

The Campanile Foundation

Financial Statements

June 30, 2008

McGladrey & Pullen

Certified Public Accountants

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an affiliation of separate and independent legal entities.

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Independent Auditor's Report on the Financial Statements

The Board of Trustees
The Campanile Foundation
San Diego, California

We have audited the accompanying statements of financial position of The Campanile Foundation as of June 30, 2008 and 2007, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of The Campanile Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits provide 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 Campanile Foundation as of June 30, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The financial statements of The Campanile Foundation are also included as a component unit of the basic financial statements of San Diego State University, the primary reporting entity.

McGladrey & Pullen, LLP

San Diego, California
September 29, 2008

The Campanile Foundation

Statements of Financial Position
June 30, 2008 and 2007

Assets	2008	2007
Short-term Investments	\$ 419,349	\$ 325,612
Loans and Other Receivables, net	485,177	510,396
Due from Affiliate (Note 2)	40,610,007	32,444,781
Pledges Receivable (Note 5)	14,930,265	10,260,973
Building	-	120,000
Long-term Investments (Note 4)	108,880,630	103,382,189
Beneficial Interest in Trusts	4,827,048	4,976,028
Total assets	\$ 170,152,476	\$ 152,019,979
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 472,874	\$ 377,639
Liabilities under unitrust agreements	5,070,212	5,837,417
Accrued liabilities (Note 6 and 7)	10,741,978	-
Due to SDSURF (Note 4)	13,928,038	-
Total liabilities	30,213,102	6,215,056
Commitments and Contingencies (Note 6)		
Net Assets		
Unrestricted	611,615	2,548,057
Temporarily restricted (Note 3)	64,676,857	77,477,299
Permanently restricted (Note 3)	74,650,902	65,779,567
Total net assets	139,939,374	145,804,923
Total liabilities and net assets	\$ 170,152,476	\$ 152,019,979

See Notes to Financial Statements.

The Campanile Foundation

Statements of Activities
Years Ended June 30, 2008 and 2007

	2008			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Revenues, gains and other support:				
Contributions—community and campus programs	\$ -	\$ 17,109,726	\$ 10,704,350	\$ 27,814,076
Membership fees and other	-	6,555,355	-	6,555,355
Net realized and unrealized gains (losses) on investments	-	(7,786,791)	(2,020,035)	(9,806,826)
Investment income	-	2,573,815	187,020	2,760,835
Net assets released from restrictions	31,252,547	(31,252,547)	-	-
Total revenues, gains (losses) and other support	31,252,547	(12,800,442)	8,871,335	27,323,440
Expenses:				
Campus programs	9,058,935	-	-	9,058,935
Campus programs administered by the University (Notes 6 and 7)	16,559,106	-	-	16,559,106
Student scholarships (Note 2)	5,839,313	-	-	5,839,313
Fundraising	1,433,767	-	-	1,433,767
General administration	297,868	-	-	297,868
Total expenses	33,188,989	-	-	33,188,989
Change in designation of donor restriction	-	-	-	-
Change in net assets	(1,936,442)	(12,800,442)	8,871,335	(5,865,549)
Net assets:				
Beginning of year	2,548,057	77,477,299	65,779,567	145,804,923
End of year	<u>\$ 611,615</u>	<u>\$ 64,676,857</u>	<u>\$ 74,650,902</u>	<u>\$ 139,939,374</u>

See Notes to Financial Statements.

2007

Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ -	\$ 12,931,846	\$ 3,909,537	\$ 16,841,383
3,061,354	5,020,903	-	8,082,257
-	10,048,077	(284,042)	9,764,035
-	2,390,277	178,000	2,568,277
18,002,052	(18,002,052)	-	-
21,063,406	12,389,051	3,803,495	37,255,952
9,777,792	-	-	9,777,792
4,357,510	-	-	4,357,510
5,012,171	-	-	5,012,171
806,910	-	-	806,910
264,856	-	-	264,856
20,219,239	-	-	20,219,239
-	(212,502)	212,502	-
844,167	12,176,549	4,015,997	17,036,713
1,703,890	65,300,750	61,763,570	128,768,210
\$ 2,548,057	\$ 77,477,299	\$ 65,779,567	\$ 145,804,923

The Campanile Foundation

Statements of Cash Flows
Years Ended June 30, 2008 and 2007

	2008	2007
Cash Flows from Operating Activities		
Change in net assets	\$ (5,865,549)	\$ 17,036,713
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Contributions restricted for long-term investments	(10,704,350)	(3,803,495)
Noncash contributions	-	(120,000)
Net realized and unrealized (gains) losses on investments	9,806,826	(9,764,035)
Loss on sale of building	33,014	-
(Increase) decrease in assets:		
Loans and other receivables, net	25,219	22,760
Pledges receivable	(4,669,292)	6,874,603
Increase in liabilities:		
Accounts payable and accrued expenses	95,235	218,906
Accrued liabilities	10,741,978	-
Net cash provided by (used in) operating activities	(536,919)	10,465,452
Cash Flows from Investing Activities		
Purchase of investments	(4,970,966)	(6,027,478)
Sale of investments	3,500,000	-
Due from affiliate	(8,165,226)	(5,678,423)
Proceeds from sale of building	86,986	-
Net cash (used in) investing activities	(9,549,206)	(11,705,901)
Cash Flows from Financing Activities		
Proceeds from permanently restricted contributions	10,704,350	3,803,495
Beneficial interest in trusts	148,980	(3,300,926)
Liabilities under unitrust agreements	(767,205)	737,880
Net cash provided by financing activities	10,086,125	1,240,449
Net change in cash	-	-
Cash		
Beginning of year	-	-
End of year	\$ -	\$ -
Supplemental Disclosures of Noncash Investing Activities		
Investments held for SDSURF	\$ 13,928,038	\$ -

See Notes to Financial Statements.

The Campanile Foundation

Notes to Financial Statements

Note 1. Nature of Business and Summary of Significant Accounting Policies

Nature of organization: The Campanile Foundation (TCF or the Foundation) is an auxiliary organization of San Diego State University (the University), organized and operated in accordance with the Education Code of the State of California and the California Code of Regulations. TCF is a nonprofit corporation chartered to provide and augment programs that are an integral part of the educational mission of the University. TCF was organized in August 1999 to assist the University in the acquisition of gifts, the management of philanthropic gifts and the investment of certain endowment gifts. TCF began its operations on January 1, 2000.

TCF's financial statements are included as a component unit of the University's annual basic financial statements. This is required by governmental accounting standards which apply to the University.

Affiliated organizations: TCF is related to other auxiliaries of the University, including Associated Students of San Diego State University (Associated Students), San Diego State University Research Foundation (SDSURF) and Aztec Shops, Ltd. The auxiliaries and the University periodically provide various services for one another.

Basis of accounting and reporting: TCF's financial statements present net assets and contributions classified as unrestricted, temporarily restricted and permanently restricted. These classifications are based on the existence or absence of donor-imposed restrictions related to contributions and are summarized as follows:

Unrestricted net assets consist of net assets that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

Temporarily restricted net assets consist of unspent contributions that are subject to specific donor restrictions that can be fulfilled by actions of TCF or by the passage of time. These include unspent purpose-restricted expendable gifts, certain pledges receivable in future periods, unspent time-restricted gifts and term endowments.

Permanently restricted net assets consist of contributions made with donor-imposed stipulations that the funds be held in perpetuity. Generally, the income earned on such contributions is available for use by TCF for the benefit of the University.

As stated above, the classification of net assets is based upon the existence or absence of donor-imposed restrictions on contributions. Net assets also include funds other than contributions that have been designated for specific purposes, which are classified as unrestricted in the financial statements.

Contributions, including unconditional promises to give (pledges), are recognized in the year the promise is made, as opposed to when assets are received. Contributions with donor-imposed restrictions are reported as temporarily or permanently restricted contributions. Temporarily restricted net assets are reclassified to unrestricted net assets at such time as TCF has fulfilled the donor-imposed restriction.

Pledges that are expected to be collected within one year from the date of gift are recorded at their net realizable value. Pledges that are expected to be collected in future years are discounted to their estimated net present value (Note 5).

Investments: Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value, based on quoted market prices, with gains and losses included in the statements of activities.

Note 1. Nature of Business and Summary of Significant Accounting Policies, Continued

Alternative assets consist of funds that utilize a variety of absolute return strategies. The real estate investment is in a real estate securities commingled fund. These investments are reported at the fair value of the shares owned in each fund. Hedge funds of funds are reported at the audited derived fair value of the underlying position. Included in alternative assets at June 30, 2008 and 2007 are approximately \$5,325,362 and \$4,700,000 respectively, invested in one derivative fund-of-funds investment. The Foundation is required to provide 30-day notice to the fund manager upon any liquidation of this investment.

Beneficial interest in trust investments are reported at the fair value of the underlying portfolio of investments within each trust.

Loans and other receivables, net: Loans consist of student loans administered by the University. The University periodically assesses the loans for collectibility. TCF has not experienced significant losses on these loans and therefore has recorded a small allowance for these funds. Other receivables primarily consist of program funds in transit to TCF for investment.

Liabilities under unitrust agreements: TCF serves as trustee and administrator for various types of trust arrangements, including split-interest agreements whereby the beneficial interest is shared with one or more parties. The arrangements generally require payment of annual trust income to the income beneficiary or beneficiaries over the term of the trust with the remainderman portion of the assets reverting to TCF. The liability under unitrust agreements on the statements of financial position represents the present value of the estimated future payments to be distributed to these beneficiaries over the life expectancies of the beneficiaries as derived using actuarial tables. TCF uses the approved Internal Revenue Service rate specific to each trust to discount the estimated future payments to be distributed to the beneficiaries.

Changes in the liability under unitrust agreements are included in contributions on the accompanying statement of activities and totaled approximately (\$767,200) and \$737,900 for the years ended 2008 and 2007, respectively.

Fair value of financial instruments: The carrying amounts reported in the Statement of Financial Position for loans and other receivables, amounts due from affiliate, accrued liabilities, due to SDSURF and accounts payable approximate fair value due to the immediate short-term maturity of these financial instruments. The carrying amount of long-term pledges receivable is discounted to their estimated net present value, which approximates fair value. Investments in equity securities and debt securities are reported at fair value, based on quoted market prices. Alternative investments, which consist of funds that utilize a variety of absolute return strategies, are reported at the fair value of the shares owned in each fund.

Functional allocation of expenses: The costs of providing various programs, fundraising and other activities have been summarized in the statements of activities. Accordingly, certain costs have been allocated among the programs and fundraising activities benefited.

Income taxes: TCF is an organization exempt from federal and state income taxes. In order to maintain that status, the organization is precluded from making certain expenditures, principally in support of political parties. Management believes that no such expenditures have been made.

Use of estimates: The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Significant estimates include the discount rates on pledges receivable and unitrust liabilities, the life expectancy of annuitants of unitrusts, the collectibility of pledges receivable and the fair values of alternative investments in hedge funds. Actual results could differ from those estimates.

Note 1. Nature of Business and Summary of Significant Accounting Policies, Continued

Reclassifications: Certain items in the 2007 financial statements have been reclassified to reflect the classifications used in the financial statements as of and for the year ended June 30, 2008. These reclassifications had no impact on the change in net assets or net assets.

Recent accounting pronouncements: In July 2006, the Financial Accounting Standards Board (FASB) issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement 109 (FIN 48)*. FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with FASB Statement No. 109, *Accounting for Income Taxes*. FIN 48 prescribes a comprehensive model for recognizing, measuring, presenting and disclosing in the financial statements tax positions taken or expected to be taken on a tax return. FIN 48 is effective for fiscal years beginning after December 15, 2007. The cumulative effect of applying the provisions of FIN 48, if any, will be reported as an adjustment to the opening balance of net assets for the fiscal year of adoption. TCF is currently assessing the impact of FIN 48 on its financial position, results of operations and cash flows.

In September 2006, the FASB issued Statement of Financial Accounting Standards (SFAS) No. 157, *Fair Value Measurements*. SFAS No. 157 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurement. SFAS No. 157 also emphasizes that fair value is a market-based measurement, not an entity-specific measurement, and sets out a fair value hierarchy with the highest priority being quoted prices in active markets. Under SFAS No. 157, fair value measurements are disclosed by level within that hierarchy. This Statement is effective for fiscal years beginning after November 15, 2007. The adoption of SFAS No. 157 is not expected to have a material impact on the Foundation's financial position, results of operations or cash flows.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities*. SFAS No. 159 permits companies to elect to follow fair value accounting for certain financial assets and liabilities in an effort to mitigate volatility in earnings without having to apply complex hedge accounting provisions. The standard also establishes presentation and disclosure requirements designed to facilitate comparison between entities that choose different measurement attributes for similar types of assets and liabilities. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. SFAS No. 159 is not expected to have a material impact on the Foundation's financial position, results of operations or cash flows.

In August 2008, The Financial Accounting Standards Board issued FASB Staff Position (FSP) No. FAS 117-1, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds, Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds*. This FSP provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (or UPMIFA). UPMIFA is a model act approved by the Uniform Law Commission (ULC; formerly known as the National Conference of Commissioners on Uniform State Laws) that serves as a guideline for states to use in enacting legislation. This FSP also improves disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds), whether or not the organization is subject to UPMIFA. Among its changes, UPMIFA prescribes new guidelines for expenditure of a donor-restricted endowment fund (in the absence of overriding, explicit donor stipulations). The FSP is effective for fiscal years ending after December 15, 2008. Earlier application is permitted provided that annual financial statements for that fiscal year have not been previously issued. TCF is currently assessing the impact of the FSP on its financial position, results of operations and cash flows.

Note 2. Operating Agreement

TCF has an operating agreement with SDSURF to receive certain administrative services, including cash management processes, gift account administration, and accounting and financial reporting assistance. SDSURF receives an administrative fee when TCF funds are expended and retains interest earnings on all funds that are not specifically invested in the endowment fund in exchange for the administrative and financial services. The due from affiliate asset represents the status of that relationship as of June 30, 2008 and 2007 in terms of balances held by SDSURF that are being managed on behalf of TCF. The balance on June 30, 2008 represents \$19,660,002 held for campus programs, \$4,896,309 for student aid, and \$16,053,696 for endowments. The original agreement expired in December 2001 and was renewed thereafter on an annual basis. In June 2008, TCF agreed to extend the contract through June 30, 2012.

During the years ended June 30, 2008 and 2007, TCF expensed \$5,839,313 and \$5,012,171, respectively, to the University for scholarships.

At June 30, 2008 and 2007, scholarship funds held by TCF are committed to students for the following school year. However, qualifying events have not occurred to release the funds to the University for disbursement to the recipients.

Note 3. Restrictions on Net Assets

Temporarily restricted: Temporarily restricted net assets as of June 30 are available for the following purposes or periods:

	<u>2008</u>	<u>2007</u>
Campus programs:		
Use or time restricted	\$ 48,101,815	\$ 56,010,084
Student aid	16,575,042	21,467,215
	<u>\$ 64,676,857</u>	<u>\$ 77,477,299</u>

Permanently restricted: Permanently restricted net assets as of June 30 are restricted to:

	<u>2008</u>	<u>2007</u>
Endowments:		
Campus programs	\$ 41,676,749	\$ 30,791,495
Student aid	21,916,391	22,801,322
Annuity life income trusts	11,057,762	12,186,750
	<u>\$ 74,650,902</u>	<u>\$ 65,779,567</u>

Net assets released from temporary restrictions were released by incurrence of expenses satisfying the restricted purpose or by occurrence of events specified by the donors.

During the year ended June 30, 2007, there was a change in designation of certain restrictions which resulted in a reclassification of \$212,502 of temporarily restricted net assets to permanently restricted net assets.

The Campanile Foundation

Notes to Financial Statements

Note 4. Investments

TCF has significant investments in stocks, bonds and mutual funds, and is therefore subject to concentrations of credit risk. Investments are made by investment managers engaged by TCF and the investments are monitored for TCF by an investment advisor.

The investments of TCF are exposed to interest rate and market risk. Economic conditions can impact these risks and resulting market values can be either positively or adversely affected. If the level of risk increases in the near term, it is possible that the investment balances and the amounts reported in the financial statements could be materially affected by market fluctuations. Although the market value of investments is subject to fluctuations on a year-to-year basis, management believes the investment policy is prudent for the long-term welfare of TCF and its beneficiaries.

As of June 30, long-term investments consisted of the following:

	<u>2008</u>	<u>2007</u>
Large cap equity	\$ 20,685,110	\$ 28,681,817
Core fixed income	24,933,795	16,751,027
Trusts	10,176,536	16,351,846
International equity	21,702,610	15,599,826
Alternative assets	16,335,650	12,191,534
Small/mid cap	7,405,814	8,936,184
Real estate securities	3,987,173	4,674,847
Other investments	3,653,942	195,108
	<u>\$ 108,880,630</u>	<u>\$ 103,382,189</u>

Effective July 1, 2007, TCF agreed to be the endowment pool manager for the SDSURF. As of June 30, 2008, the SDSURF had (at market value) \$13,928,038 in the endowment pool. That amount is included in the LT Investments of TCF and the related liability is shown to SDSURF in the liabilities of TCF.

The Campanile Foundation

Notes to Financial Statements

Note 5. Pledges Receivable

Contributions are recorded as revenue and as a pledge receivable when a donor makes an unconditional promise to give. Unconditional contributions expected to be received at the time of gift in more than a year's time are recorded at their expected net present values using discount rates commensurate within the risks involved. The rates used to discount pledges outstanding at June 30, 2008 and 2007 ranged from 4 percent to 6 percent. Pledges receivable are assessed periodically for collectibility. TCF has not experienced significant losses on pledges and therefore has not recorded any allowances at June 30, 2008 or 2007. Contributions pledged are expected to be collected as follows as of June 30:

	2008	2007
Amounts due in:		
Less than one year	\$ 11,879,756	\$ 6,262,511
One to five years	3,568,877	4,472,438
More than five years	135,000	20,000
Less discount to present value	(653,368)	(493,976)
	<u>\$ 14,930,265</u>	<u>\$ 10,260,973</u>

Included in pledges receivable at the years ended June 30, 2008 and 2007 were approximately \$9,429,400 and \$2,314,800, respectively, attributable to one donor.

Note 6. Alumni Center

San Diego State University has completed the fund-raising campaign for the construction of an Alumni Center on campus in 2008-09. The proposed construction project and financing plan was approved by the CSU Trustees for approval during the Fall 2007 semester. The total project costs are \$10.5 million, of which 1.0 million have been paid as of June 30, 2008. TCF is currently holding approximately \$9.5 million in cash gifts and multiyear pledges that will be used to build the Alumni Center, and have been recorded in accrued liabilities in the statement of financial position as of June 30, 2008, and recorded an expense in campus programs administered by the University in the statement of activities for the year ended June 30, 2008. TCF has agreed to provide bridge financing to cover any alumni center multiyear pledges not yet collected at the time cash is needed for the construction project. That financing will be provided at an interest rate equivalent to the return on other fixed income investments. Construction began on the Alumni Center in March 2008 and is expected to be completed by the summer of 2009.

Note 7. BioScience Center

San Diego State University has completed the fund-raising campaign for the build out of tenant improvements to the BioScience Center on campus in 2008-09. The total project costs are \$1.2 million, which TCF is currently holding in cash gifts and multiyear pledges that will be used for the build-out of the BioScience Center, and have been recorded in accrued liabilities in the statement of financial position as of June 30, 2008, and recorded an expense in campus programs administered by the University in the statement of activities for the year ended June 30, 2008.

Independent Auditor's Report on the Supplementary Information

The Board of Trustees
The Campanile Foundation
San Diego, California

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information, which is presented in accordance with California State University reporting requirements, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, based upon our audit is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

McGladrey & Pullen, LLP

San Diego, California
September 29, 2008

The Campanile Foundation

Schedule of Net Assets

June 30, 2008

(for inclusion in the California State University)

Assets	
Cash and cash equivalents	\$ -
Short-term investments	419,349
Accounts receivable, net	41,095,184
Leases receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	11,879,756
Prepaid expenses and other assets	-
Total current assets	<u>53,394,289</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	3,050,509
Endowment investments	108,880,630
Other long-term investments	-
Capital assets, net	-
Other assets	4,827,048
Total noncurrent assets	<u>116,758,187</u>
Total assets	<u>\$ 170,152,476</u>

See Accompanying Independent Auditors' Report.

The Campanile Foundation

Schedule of Net Assets

June 30, 2008

(for inclusion in the California State University)

Liabilities:	
Accounts payable	\$ 472,874
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	-
Total current liabilities	<u>472,874</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	29,740,228
Total noncurrent liabilities	<u>29,740,228</u>
Total liabilities	<u>30,213,102</u>
Net assets:	
Invested in capital assets, net of related debt	-
Restricted for:	
Nonexpendable, endowments	74,650,902
Expendable:	
Scholarships and fellowships	16,575,042
Research	-
Loans	-
Capital projects	-
Debt service	-
Other	48,101,815
Unrestricted	611,615
Total net assets	<u>\$ 139,939,374</u>

See Accompanying Independent Auditors' Report.

The Campanile Foundation

Schedule of Revenues, Expenses and Changes in Net Assets

June 30, 2008

(for inclusion in the California State University)

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 allowance of \$0)	
Other operating revenues	6,555,355
Total operating revenues	<u>6,555,355</u>
Expenses:	
Operating expenses:	
Instruction	-
Research	-
Public service	-
Academic support	9,058,935
Student services	-
Institutional support	1,433,767
Operation and maintenance of plant	-
Student grants and scholarships	5,839,313
Auxiliary enterprise expenses	297,868
Depreciation and amortization	-
Total operating expenses	<u>16,629,883</u>
Operating loss	<u>(10,074,528)</u>
Nonoperating revenues (expenses):	
State appropriations, noncapital	-
Federal grant - Pell	-
Gifts, noncapital	27,814,076
Investment income, net	2,760,835
Endowment loss	(9,806,826)
Interest on capital-related debt	-
Other nonoperating expenses	(16,559,106)
Net nonoperating expenses	<u>4,208,979</u>
Loss before other additions	<u>(5,865,549)</u>
State appropriations, capital	-
Grants and gifts, capital	-
Additions to permanent endowments	-
Decrease in net assets	<u>(5,865,549)</u>
Net assets:	
Beginning of year	145,804,923
End of year	<u>\$ 139,939,374</u>

See Accompanying Independent Auditors' Report.

The Campanile Foundation

Other Supplementary Information

June 30, 2008

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

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 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	—	—	—	—	—
Collateralized mortgage obligations:					
Inverse floaters	—	—	—	—	—
Interest-only strips	—	—	—	—	—
Agency pass-through	—	—	—	—	—
Private pass-through	—	—	—	—	—
Other investments:					
Mutual Fund Equity Investments	—	—	49,793,534	49,793,534	49,793,534
Mutual Fund - Core Fixed Income	—	—	24,933,795	24,933,795	24,933,795
Real Estate Securities Fund	—	—	3,987,173	3,987,173	3,987,173
Alternative Assets	—	—	16,335,650	16,335,650	16,335,650
Trusts	—	—	10,176,536	10,176,536	10,176,536
Other investments:			3,653,942	3,653,942	3,653,942
Short-Term Investment	419,349	—	—	—	419,349
Add description	—	—	—	—	—
Total investments	<u>419,349</u>	<u>—</u>	<u>108,880,630</u>	<u>108,880,630</u>	<u>109,299,979</u>
Less endowment investments (enter as negative number)			<u>(108,880,630)</u>	<u>(108,880,630)</u>	<u>(108,880,630)</u>
Total investments	<u>419,349</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>419,349</u>

See Accompanying Independent Auditors' Report.

The Campanile Foundation
Other Supplementary Information
June 30, 2008

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

	Amount
Nonexpendable endowments	\$ 74,650,902
Expendable for scholarships & fellowships	16,575,042
Other	17,654,686
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Total restricted noncurrent investments at June 30, 2008	\$ 108,880,630

3 Composition of capital assets at June 30, 2008:

	Balance June 30, 2007	Prior period Adjustments	Reclassifications	Balance June 30, 2007 (restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2008
Nondepreciable capital assets:								
Land and land improvements	\$ —	—	—	—	—	—	—	—
Works of art and historical treasures	—	—	—	—	—	—	—	—
Construction work in progress (CWIP)	—	—	—	—	—	—	—	—
Total nondepreciable capital assets	—	—	—	—	—	—	—	—
Depreciable capital assets:								
Buildings and building improvements	—	—	—	—	—	—	—	—
Improvements, other than buildings	—	—	—	—	—	—	—	—
Infrastructure	—	—	—	—	—	—	—	—
Leasehold improvements	—	—	—	—	—	—	—	—
Personal property:								
Equipment	—	—	—	—	—	—	—	—
Library books and materials	—	—	—	—	—	—	—	—
Total depreciable capital assets	—	—	—	—	—	—	—	—
Total cost	—	—	—	—	—	—	—	—
Less accumulated depreciation:								
Buildings and building improvements	—	—	—	—	—	—	—	—
Improvements, other than buildings	—	—	—	—	—	—	—	—
Infrastructure	—	—	—	—	—	—	—	—
Leasehold improvements	—	—	—	—	—	—	—	—
Personal property:								
Equipment	—	—	—	—	—	—	—	—
Library books and materials	—	—	—	—	—	—	—	—
Intangible assets	—	—	—	—	—	—	—	—
	\$ —	—	—	—	—	—	—	—

See Accompanying Independent Auditors' Report.

The Campanile Foundation
 Other Supplementary Information
 June 30, 2008

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	\$	—
	\$	<u>—</u>

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:	—	—	—	—	—	—	—	—	—
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Long-term debt obligations:	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—
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