interest</u>
Year ending June 30:			
2013	-	-	—
2014	-	-	—
2015	-	-	—
2016	-	-	—
2017	-	-	—
2018 - 2022	-	-	—
2023 - 2027	-	-	—
2028 - 2032	-	-	—
2033 - 2037	-	-	—
2038 - 2042	-	-	—
2043 - 2047	-	-	—
2048 - 2052	-	-	—
2053 - 2057	-	-	—
2058 - 2062	-	-	—
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

	<u>Revenue Bonds</u>			<u>All other long-term debt obligations</u>			<u>Total</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Principal and Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal and Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal and Interest</u>
Year ending June 30:									
2013	\$ -	-	-	148,365	8,426	156,791	148,365	8,426	156,791
2014	-	-	-	76,680	1,715	78,395	76,680	1,715	78,395
2015	-	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-	-
2018 - 2022	-	-	-	-	-	-	-	-	-
2023 - 2027	-	-	-	-	-	-	-	-	-
2028 - 2032	-	-	-	-	-	-	-	-	-
2033 - 2037	-	-	-	-	-	-	-	-	-
2038 - 2042	-	-	-	-	-	-	-	-	-
2043 - 2047	-	-	-	-	-	-	-	-	-
2048 - 2052	-	-	-	-	-	-	-	-	-
2053 - 2057	-	-	-	-	-	-	-	-	-
2058 - 2062	-	-	-	-	-	-	-	-	-
Total	\$ -	-	-	225,045	10,141	235,186	225,045	10,141	235,186

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7 Calculation of net assets

	Auxiliary Organizations		Total
	GASB	FASB	Auxiliaries
7.1 Calculation of net assets - Invested in capital assets, net of related debt			
Capital assets, net of accumulated depreciation	\$ —	—	—
Capitalized lease obligations - current portion	—	—	—
Capitalized lease obligations, net of current portion	—	—	—
Long-term debt obligations - current portion	—	(148,365)	(148,365)
Long-term debt obligations, net of current portion	—	(76,680)	(76,680)
Portion of outstanding debt that is unspent at year-end	—	—	—
Other adjustments: (please list)			
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Net assets - invested in capital assets, net of related debt	<u>\$ —</u>	<u>(225,045)</u>	<u>(225,045)</u>

7.2 Calculation of net assets - Restricted for nonexpendable - endowments

Portion of restricted cash and cash equivalents related to endowments	\$ —	—	—
Endowment investments	—	—	—
Other adjustments: (please list)			
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Net assets - Restricted for nonexpendable - endowments per SNA	<u>\$ —</u>	<u>—</u>	<u>—</u>

8 Transactions with Related Entities

	Amount
Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$ —
Payments to University for other than salaries of University personnel	43,018
Payments received from University for services, space, and programs	—
Gifts-in-kind to the University from Auxiliary Organizations	—
Gifts (cash or assets) to the University from recognized Auxiliary Organizations	—
Accounts (payable to) University (enter as negative number)	(1,363)
Other amounts (payable to) University (enter as negative number)	—
Accounts receivable from University	68,231
Other amounts receivable from University	—

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9 Other Postemployment Benefits Obligation (OPEB)

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

10 Pollution remediation liabilities under GASB Statement No. 49:

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

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

	<u>Net Asset</u>	<u>Amount</u>
	<u>Class</u>	<u>Dr. (Cr.)</u>
Net assets as of June 30, 2011, as previously reported	\$	5,367,299
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, 2011, as restated	\$	<u><u>5,367,299</u></u>

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

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