UNIVERSITY
AUXILIARY AND RESEARCH SERVICES
CORPORATION
at California State University San Marcos

Dr. Sharon Whitehurst-Payne, Chair
Community Member

Dr. Matthew J. Ceppi
President's Designee
Cal State San Marcos

Mr. David Chang
Community Member
Hampton Inn San Diego/
San Marcos

Dr. Chuck De Leone
Faculty Member
Cal State San Marcos

Dr. Regina Eisenbach
Board Member
Cal State San Marcos

Dr. Linda L. Hawk, Vice-Chair
Designated Member
Cal State San Marcos

Mr. Brandon Losey
Alumni Member
Dabelgott Agency
Insurance & Financial Services

Mr. Dimitris Magemeneas
Community Member
Edward Jones

Ms. DawnMarie Myers
Student Member
Cal State San Marcos

Dr. Graham Oberem
Designated Member
Cal State San Marcos

Mr. Jason Schreiber
Board Member
Cal State San Marcos

Regular Meeting of the Board of Directors

Thursday, November 19, 2015 - 4:00 p.m. – 5:30 p.m.
Center for Children and Families Classroom

REVISED AGENDA

I. **Convening of Regular Board Meeting** *(Whitehurst-Payne)*
   A. Consideration of Minutes September 3, 2015 Annual Meeting **(Attachment A)**
   B. Consideration of Minutes September 3, 2015 Regular Meeting **(Attachment B)**

II. **Special Guest Presentations**
   A. Capital Campaign (*Kyle Button, AVP of Development, University Advancement*)
   B. Follett – Book Sale Initiatives *(Pamela Lovsted, Manager, University Bookstore)*

III. **University Update and Reports**
   A. Finance & Operations Committee *(Whitehurst-Payne)*
   B. Joint Audit Committee *(Chang)*
   C. Administration Update *(Newberg)*
   D. Sponsored Projects Committee *(Oberem)* **(Attachment C)**
   E. University Update (*Ceppi*)

IV. **Consent Agenda**
   A. Quarterly Financial Report 09/30/15 **(Attachment D)**
   B. Investment Policy Revision **(Attachment E)**
   C. Revision to FY 15/16 Meeting Calendar **(Attachment F)**

V. **Action Items**
   A. Fixed Price Contracts Policy (*Meeks*) **(Attachment G)**
   B. Financial Audit Report & A-133 Compliance Report 06/30/15 (Chang) **(Attachment H)**

VI. **Adjournment of Regular Meeting**

Next Meeting: February 25, 2016, 4:00 p.m., Center for Children & Families Classroom

ATTACHMENT A

Minutes of September 3, 2015 Annual Meeting

UNIVERSITY
AUXILIARY AND RESEARCH SERVICES
CORPORATION
at California State University San Marcos

Minutes of the Annual Meeting of the Board of Directors
September 3, 2015
Center for Children and Families Classroom

Attendees:

Members: Matthew J. Ceppi, Chuck De Leone, Linda Hawk, Brandon Losey, Dimitris Magemeneas, Sharon Whitehurst-Payne (Chair), David Chang, Graham Oberem

Members Absent: DawnMarie Myers, Ernest Zomalt (Vice Chair), Tres Conrique

Staff: Bella Newberg, Clint Roberts, Cynthia Fenimore, Michelle Hinojosa, Theresa Ruffolo, Roman Lazcano, Selma McDermid

Guests: Jason Schreiber, Director of Student Life & Leadership; Regina Eisenbach, Dean of Academic Programs

Convening of the Annual Meeting
A quorum being present, Chair Whitehurst-Payne called the meeting to order at 4:05 p.m.

Membership Update
Chair Whitehurst-Payne reported that the Nominating and Governance Committee met on August 6, 2015 and will move forward to the Board for approval the following changes: reappointment of David Chang, community member; reappointment of Brandon Losey, alumni member; reappointment of DawnMarie Myers, student member; appointment of Jason Schreiber, board member, bio provided; appointment of Dr. Regina Eisenbach, board member, bio provided.

Consent Agenda
Whitehurst-Payne asked if anyone had any questions about the Consent Agenda process. There being none, *a motion comes moved and seconded from the Nominating and Governance Committee to approve appointments and reappointments as presented in Attachments A, B & C. Motion carried.*

Adjournment
The Annual Meeting adjourned by acclamation at 4:10 p.m.

Respectfully submitted,
Theresa Ruffolo

I, Bella Newberg, Secretary, hereby certify that the above Minutes were approved by the University Auxiliary and Research Services Corporation Board of Directors at a regular meeting held on November 19, 2015 at San Marcos, California.

_____ _____

Secretary Date

ATTACHMENT B

Minutes of September 3, 2015 Regular Meeting

UNIVERSITY
AUXILIARY AND RESEARCH SERVICES
CORPORATION
at California State University San Marcos

Minutes of the Regular Meeting of the Board of Directors
September 3, 2015
Center for Children and Families Classroom

Attendees:

Members: Matthew J. Ceppi, Chuck De Leone, Linda Hawk, Brandon Losey, Dimitris Magemeneas, Sharon Whitehurst-Payne (Chair), David Chang, Graham Oberem, Jason Schreiber, Regina Eisenbach, Tres Conrique (entered at 4:20 p.m.)

Members Absent: DawnMarie Myers

Staff: Bella Newberg, Clint Roberts, Cynthia Fenimore, Michelle Hinojosa, Theresa Ruffolo, Roman Lazcano, Selma McDermid

Guests: Representing Sodexo Education – Regional Vice President, Dave Hanson; District Manager, Dave Aylmer; General Manager, Faizul Momin; Director of Strategic Account Development, Will Taylor; Senior Director of Business Development, John Monica

Convening of the Regular Meeting

A quorum being present, Chair Whitehurst-Payne called the meeting to order at 4:15 p.m. Whitehurst-Payne welcomed new Board Members Dr. Regina Eisenbach, Dean of Academic Programs and Jason Schreiber, Director of Student Life and Leadership.

Minutes of the May 28, 2015 Regular Meeting

A motion was made and seconded (Hawk/Oberem) to approve the May 28, 2015 minutes. Motion carried.

Special Guest Presentation

Newberg introduced special guest speakers from Sodexo Education. Sodexo provided some Financial information regarding Dining Services Revenue and Voluntary Meal Plan Revenue. Sodexo Revenue has steadily risen from $1.6M in FY 2013 to $1.9M in FY 2015. Operating Profit was ($69K) in FY 2013 compared to (191K) in FY 2015. Voluntary Meal Plan Revenue increased from $74K in FY 2014 to $188K in FY 2015. Sodexo has experienced a Y-O-Y increase in catering services revenue of $50K with an 85% for overall satisfaction. Summer Conference services continue to be a successful event. Sodexo has adopted an *IDology* perspective which stresses Insight, Strategy & Solutions. Along this line, interviews were conducted with key stakeholders on campus during the summer. Meal Plans were evaluated, financial analysis was conducted and short-term (12 month) action plans were adopted. Campus-wide surveys will be conducted in Fall, 2015 to measure customer satisfaction, student engagement, spending behavior & food preferences. Sodexo's goal is to align with the Univeristy's goal of "building the campus community and enhancing the student experience". Sodexo shared some of their short-

term initiatives with the Board; for example, align with Housing and Residential Life by having a Sodexo rep attend Programming Council meetings and align with campus events and programming. Sodexo will also introduce a new tier structure to "Dining Loyalty Cards" and will pilot "The Market at the University Store" which will provide Simply-to-Go, sushi, snacks, Breakfast and Starbucks coffee. They will support the campus catering RFP and focus on technical delivery and customer service. They talked about the important link between communal dining and student retention. Sodexo presented a study which indicated 62% of students said that eating in the dining center made them feel more socially connected which improved GPA scores. Following some discussion with the Board, Sodexo's presentation concluded.

Committee Reports

Finance and Operations Committee

Whitehurst-Payne reported. The Finance & Operations Committee met on August 27, 2015 to review the Quarterly Financial Report, Revision to FY 15/16 Operating Budget, Bonus Pay Policy and Cash for Benefits Policy. These items will be considered for action later in the meeting.

Joint Audit Committee

Chang reported. The Joint Audit Committee of the three Auxiliaries (UARSC, Foundation, and ASI) met on July 13, 2015 for pre-audit discussion with the new auditors, AKT. Andy Maffia, AKT partner responsible for all professional services, introduced his team and provided a review of their services, risk-based approach, updates, and audit timeline. AKT uses client-prepared (PBC) schedules and electronic documentation whenever possible. AKT ensures professional standards are met in maintaining independence with respect to the Auxiliaries. AKT gets audited every 3 years to ensure compliance with the highest professional standards. AKT highlighted some of the regulatory changes in the not-for-profit environment. Changes to the OMB Circular A-133 (Uniform Guidance) streamlines the Federal government's guidance on administrative requirements, cost principles and audit requirements for Federal Awards. Federal Awards granted prior to 12/26/14 follow the old guidelines and after 12/26/14 follow the new guidelines. There will be a grace period so impact will be felt in 2017/2018 and AKT will provide training to management and the Audit Committee members. Presentation of the audit results will occur the week of September 14, 2015.

Sponsored Projects Committee

Newberg reported. Sixty-two (62) proposals were issued and forty-six (46) awards were received. OSP meetings continue to explore the correlation between proposals and awards which is more of an art than a science. There will be an OSP meeting in the Fall. Post-Award is working with Pre-Award Office to ensure compliance with the Uniform Guidance changes and the different roll-out dates. Oberem reported that the Pre-Award office is fully staffed, including grant writers. There is increased interest from faculty in the area of grant writing. A monthly newsletter highlights grant writing opportunities. Pre-Award is expanding and updating their database to target faculty research interests. Workshops are being offered through the Faculty Center. Looking to streamline processes by moving towards on-line version of processing approvals.

Coordination with Post-Awards helps to ensure compliance. There was a lag of submissions in the Fall with an up-tick in the Spring. The plan is to send quarterly reports of activity and to host a grant-writing boot camp. Five faculty will commit to writing grants. We hope is to see an increase in proposal submissions and to develop greater expertise.

Administration Update

Newberg congratulated Michelle Meeks for being appointed the permanent Manager of Sponsored Projects for post award. Cynthia Fenimore was welcomed as the new Director of Business Development & Finance, replacing Greg Svatora who retired in July, 2015. Cynthia comes to us from a local non-profit with a broad background in business and real estate. Follett Bookstore is in full swing and ready to open for the Fall Semester. A Grand Re-Opening is scheduled for September 30th from 3:00 – 4:30 p.m. A mini-tour of campus will be offered for UARSC Board Members who wish to participate at 2:30 p.m. Bookstore Sales continue to increase - 3.1 million dollars in sales were recorded which is an increase of 21.4% from the prior year, mainly in retail items. Sodexo will be opening "The Market at the University Store" to provide food services to that side of campus. Starbucks Remodel is complete and they are open for training this week to be ready for the start of the semester on Monday. Renegotiations with CCLC are finalized and UARSC will begin receiving revenue share back in March of 2016 - approximately $50,000 per year. This is based upon their occupancy and gross margin. Contract will be extended for an additional 3 years. Enrollment is doing very well, and they anticipate being at approximately 90% occupancy at the start of classes. CCLC continues to have a waitlist for infants and toddlers. The Center is an academic hub that serves approximately 400 students per semester. The Catering RFP will be issued on September 14th. The plan is to select 4-5 caterers and to execute contracts by late October. This change will "keep dollars on campus" by generating commission for sales. DawnMarie sits on this committee. Sharon has agreed to serve an additional year as the Chair and Linda Hawk will serve as the Vice-Chair of the UARSC Board. New Board Members, Jason Schreiber, Director Student Life and Leadership and Dr. Regina Eisenbach – Dean of Academic Affairs will both serve on the Finance and Ops Committee. DawnMarie has agreed to serve another year as Student Member. Cynthia Fenimore will replace Greg as staff on the Board and Committees. The addition of university members will enhance collaboration and engagement with Student Affairs and Academics. We are working on updating our By-Laws with Robert Griffin's assistance. We are also looking at updating our policies and procedures to ensure compliance with many new regulations. We continue to be on track and stay focused on meeting our five year goals!

Audit Update

Roberts reported that AKT is close to issuing financial statements for UARSC. There are no audit findings and no major adjustments.

University Update

Ceppi reported that classes began on Monday with just over 14,000 students attending either at the main campus or at CSUSM at Temecula, including 2,229 freshmen and 1,589 transfer students. This is the largest enrollment in the university's history, representing a total increase of nearly nine percent over the previous year. We are celebrating the Grand Opening of our University's first-ever Latin@Center on September 17. The center has been open since the beginning of the semester and is proving to be a big hit with the CSUSM community. We are also celebrating the Grand Re-Opening of our CSUSM University Store's expansive new location in the Commons behind Craven Hall on September 30. On September 20, we will launch CSUSM's first Comprehensive Campaign. No other university in the CSU system, and likely in the nation, has attempted to launch a comprehensive campaign at such a young age. The U.S. Department of Education awarded California State University San Marcos (CSUSM) a five-year renewal grant totaling over $1.4 million to continue funding academic support for underrepresented students. Our program was one of only 968 TRiO programs funded nationally—58 fewer than in 2010. We are officially competing in the California Collegiate Athletic Association, so our team sport schedules include locally UCSD, Cal Poly Pomona, CSU San Bernardino. You likely saw on your way into campus that the Sports Center construction is progressing nicely, in fact ahead of schedule. We look forward to playing all of our home volleyball and basketball games in the new facility starting with the Fall, 2016 season. Strategic Planning is dynamic and goals were revised to close gaps. The University will focus on the following top five goals:

Goal 1: Student Retention, Success & Graduation

- Student Employment
- Undergraduate Research
- Student Placement and Internships

Goal 2: Active and Veteran Military Success

Goal 3: Donor Development

- Servicing the Foundation

Goal 4: Creating pathways and access through partnerships with K-12

- Grants, contracts, scholarships

Goal 5: Strengthening core infrastructure and capacity

- Leveraging our auxiliaries

Consent Agenda

Whitehurst-Payne explained that a Consent Agenda was included as Item VIII in the meeting Agenda. She explained the purpose of the Consent Agenda is to save time. Whitehurst-Payne asked if anyone had any questions about the Consent Agenda process. There being none Whitehurst-Payne then asked if anyone wanted to move any items from the Consent Agenda to the Regular Agenda. There being none, *a motion comes moved and seconded from the Finance and Operations Committee to approve Quarterly Financial Report & Summary 06/30/15 (Attachment E), Revision to 2015/2016 Operating Budget (Attachment F); Bonus Pay Policy (Attachment G), and Cash for Benefits Policy (Attachment H). Motion carried.*

Adjournment
The Regular Meeting adjourned by acclamation at 5:35 p.m.

Respectfully submitted,
Theresa Ruffolo

I, Bella Newberg, Secretary, hereby certify that the above Minutes were approved by the University Auxiliary and Research Services Corporation Board of Directors at a regular meeting held on November 19, 2015 at San Marcos, California.

_____ _____

Secretary Date

ATTACHMENT C

Sponsored Projects
Awards Report
July – September 30, 2015

UNIVERSITY AUXILIARY AND RESEARCH SERVICES CORPORATION
at California State University San Marcos

Awards Report
FY 16 Q1

Office of Sponsored Projects
Manager, Michelle Meeks

College/Department	PI ID	Funding Agency	Effective	Project Name	IDC Rate	Project Amount
CEHHS - Education	Daoud	DED	8/25/15	Leading and Learning YR 4	8%	355,125
CEHHS - Education	Gonzalez	DED	7/1/15	CAMP YR 4	8%	425,000
CEHHS - Education	Gonzalez	DED	9/1/15	PASO: Pathway to Academic Success	0%	525,000
CEHHS - Education	Siyahhan	ASU	8/1/15	Sesame Street	10%	21,839
CEHHS - Kinesiology	Newcomer	HURLEY	8/1/15	Hurley Wetsuit Study WO2&1	15%	10,552
CEHHS - MSW	Beecher	UCBERKELY	7/1/15	CSUSM Masters Social Work Prog	0%	497,926
CEHHS - Nursing	Boren	1DHHS	7/1/15	Advance Nursing Education YR2	8%	375,000
CHABSS - Lit/Writing	Cassel	NARA	7/1/15	The Ah Quin Diaries	0%	54,669
CHABSS - Psychology	Schultz	ASBMB	9/30/15	Interactive Mentoring	28%	121,593
CHABSS - Psychology	Schultz	NIH	7/29/15	A Nationwide Longitudinal Study of RISE	49%	312,900
CHABSS - Psychology	Schultz	USD	9/1/15	NSF Climate Change	48%	43,000
CHABSS - Psychology	Trujillo	UEI	9/1/15	LSAMP Phase V YR 3	0%	10,000
CHABSS - Psychology	Trujillo	UEI	9/1/15	LSAMP Suppl Phase V YR 3	0%	30,000
CSM - Biology	Escobar	NIH	7/17/15	Defining the Connections between	48%	111,000
CSM - Biology	Garcia	NIH	7/17/15	North SD County Bridges to the Future	8%	211,817
CSM - Biology	Sheath	SWRCB	7/1/15	SWAMP IV	15%	759,347
CSM - Mathematics	Puha	NSF	7/15/15	RUI Queueing Models	49%	46,500
CSM - Physics	Dominguez	NASA	8/7/15	Research Opportunities in Space	28%	78,000
CSM - Physics	Price	NSF	7/1/15	Making STEM Relevant	14%	143,640
CSM_CEHHS	Ouyang/Hayden/Siyahhan	NSF	9/2/15	Quality Understanding and Engagement	49%	1,249,249
NLRC	Clark-Ibanez	CNCS	9/1/15	Universidad Popular	28%	284,067
Student Affairs	Mauga	DED	8/26/15	TALENT SEARCH YR5	8%	230,000
Student Affairs	Mauga	DED	9/1/15	Upward Bound YR4	8%	309,120
Student Affairs	Northway	DED	9/1/15	Student Support Services YR1	8%	292,340
Student Affairs	Reily	ONR	8/1/15	ONR ESTEP	11%	300,000
FY 16 Q1						6,797,684
FY 15 Q1						4,821,898

Total Awards FY 14_15 7,961,387

ATTACHMENT D

Quarterly Financial Report 09/30/15

University Auxiliary and Research Services Corporation
Statement of Financial Position
September 30, 2015

	Balance 09/30/15	Balance 06/30/15	Quarter Increase/ (Decrease)
Assets			
Cash and Short-Term Investments	$ 4,850,361	$ 4,004,557	$ 845,804
Accts Receivable-Sponsored Programs	692,917	727,867	(34,950)
Other Receivable	737,228	468,695	268,533
Other Assets	115,394	95,964	19,430
CCF-Bldg & Fixtures (Net)	4,836,870	4,908,119	(71,249)
Property & Equipment (Net)	2,521,065	2,521,147	(82)
Total Assets	**$ 13,753,835**	**$ 12,726,349**	**$ 1,027,486**
Liabilities & Net Assets			
Liabilities:			
Accounts Payable and Accrued Expenses	$ 1,700,253	$ 1,320,204	$ 380,049
Deferred Revenue	2,629,554	2,453,280	176,274
Notes Payable - CSUSM	250,000	250,000	-
Post-Retiree Health Benefit Accrual	1,247,048	1,213,712	33,336
Total Liabilities	**$ 5,826,855**	**$ 5,237,196**	**$ 589,659**
Net Assets:			
Unrestricted:			
Operating Reserves	$ 1,275,489	$ 1,201,141	$ 74,348
Campus/Designated Programs	1,500,163	1,078,791	421,371
Administrative Current Year Net Activity	68,855	74,348	(5,493)
CCF-Bldg & Fixtures	4,836,870	4,908,119	(71,249)
Property & Equipment	245,603	226,754	18,849
Total Net Assets	**$ 7,926,980**	**$ 7,489,153**	**$ 437,826**
Total Liabilities & Net Assets	**$ 13,753,835**	**$ 12,726,349**	**$ 1,027,486**

University Auxiliary and Research Services Corporation
Administrative Operating Summary
7/1/15 to 9/30/15

	Annual Budget FY 15/16	Quarter 1 7/1/15 to 9/30/15 Budget	Quarter 1 7/1/15 to 9/30/15 Actual	Quarter 1 7/1/15 to 9/30/15 Variance	Fiscal Year To Date 7/1/15 to 9/30/15 Budget	Fiscal Year To Date 7/1/15 to 9/30/15 Actual	Fiscal Year To Date 7/1/15 to 9/30/15 Variance	Comparison of Prior FYTD Actual to Current FYTD Actual: Prior FYTD 9/30/14	Current FYTD 9/30/15	% Inc. (Dec.)
Revenue										
Grant/Contract Admin Fees	$ 1,081,872	$ 270,468	$ 309,037	$ 38,569	$ 270,468	$ 309,037	$ 38,569	$ 220,187	$ 309,037	40%
Less: University Sharing	(233,485)	(58,371)	(58,371)	-	(58,371)	(58,371)	-	(102,510)	(58,371)	-43%
Net Grant/Contract Admin Fees	**$ 848,387**	**$ 212,097**	**$ 250,666**	**$ 38,569**	**$ 212,097**	**$ 250,666**	**$ 38,569**	**$ 117,677**	**$ 250,666**	**113%**
Admin Fees - Campus Programs	168,000	42,000	58,391	16,391	42,000	58,391	16,391	45,178	58,391	29%
Bookstore Net Revenue	355,500	159,975	149,628	(10,347)	159,975	149,628	(10,347)	166,817	149,628	-10%
Other Commercial Services Revenues	155,650	38,913	10,773	(28,140)	38,913	10,773	(28,140)	14,930	10,773	-28%
Investment Income	22,500	5,625	(26,819)	(32,444)	5,625	(26,819)	(32,444)	(7,642)	(26,819)	251%
Exchange of Value - CSUSM	327,529	81,882	81,882	0	81,882	81,882	0	18,625	81,882	340%
Exchange of Value - Foundation	18,000	4,500	-	(4,500)	4,500	-	(4,500)	-	-	-
Center for Children & Family (CCLC)	50,000	12,500	12,500	-	12,500	12,500	-	-	12,500	-
Other Revenue	77,096	19,274	11,254	(8,020)	19,274	11,254	(8,020)	11,247	11,254	0%
Total Revenue	**$ 2,022,662**	**$ 576,766**	**$ 548,274**	**$ (28,491)**	**$ 576,766**	**$ 548,274**	**$ (28,491)**	**$ 366,832**	**$ 548,274**	**49%**
Post-Retirement	$ 103,992	$ 25,998	33,336	(7,338)	25,998	$ 33,336	(7,338)	$ -	33,336	-
Expenses: UARSC Operations	1,735,672	433,918	446,083	(12,165)	433,918	446,083	(12,165)	388,823	446,083	15%
Net Operating Revenues	**$ 182,998**	**$ 116,850**	**$ 68,855**	**$ (47,994)**	**$ 116,850**	**$ 68,855**	**$ (47,994)**	**$ (21,991)**	**$ 68,855**	**-413%**

University Auxiliary and Research Services Corporation
Program Revenue Activity Summary
7/1/15 to 9/30/15

Program Activity	Annual Budget FY 15/16	Quarter 1 7/1/15 - 9/30/15 Budget	Quarter 1 7/1/15 - 9/30/15 Actual	Quarter 1 7/1/15 - 9/30/15 Variance	Fiscal Year To Date 7/1/15 to 9/30/15 Budget	Fiscal Year To Date 7/1/15 to 9/30/15 Actual	Fiscal Year To Date 7/1/15 to 9/30/15 Variance	Comparison of Prior FYTD Actual to Current FYTD Actual: Prior FYTD 9/30/2014	Comparison of Prior FYTD Actual to Current FYTD Actual: Current FYTD 9/30/2015	Comparison of Prior FYTD Actual to Current FYTD Actual: % Inc. (Dec.)
Grants/Contracts										
Federal	$ 6,489,685	$ 1,622,421	$ 1,735,234	$ 112,812	$ 1,622,421	$ 1,735,234	$ 112,812	$ 1,504,541	$ 1,735,234	*15%*
Other Grants/Contracts	1,102,164	275,541	606,331	330,790	275,541	606,331	330,790	44,262	606,331	*1270%*
Total Grants/Contracts	**$ 7,591,849**	**$ 1,897,962**	**$ 2,341,565**	**$ 443,603**	**$ 1,897,962**	**$ 2,341,565**	**$ 443,603**	**$ 1,548,803**	**$ 2,341,565**	***51%***
Campus/Designated Programs	**$ 2,512,260**	**$ 628,065**	**$ 810,015**	**$ 181,950**	**$ 628,065**	**$ 810,015**	**$ 181,950**	**$ 794,091**	**$ 810,015**	***2%***
Total Program Revenues	**$ 10,104,109**	**$ 2,526,027**	**$ 3,151,580**	**$ 625,553**	**$ 2,526,027**	**$ 3,151,580**	**$ 625,553**	**$ 2,342,894**	**$ 3,151,580**	***35%***

University Auxiliary and Research Services Corporation

Summary of 9/30/15 Financial Statements

Statement of Financial Position (pg1)

Assets: Total assets as of September 30, 2015 were $13,753,835 which represents a $1,027,486 increase from asset balances at the beginning of the period. Most of this increase relates to a $845k rise in Cash and Short-term Investments. This is a growth in operating cash which is predominantly associated with scholarships receipts to be forwarded to University financial aid department in the next quarter.

Liabilities: Total liabilities increased by $591,309 over the quarter to end at $5,828,505 as of September 30, 2015. The increase was driven mainly by $382k increase in Account Payable & Accrued Expenses which in includes a large increase relating to scholarships collections mentioned above, offset by decreases in payroll and other accrued costs.

Net Assets: Total Net Assets increased by $436,176 for the quarter. Campus/Designated Programs net assets rose by $421k as a result of high revenues collections in comparison to quarterly accrual-based expense. There was also a $71k decline in net assets for Property & Equipment due to $140k in quarterly depreciation offset by approximately $69k in asset additions. Operating Reserves increased by $74k for the quarter from the annual closing of prior year net activity.

Administrative Operating Summary (pg2)

- Net administrative fee recovery from Grants and Contracts generated indirect recovery revenues of $309k for the quarter which is above budget by $39k due to higher than expected program spending. Total Net Grant/Contract Admin Fees amounted to $250,666 for quarter which represents a 113% increase from the prior year.

- Campus Program Admin Fee Revenues: Campus Program admin fee revenue was $58,391 for the quarter which is $16k favorable to budget. This quarter's admin fees are 29% higher than the first quarter of last year.

- Bookstore Net Revenue: Quarterly net revenues were $149,628 which is below budget by $10k and 10% lower than revenues earned during the same quarter of the prior year.

- UARSC Operating Expenses Total expense for the quarter amounted to $446,083 which is unfavorable to budget by $12k.

- Net Operating Revenues for the quarter ended September 30, 2015 were $68,855 which is below budget by $48k. This shortfall is mainly driven by $32k unfavorable budget variance relating to investment losses and lower than expected Commercial Services Revenues mentioned above. This quarter's Net Operating Revenue is higher than last year first quarter - September 2014 Net Operating Revenue.

Program Revenue Activity Summary (pg3)

Total Grants and Contracts program revenue for the year was approximately $2.3 million, which is favorable to budget by $444k due to an advance payment.

Campus and Designated Programs gross annual revenue was approximately $810k, or $182k favorable to budget.

ATTACHMENT E

Revision to Investment Policy

UNIVERSITY
AUXILIARY AND RESEARCH SERVICES
CORPORATION
at California State University San Marcos

GENERAL INVESTMENT POLICY

1.0 PURPOSE

1.1. To provide general guidance relative to the delegation of authority and responsibility, the policies needed, and the review requirements related to investment management.

2.0 BACKGROUND

2.1. The Board has a fiduciary duty as trustee of invested funds and other liquid assets held by the University Auxiliary and Research Services Corporation (UARSC). UARSC employs Investment Consultants and Investment Managers to manage investments, trusts and other financial matters of UARSC. The extent of the investment management responsibilities of the Corporation, however, is such that it is prudent that whenever possible, UARSC must secure and operate with continuous professional supervision of investments.

2.2. UARSC maintains reserve accounts intended to be used for future planned activities (i.e. capital purchases, replacements, contingencies, etc.) and operating accounts for managing bookstore, food service, and a number of other general administrative activities. It also maintains various program accounts which help support campus activities. Since the balances in these accounts may be drawn on at any time, the investment objective is to preserve principal, provide liquidity, and provide a secure and stable investment return.

2.3. This policy provides the baseline authority and requirements for administration of all of UARSC's investment assets. Each investment pool is to be operated in compliance with this policy.

3.0 POLICY

3.1 General. It is the policy of the Board of Directors that UARSC's investment program will be managed in conformity with established investment management principles and the laws of the State of California governing commercial, donor, agency and fiduciary relationships. The Board delegates to the Director of Business Operations and Finance, under the oversight of the Executive Director, the implementation of the management of investments per this policy and related policies of the Board, and in accordance with California and federal law.

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3.1.1 It is expected that the Director of Business Operations and Finance will seek and rely upon specialized expertise and guidance from the Finance and Operations Committee and other investment professionals as is reasonable and prudent. The Board retains ultimate responsibility to make investment program policy decisions.

3.2 Director of Business Operations and Finance Duties and Reporting to the Board. The Director of Business Operations and Finance will have primary responsibility for implementation of investment-related duties in accordance with policy. The Director of Business Operations and Finance will:

3.2.1. Provide accounting and reports related to investments to the Board periodically;

3.2.2. Ensure that quarterly reports are produced that detail the earnings and activity in all investment accounts, and distribute the reports to the Board.

3.2.3. Establish procedures regarding implementation of policy; and

3.2.4 From time to time provide recommendations to the Finance and Operations Committee for revisions to policy to be proposed to the Board; and

3.2.5. Consult with the Finance and Operations Committee regarding the hiring, monitoring, and termination of Investment Consultant(s) and Investment Manager(s).

3.3. Legal Assistance. Legal counsel should be consulted, as prudent, by the Finance and Operations Committee and the Director of Business Operations and Finance.

3.4. Investment Consultant(s) role. The Director of Business Operations and Finance may allow Investment Consultants(s) to:

3.4.1. Implement Board approved investment-related policies through written procedures as provided by the Director of Business Operations and Finance; and

3.4.2. Recommend policy and procedure revisions to the Director of Business Operations and Finance for the review by the Finance and Operations Committee and Board approval; and

3.4.3. Report to the Director of Business Operations and Finance and the Finance and Operations Committee with respect to performance reviews of Investment Managers.

3.5. Investment Standard. All investments must be in compliance with the California Uniform Management of Institutional Funds Act ("UMIFA").

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3.6 Allowable Investments

3.6.1 Money market funds, LAIF, certificates of deposits with maturities not to exceed 3 years, or short-term fixed income funds with average portfolio durations of 2 years or less.

3.7. Investment Earning
3.7.1 Investment earnings will be recorded in the general operating fund of UARSC unless specific agreements have been established between the UARSC Executive Director and a campus program account for the credit and/or use of investment income.

4.0 PROCEDURES

4.1. Procedures. The Director of Business Operations and Finance will establish written procedures for practical operations related to investment funds to implement this policy.

5.0 COMPLIANCE

5.1. All personnel involved in investment of any UARSC-held funds must comply with this policy.

6.0 AMENDMENT TO POLICY

6.1. This policy may be amended in whole or in part upon review and recommendation from the Finance and Operations Committee to be passed on to the Board of Directors for approval.

7.0 REFERENCES AND RELATED POLICY

7.1. California Uniform Management of Institutional Funds Act ("UMIFA") (Cal. Probate Code 18506 et seq.).

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UNIVERSITY
AUXILIARY AND RESEARCH SERVICES
CORPORATION
at California State University San Marcos

INVESTMENT POLICY
CORPORATE RESERVES, OPERATING, AND CAMPUS PROGRAM ACCOUNTS
As of 10/28/10

Purpose

To provide investment management direction from the Board of Directors concerning the University Auxiliary and Research Services Corporation (UARSC) reserve, operating, and campus program funds.

Goals and Objectives

UARSC maintains reserve accounts intended to be used for future planned activities (i.e. capital purchases, replacements, contingencies, etc.) and operating accounts for managing bookstore, food service, and general administrative activities. It also maintains various program accounts which help support campus activities funded primarily through registration or membership fees. Since the balances in these accounts may be drawn on at any time, the investment objective is to preserve principal, provide liquidity, and provide a secure and stable investment return.

Allowable Investments

Money market funds, LAIF, certificates of deposits with maturities not to exceed 3 years, or short-term fixed income funds with average portfolio durations of 2 years or less. Short-term fixed-income investment allocations are limited to the following percentages of total account category balances:

Operating:	0%
Reserves:	20%
Campus Programs:	20%

Investment Management and Guidelines

Those individuals designated by Board of Directors' resolution to administer investment activities will have full discretion to invest the funds in a prudent manner, consistent with the guidelines that may be established by the Finance and Operations Committee. At the end of each calendar quarter, management will report to the Finance and Operations

Committee and provide information on the amounts invested, investment types, and investment returns.

Investment Earnings

Investment earnings will be recorded in the general operating fund of UARSC unless specific agreements have been established between the UARSC Executive Director and a campus program account for the credit and/or use of investment income.

Amendment to Policy

This policy may be amended in whole or in part upon review and recommendation from the Finance and Operations Committee to the Board of Directors.

Revision Dates: name change only 2009; 10/28/10
Issue Date: 03/27/08

ATTACHMENT F

Revision to FY 15/16 Meeting Calendar

UNIVERSITY
AUXILIARY AND RESEARCH SERVICES
CORPORATION
at California State University San Marcos

BOARD OF DIRECTORS
FY 15/16 Meeting Calendar

Location: Center for Children and Families Classroom
Meeting Time: 4:00 p.m. – 5:30 p.m.

September 3, 2015 (Annual Meeting)

~~November 12, 2015~~ November 19, 2015

February 25, 2016

May 26, 2016

Approved at a meeting of the Board of Directors on 02/26/15; **revised 11/19/15**

ATTACHMENT G

Fixed Price Contracts Policy

UNIVERSITY
AUXILIARY AND RESEARCH SERVICES
CORPORATION
at California State University San Marcos

Fixed Price Contracts Policy

The majority of external funding agreements received by UARSC are cost-reimbursable. However, periodically a sponsor will agree to pay a set fee for completion of a contract scope of work or deliverables (fixed-price contracts).

Proposals and Budgets:

- The budget for fixed-price contracts should be developed using existing processes established by UARSC and the CSUSM pre-award office.
- The budget and proposal must be approved using the Sponsored Projects Approval Form (SPAF), including all required signature approvals.
- In developing the budget for a fixed price contract, the PI should use reasonable estimates for the costs necessary to perform the contract services.
- The budget should include recovery of the full facilities and administrative costs (F&A) applicable to the type of award, based on UARSC's federally negotiated F&A rates. Any requests for a waiver or reduction of the full rate must be approved in writing by the Dean of Research and the PI's Dean.

Administration

- Fixed price contracts will be administered through the UARSC post-award office using the same processes as applied to cost-reimbursable grants and contracts.
- The contract will specify the payment details, either based upon a fixed payment or invoice schedule or upon completion of specific project tasks and/or deliverables.
- Budget categories established based on the submitted scope of work will not be restricted unless otherwise specified by the sponsor.
- The PI will notify UARSC of the project's completion and that requirements for the contract have been met.

Remaining Funds

In the event that the PI was able to complete the contracted services for less than the agreed upon rate, the remaining balance may be requested to be transferred into a campus program account. The request will be reviewed and approved by the Director of Sponsored Projects, in consultation with the Dean of Research. The request should provide the following information:

1. A detailed explanation of how the services were completed and why a surplus is remaining.

2. A certification by the PI that all expenditures have been posted to the account.
3. A certification that there are no costs that have been incurred by the university that have not been reimbursed by the account.
4. A certification by the PI that none of the work was completed on university time, and that no reimbursement is owed because the faculty or staff that were paid on the project performed the work but waived their salary compensation.

If a waiver was granted for an F&A rate less than the appropriate UARSC federally-approved rate (either the off-campus rate or the on-campus rate), and a surplus balance exists at the end of the agreement, UARSC will retroactively apply and collect F&A earned at the appropriate rate on direct expenditures prior to authorizing transfer of any surplus.

Once approvals have been received, the surplus will be transferred into either a new campus program fund or an existing campus program fund designated by the PI. These campus accounts currently charge an 8% fee on expenditures.

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ATTACHMENT H

Financial Audit Report &
A-133 Compliance Report
06-30-15 & 2014

University Auxiliary and Research Services Corporation

Financial Statements and Supplemental Information

Years Ended June 30, 2015 and 2014

UNIVERSITY AUXILIARY AND RESEARCH SERVICES CORPORATION
Financial Statements and Supplemental Information
Years Ended June 30, 2015 and 2014

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
University Auxiliary and Research Services Corporation

Report on the Financial Statements

We have audited the accompanying financial statements of University Auxiliary and Research Services Corporation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the 2015 financial statements referred to above present fairly, in all material respects, the financial position of University Auxiliary and Research Services Corporation as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of University Auxiliary and Research Services Corporation as of June 30, 2014 were audited by other auditors whose report dated September 19, 2014 expressed an unmodified opinion on those statements.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. The supplementary information included on pages 15 - 25 is presented for purposes of additional analysis and is not a required part of the 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2015, on our consideration of the University Auxiliary and Research Services Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering University Auxiliary and Research Services Corporation's internal control over financial reporting and compliance.

AKT LLP

San Diego, California
September 15, 2015

UNIVERSITY AUXILIARY AND RESEARCH SERVICES CORPORATION

Statements of Financial Position
June 30, 2015 and 2014

ASSETS	2015	2014
Current Assets:		
Cash	$ 1,447,313	$ 1,271,915
Accounts receivable	727,868	603,075
Other receivables	124,908	48,191
Due from related parties	343,786	466,868
Prepaid expenses	34,883	42,636
Current portion of certificates of deposit	-	4,079,145
Investments	1,575,045	3,284,871
Total Current Assets	4,253,803	9,796,701
Property and Equipment, net of accumulated depreciation	7,429,266	6,968,179
Certificates of Deposit, less current portion	982,199	3,920,000
Other Assets	61,081	61,081
Total Assets	$ 12,726,349	$ 20,745,961
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	$ 79,051	$ 160,611
Due to related parties	408,504	8,511,440
Deferred revenue	457,494	536,579
Accrued payroll and benefits	832,649	656,070
Current portion of note payable	-	2,994
Total Current Liabilities	1,777,698	9,867,694
Deferred Revenue	1,995,786	1,326,146
Accrued Postretirement Benefit Costs	1,213,712	1,682,563
Note Payable, net of current portion	250,000	-
Total Liabilities	5,237,196	12,876,403
Net Assets		
Unrestricted:		
Board-designated:		
Operating reserves	1,275,488	739,573
Other program reserves	1,078,791	1,773,181
Equipment	5,134,874	5,356,804
Total Net Assets	7,489,153	7,869,558
Total Liabilities and Net Assets	$ 12,726,349	$ 20,745,961

See accompanying notes to financial statements.

UNIVERSITY AUXILIARY AND RESEARCH SERVICES CORPORATION

Statements of Activities
Years Ended June 30, 2015 and 2014

	2015	2014
Unrestricted Revenue, Gains and Other Support:		
Federal grants and contracts	$ 6,362,436	$ 6,090,738
Campus programs	2,743,423	2,215,840
Other sponsored programs	1,080,553	1,351,769
Child care center in-kind rental income	497,119	496,623
Commissions	487,459	516,766
Ground lease income	263,760	263,497
Rental income	139,092	137,445
Net realized and unrealized gain on investments	9,617	31,247
Interest and dividend income	6,860	28,610
Total Unrestricted Revenue, Gains and Other Support	11,590,319	11,132,535
Expenses:		
Program services:		
Sponsored programs	6,404,812	6,058,317
Campus programs	2,913,139	2,314,403
Commercial operations	-	39,518
Student scholarships	20,709	8,214
Total Program Services	9,338,660	8,420,452
General administration	2,632,064	3,213,245
Total Expenses	11,970,724	11,633,697
Decrease in Net Assets	(380,405)	(501,162)
Net Assets, beginning	7,869,558	8,370,720
Net Assets, ending	$ 7,489,153	$ 7,869,558

See accompanying notes to financial statements.

UNIVERSITY AUXILIARY AND RESEARCH SERVICES CORPORATION
Statements of Cash Flows
Years Ended June 30, 2015 and 2014

	2015	2014
Cash flows from Operating Activities:		
Decrease in net assets	$ (380,405)	$ (501,162)
Adjustments to reconcile decrease in net assets to net cash provided (used) by operating activities:		
Depreciation	495,643	474,811
Net realized and unrealized gain on investments	(9,616)	(29,929)
Change in accumulated postretirement benefit obligation	(468,851)	199,127
Changes in operating assets and liabilities:		
Accounts receivable	(124,793)	382,804
Other receivables	(76,717)	14,630
Due from related parties	123,082	(215,895)
Prepaid expenses	7,753	2,022
Accounts payable	(81,560)	(161,533)
Due to related parties	(8,102,936)	431,039
Deferred revenue	(134,936)	40,091
Accrued payroll and benefits	176,579	(34,396)
Other current liabilities	(2,994)	(6,588)
Net Cash Provided (Used) by Operating Activities	(8,579,751)	595,021
Cash Flows provided by Investing Activities:		
Purchases of property and equipment	(41,905)	(257,901)
Purchases of investments	(13,883)	(517,872)
Proceeds from the sale of investments	1,733,325	500,000
Maturities of certificates of deposit	7,750,000	7,600,000
Purchases of certificates of deposit	(733,054)	(7,347,771)
Distributions on note receivable to the University	-	250,000
Net Cash Provided by Investing Activities	8,694,483	226,456
Cash Flows provided by Financing Activities:		
Proceeds from long term debt	60,666	-
Net Increase in Cash	175,399	821,477
Cash, beginning of year	1,271,914	450,438
Cash, end of year	$ 1,447,313	$ 1,271,914
Supplemental Disclosures of Noncash Activities		
Property improvements through noncash transaction		
Property and equipment contributed in lieu of commissions	$ 836,241	$ 1,404,530
Debt incurred on the purchase of property and equipment	$ 189,334	$ -

See accompanying notes to financial statements.

Note 1 – Organization and Summary of Significant Accounting Policies

Nature of Activities
University Auxiliary and Research Services Corporation (Organization) is a nonprofit California corporation and an auxiliary organization of California State University San Marcos (University), organized and operated in accordance with the California Code of Regulations and the Education Code of the State of California. The Organization was organized in December 1989 to provide service and opportunity to the University. The Organization accomplishes this through its focus on administering research and educational grants and contracts; human resource and payroll services, Business Services to other Auxiliary programs, and management of various entrepreneurial commercial enterprises. Commercial enterprises include childcare services, campus dining services, bookstore and retail services, and managing other commercial partnerships.

The Organization's financial statements are included as a component unit of the University's annual general-purpose financial statements. This is required by accounting principles generally accepted in the United States applicable to governmental entities.

Related Parties
The Organization is related to other auxiliaries of the University, including San Marcos University Corporation (UCorp), Associated Students, Inc. of California State University San Marcos (ASI) and California State University San Marcos Foundation (CSUSMF). These auxiliaries, although independent, and the University periodically provide various services to one another.

Basis of Presentation
The Organization reports information regarding its financial position and activities according to the three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

- Unrestricted net assets represent expendable funds available for operations, which are not otherwise limited by donor restrictions.
- Temporarily restricted net assets consist of contributed funds subject to donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time before the Organization may spend the funds.
- Permanently restricted net assets are subject to irrevocable donor restrictions requiring that the assets be maintained in perpetuity usually for the purpose of generating investment income to fund current operations.

The Organization had no temporarily or permanently restricted net assets during the years June 30, 2015 and 2014.

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

Income Taxes
The Organization is a qualified nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. However, the Organization remains subject to taxes on any net income which is derived from a trade or business regularly carried on and unrelated to its exempt purpose.

Note 1 – Organization and Summary of Significant Accounting Policies, continued

Income Taxes, continued
The Organization follows accounting standards generally accepted in the United States of America related to the recognition of uncertain tax positions. The Organization recognizes accrued interest and penalties associated with uncertain tax positions as part of the statement of activities, when applicable. Management has determined that the Organization has no uncertain tax positions at June 30, 2015 and 2014 and therefore no amounts have been accrued.

Accounts Receivable
The accounts receivable arise in the normal course of operations. It is the policy of management to review the outstanding accounts receivable at year end, as well as the bad debt write-offs experienced in the past, and establish an allowance for doubtful accounts for uncollectible amounts. A provision for doubtful accounts has not been established as management considers all accounts to be collectible based upon a favorable history over a substantial period of time. If amounts become uncollectible, they will be charged to operations when that determination is made.

Investments
Investments in equity securities and mutual funds with readily determinable fair values, based on daily share prices, are reported at fair value with gains and losses included in the statements of activities.

The investments of the Organization are exposed to interest rate and market risk. Economic conditions can impact these risks and resulting fair 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 fair 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 the Organization and its beneficiaries.

Property and Equipment
The Organization capitalizes all expenditures for property and equipment in excess of $5,000. Equipment and improvements are recorded at cost or at estimated fair value at date of gift if donated. Expenditures for maintenance and repairs are charged against operations. Depreciation is provided on a straight-line basis over the estimate d useful lives of the assets of 3 to 10 years.

Deferred Revenue
Deferred revenue represents grant revenue received in advance and the unamortized portion of property and equipment received from unrelated third parties as part of agreements for the operation of the bookstore and campus food services.

Subsequent Events
The Organization has evaluated subsequent events through September 15, 2015, which is the date the financial statements were available to be issued.

Note 2 – Concentration of Credit Risk

The Organization maintains accounts at a financial institution with funds insured by the Federal Deposit Insurance Corporation. The Corporation's accounts at this institution may, at times, exceed FDIC-insured limits of up to $250,000. The Organization has not experienced any such losses in these accounts.

Note 3 – Investments and Fair Value Measurement

Fair Value Measurements

The Organization defines fair value as the exchange price that would be received for an asset or paid for a liability in the principal or most advantageous market. The Organization applies fair value measurements to assets and liabilities that are required to be recorded at fair value under generally accepted accounting principles. Fair value measurement techniques maximize the use of observable inputs and minimize the use of unobservable inputs, and are categorized in a fair value hierarchy based on the transparency of inputs. In addition, the Organization reports certain investments using the net asset value per share as determined by investment managers, allowing the net asset value per share to represent fair value for reporting purposes when the criteria for using this method are met. The three levels are defined as follows:

Level 1 - Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the same term of the financial instrument.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Investments at fair value according to the fair value hierarchy are as follows at June 30, 2015:

	Level 1	Level 2	Level 3	Total
Core fixed-income institutional mutual fund	$ 1,575,045	$ -	$ -	$ 1,575,045

Investments at fair value according to the fair value hierarchy are as follows at June 30, 2014:

	Level 1	Level 2	Level 3	Total
Core fixed-income institutional mutual fund	$ 1,979,194	$ -	$ -	$ 1,979,194
Domestic equity securities	1,305,677	-	-	1,305,677
	$ 3,284,871	$ -	$ -	$ 3,284,871

Note 4 – Property and Equipment

Property and equipment consist of the following at June 30:

	2015	2014
Land improvements	$ 1,535,469	$ 1,535,469
Building and improvements	4,385,743	4,385,743
Furniture and equipment	2,162,107	1,996,945
Leasehold improvements	2,749,539	2,831,354
	10,832,858	10,749,511
Less accumulated depreciation	(3,592,925)	(3,907,548)
	7,239,933	6,841,963
Construction in progress	189,333	126,216
	$ 7,429,266	$ 6,968,179

Note 5 – Commitments and Contingencies

Leases

The Organization has entered into various operating lease agreements with the University for office facilities, with monthly rents totaling $3,666 through June 30, 2015. The lease agreement for 435 E. Carmel Street may be terminated by either party upon a four-month written notice and has monthly rent of $11,592 expiring on December 31, 2017. Total rent expense was approximately $183,100 for each of the years ended June 30, 2015 and 2014.

Minimum future lease payments as of June 30, 2015 are due as follows:

Year Ending June 30,	
2016	$ 132,312
2017	125,520
2018	62,760
Thereafter	-
	$ 320,592

Bookstore Operating Agreement

In July 2011, the Organization entered into an agreement with an unrelated third party to operate the campus bookstore. In July 2014, the Organization amended the bookstore operating agreement with the third-party operator. As part of the agreement, the unrelated third party relocated the bookstore to the former campus dining area and paid for the relocation and improvement costs related to the move. The cost will be depreciated and amortized over the contract term. All capital equipment or improvements not attached as fixtures to real estate are the property of the unrelated third-party. If the Organization terminates the agreement prior to the termination date or if the unrelated third party terminates the agreement for cause, the Organization is required to purchase any existing inventory at the time of termination at fair value according to the agreement, reimburse the unrelated third party for the book value of its capital improvements, and refund the unamortized portion of the bookstore build-out. The contract term was extended to June 30, 2015.

Note 5 – Commitments and Contingencies, continued

Bookstore Operating Agreement, continued
The contract commissions changed from 12.5 to 11.5 percent on gross revenues up to $4,000,000 and 13.5 to 12.5 percent on gross revenues exceeding $4,000,000. Commission revenue for the years ended June 30, 2015 and 2014 included $352,671 and $376,193, respectively, under this agreement.

In June 2015, as part of the agreement, the unrelated third party placed into service $836,241 of equipment, design and construction services for the build-out of the bookstore for the Organization. The Organization has ownership of the assets and has recorded a corresponding liability to deferred revenue which is amortized to revenue over the 10 remaining years of the contract. The Organization recognized revenues of $4,327 for the year ended June 30, 2015. In addition, the Organization has deferred revenue of $831,914 at June 30, 2015, related to the noncash transaction.

Child Care Center Lease Agreement
In July 2011, UCorp transferred the assets and functions of the campus child care center, Center for Children and Families, to the Organization. The child care assets consisted of a building, land improvements, and related furniture and equipment, with a net book value of $6,285,611. As part of the transfer, the Organization assumed the Child Care Center Development Agreement (Agreement) with Children's Creative Learning Center (CCLC), a California Corporation, which terminated on August 30, 2012. In exchange for operating, maintaining, and managing the center, CCLC is not charged rent. Management estimated that the value of the Agreement was $497,119 and $496,623 for the years ended June 30, 2015 and 2014, respectively. These amounts are included in the statements of activities for the years ended June 30, 2015 and 2014 as child care center in-kind rental income and campus programs expense.

Along with the assets for the child care center, the ground lease was also transferred to the Organization. Management estimated that the value of the lease agreement was $263,760 and $263,497 for the years ended June 30, 2015 and 2014, respectively. These amounts are reflected in the statements of activities for the years ended June 30, 2015 and 2014 as property ground lease income and land leasing costs, which is included in campus programs expense.

Beverage Distribution Rights Contract
The Organization has granted an unrelated third party exclusive rights to campus beverage sales and distribution. The term of the agreement is a 10-year period expiring on December 31, 2021, unless terminated by either party with advance notice, as defined in the agreement. As part of the agreement, the unrelated third party will have exclusive rights for beverage sale and distribution, including the right to provide all beverages at athletic events, club activities, special events, concessions and vending locations.

As consideration for the agreement, the unrelated third party paid the Organization an initial support fund in the amount of $50,000 earned over the term of the agreement and payable upon signing the agreement. Additional consideration includes an Annual Sponsorship Fee of $20,000 payable annually at the end of each calendar year and 35 percent commission paid quarterly on actual cash collected by vending machines plus proceeds from credit card transactions. Commission revenue included $62,587 and $59,258 for the years ended June 30, 2015 and 2014, respectively, under this agreement, which includes the $20,000 sponsorship fee for the year ended June 30, 2015.

Note 5 – Commitments and Contingencies, continued

Campus Food Service Agreement
The Organization has an agreement with an unrelated third party to operate the campus food services, including retail sales, catering and concessions. The term of the agreement is 20 years through August 2032, unless terminated by either party with advance notice, as defined in the agreement. As part of the agreement, the Organization will continue to own the premises and equipment used to operate the food services and the unrelated third party shall purchase and own the inventories of food, beverage and supplies used in operations. In the event of a termination by the Organization, all amounts due to the unrelated third party shall be payable immediately as defined in the agreement. The Organization does not expect early termination. As consideration for the agreement, the unrelated third party will pay the Organization a commission of 5 percent on retail and catering sales commencing in July 2019.

In January 2014, as part of the agreement, the unrelated third party purchased approximately $1.4 million of equipment, design and construction services for the build-out of retail concepts for the Organization. The Organization has ownership of the assets and has recorded a corresponding liability to deferred revenue which is amortized to revenue over the 18 remaining years of the contract. The Organization recognized revenues of $73,923 and $36,961 for the years ended June 30, 2015 and 2014. In addition, the Organization has deferred revenue of $1,293,646 at June 30, 2015, related to the noncash transaction.

Sponsored Programs
The Organization receives significant financial assistance from numerous federal, state, and local governmental agencies in the form of grants and operating subsidies. Disbursement of funds received under these programs generally require compliance with terms and conditions specified in the agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability to the Organization. However in the opinion of management, any such disallowed claims would not have a material adverse impact on the overall financial position of the Organization at June 30, 2015.

Workers' Compensation Insurance
During the fiscal years June 30, 2015 and 2014, the Organization purchased workers' compensation insurance for $43,106 and $35,353, respectively, through an approved self- insurance program in which the Organization is a member (as are ASI, CSUSMF, and UCorp), and which is administered by the California State University Risk Management Authority (CSURMA).

Involvement in alternative insurance programs such as the CSURMA's self funded workers' compensation program is an attempt to control the increases in insurance costs, but also carry financial commitments to the liabilities of the program.

Legal Proceedings
The Organization is involved in legal proceedings arising in the normal course of business. Management believes the final outcome of these proceedings will not have a material adverse effect on the Organization's results of activities or financial position.

Note 6 – Accrued Postretirement Benefits Costs

The Organization has a postretirement program that provides lifetime medical, dental, and vision coverage to retiring employees age 65 or older with at least 10 years of service. Medical coverage will be provided through the AOA pooled medical program. Dependent spouses of eligible retirees will also receive lifetime medical, dental, and vision coverage. Expenses under the program for the years ended June 30, 2015 and 2014 were $468,851 and $199,127, respectively.

Note 6 – Accrued Postretirement Benefits Costs, continued

The Organization made a plan change during the fiscal year to terminate post-retirement benefits (for both prior and future services performed) for any non-UARSC Central employee with less than 5 years' service as of December 31, 2014 or any employee hired after December 31, 2014. This change resulted in a plan curtailment and a plan settlement. This resulted in a curtailment/settlement gain of $584,541 for the year ended June 30, 2015.

The following tables include the post-retirement healthcare benefits that are unfunded and the amounts recognized in the financial statements as of and for the years ended June 30:

	2015	2014
Change in Benefit Obligation		
Benefit obligation at beginning of year	$ 1,385,824	$ 1,342,921
Service cost	90,399	158,776
Interest cost	42,708	51,143
Amendments	(419,297)	N/A
Actuarial gain	(10,781)	(162,675)
Acquisition	N/A	N/A
Benefits paid	(13,503)	(4,341)
Benefit obligation at end of year	$ 1,075,350	$ 1,385,824
Curtailment/Settlement Gain	$ 584,541	$ -

	2015	2014
Funded Status		
Unamortized prior service cost	$ 138,564	$ 360,134
Unrecognized net actuarial (gain)/loss	(276,926)	(656,873)
Accrued benefit cost	1,213,712	1,682,563
Benefit Obligation at June 30	$ 1,075,350	$ 1,385,824
Measurement date	6/30/2015	6/30/2014
Funded status at end of year	$ (1,075,350)	$ (1,385,824)

	2015	2014
Net Periodic Benefit Cost		
Service Cost	$ 90,399	$ 158,776
Interest Cost	42,708	51,143
Expected return on plan assets	-	-
Amortization of prior service cost	10,063	26,327
Amortization of net (gain) loss	(9,826)	(36,929)
Net periodic benefit cost	$ 133,344	$ 199,317

Note 6 – Accrued Postretirement Benefits Costs, continued

The weighted-average assumptions used to determine benefit obligations are as follows for the years ended June 30:

Assumptions

Weighted-average assumptions used to determine benefit obligations at June 30:

	2015	2014
Discount Rate	4.50%	4.50%
Expected long-term return on plan assets	N/A	N/A
Rate of compensation increase	N/A	N/A
Health care cost trend rate assumed for next year	6.10%	6.40%
Rate to which the cost trend rate is assumed to decline		

Note 7 – Long-Term Debt

In July 2014, the Organization entered into a ten-year note payable with the University for $250,000 to be used for the refurbishment and modernization of various facilities. The note bears interest at 3 percent per annum and is payable in annual principal and interest installments.

Minimum future principal payments on long-term debt as of June 30, 2015 are due as follows:

Years Ending June 30,	
2016	$ -
2017	24,608
2018	25,347
2019	26,107
2020	26,890
Thereafter	147,048
	$ 250,000

Note 8 – Related Party Transactions

The Organization reimburses the University for salaries and other program-related costs for personnel working on contracts, other programs and campus programs.

In June, 2013, the Organization loaned the University $250,000 at 3 percent interest payable over seven years through June 30, 2020, in order to help with the budget reductions faced by the University. Interest-only payments of $7,500 were due the first two years, and then principal and interest payments of $54,589 per year were due over the remaining five years. In May 2014, the University paid off the remaining balance of the loan.

The Organization, as a lessor, has entered into an operating lease agreement to rent storage space to the University at 435 E. Carmel Street. The monthly rental income is $11,591 per month through December 31, 2015. The future minimum rental receipts for the year ending June 30, 2015 are $132,312.

The Organization entered into payroll processing agreements with UCorp and ASI. In addition, the Organization incurred expenses for events and conference services provided by UCorp.

Note 8 – Related Party Transactions, continued

Related party transactions are as follows:

Affiliate	Description	Reported in	2015	2014
Payments to:				
ASI	Student program costs	Various expenses	$ 5,568	$ -
UCorp	Services, programs and other expenses	Various expenses	56,201	48,344
University	Salaries and reimbursed costs	Various expenses	3,534,473	4,876,592
			$ 3,596,242	$ 4,924,936
Payments from:				
ASI	Payroll processing, administrative expenses and other expenses	Revenue	$ 647,889	$ 634,454
UCorp	Payroll processing, administrative expenses and other expenses	Revenue	1,185,822	777,538.00
University	Services and programs	Revenue	998,971	669,741
			$ 2,832,682	$ 2,081,733
Due from:				
ASI	Salaries, benefits, and other expenses	Due from related parties	$ 63,583	$ 40,694
Foundation	Other expenses	Due from related parties	22,325	-
UCorp	Salaries, benefits, and other expenses	Due from related parties	159,875	111,357
University	Salaries, benefits, and other expenses	Due from related parties	98,003	314,817
			$ 343,786	$ 466,868
Due to:				
Foundation	Investments	Due to related parties	$ -	$ 8,076,094
UCorp	Cost reimbursement	Due to related parties	2,077	5,104
University	Cost reimbursement	Due to related parties	406,427	430,242
			$ 408,504	$ 8,511,440

Note 9 – Reclassifications

Certain items in the 2014 financial statement have been reclassified to conform to current year classifications. Such reclassifications had no effect on previously reported changes in net assets.

Note 10 – Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

SUPPLEMENTAL INFORMATION

University Auxiliary and Research Services Corporation
Schedule of Net Position
June 30, 2015
(for inclusion in the California State University)

Assets:		
Current assets:		
Cash and cash equivalents	$	1,447,313
Short-term investments		1,575,045
Accounts receivable, net		1,196,562
Leases receivable, current portion		-
Notes receivable, current portion		-
Pledges receivable, net		-
Prepaid expenses and other assets		34,883
Total current assets		4,253,803
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		982,199
Capital assets, net		7,429,266
Other assets		61,081
Total noncurrent assets		8,472,546
Total assets		12,726,349
Deferred outflows of resources:		
Unamortized loss on debt refunding		-
Net pension obligation		-
Others		-
Total deferred outflows of resources		-
Liabilities:		
Current liabilities:		
Accounts payable		487,555
Accrued salaries and benefits payable		543,205
Accrued compensated absences– current portion		289,444
Unearned revenue		457,494
Capitalized lease obligations – current portion		-
Long-term debt obligations – current portion		-
Claims Liability for losses and LAE - current portion		-
Depository accounts		-
Other liabilities		-
Total current liabilities		1,777,698
Noncurrent liabilities:		
Accrued compensated absences, net of current portion		-
Unearned revenue		1,995,786
Grants refundable		-
Capitalized lease obligations, net of current portion		-
Long-term debt obligations, net of current portion		250,000
Claims Liability for losses and LAE, net of current portion		-
Depository accounts		-
Other postemployment benefits obligation		1,213,712
Pension obligation		-
Other liabilities		-
Total noncurrent liabilities		3,459,498
Total liabilities		5,237,196
Deferred inflows of resources:		
Unamortized gain on debt refunding		-
Non-exchange transactions		-
Service concession arrangements		-
Net pension obligation		-
Others		-
Total deferred inflows of resources		-
Net Position:		
Net investment in capital assets		5,134,875
Restricted for:		
Nonexpendable – endowments		-
Expendable:		
Scholarships and fellowships		-
Research		-
Loans		-
Capital projects		-
Debt service		-
Other		-
Unrestricted		2,354,278
Total net position	$	7,489,153

See independent auditors' report.

University Auxiliary and Research Services Corporation
Schedule of Revenues, Expenses, and Changes in Net Position
June 30, 2015
(for inclusion in the California State University)

Revenues:		
Operating revenues:		
Student tuition and fees (net of scholarship allowances of $_____)	$	-
Grants and contracts, noncapital:		
Federal		6,362,436
State		689,969
Local		-
Nongovernmental		390,584
Sales and services of educational activities		2,743,423
Sales and services of auxiliary enterprises (net of scholarship allowances of $_____)		1,387,430
Other operating revenues		-
Total operating revenues		11,573,842
Expenses:		
Operating expenses:		
Instruction		2,259,300
Research		3,985,836
Public service		65,249
Academic support		340,064
Student services		3,801,755
Institutional support		907,771
Operation and maintenance of plant		-
Student grants and scholarships		-
Auxiliary enterprise expenses		115,106
Depreciation and amortization		495,643
Total operating expenses		11,970,724
Operating income (loss)		(396,882)
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		16,477
Endowment income (loss), net		-
Interest Expenses		-
Other nonoperating revenues (expenses)		
Net nonoperating revenues (expenses)		16,477
Income (loss) before other additions		(380,405)
State appropriations, capital		-
Grants and gifts, capital		-
Additions (reductions) to permanent endowments		-
Increase (decrease) in net position		(380,405)
Net position:		
Net position at beginning of year, as previously reported		7,869,558
Restatements		-
Net position at beginning of year, as restated		7,869,558
Net position at end of year	$	7,489,153

See independent auditors' report.

University Auxiliary and Research Services Corporation
Other Information
June 30, 2015
(for inclusion in the California State University)

1 Restricted cash and cash equivalents at June 30, 2015:

Portion of restricted cash and cash equivalents related to endowments	$ -
All other restricted cash and cash equivalents	-
Total restricted cash and cash equivalents	$ -

2 Composition of investments at June 30, 2015:

	Unrestricted	Current Restricted	Total Current	Unrestricted	Restricted	Total Noncurrent	Total
State of California Surplus Money Investment Fund (SMIF)	$ -	-	-	-	-	-	-
State of California Local Agency Investment Fund (LAIF)	-	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-	-
Certificates of deposit	-	-	-	982,199	-	982,199	982,199
Mutual funds	1,575,045	-	1,575,045	-	-	-	1,575,045
Money Market funds	-	-	-	-	-	-	-
Repurchase agreements	-	-	-	-	-	-	-
Commercial paper	-	-	-	-	-	-	-
Asset backed securities	-	-	-	-	-	-	-
Mortgage backed securities	-	-	-	-	-	-	-
Municipal bonds	-	-	-	-	-	-	-
U.S. agency securities	-	-	-	-	-	-	-
U.S. treasury securities	-	-	-	-	-	-	-
Equity securities	-	-	-	-		-	-
Exchange traded funds (ETFs)	-	-	-	-	-	-	-
Alternative investments:							
Private equity (including limited partnerships)	-	-	-	-	-	-	-
Hedge funds	-	-	-	-	-	-	-
Managed futures	-	-	-	-	-	-	-
Real estate investments (including REITs)	-	-	-	-	-	-	-
Commodities	-	-	-	-	-	-	-
Derivatives	-	-	-	-	-	-	-
Other alternative investment types	-	-	-	-	-	-	-
Other external investment pools (excluding SWIFT)							
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Other major investments:							
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Total investments	1,575,045	-	1,575,045	982,199	-	982,199	2,557,244
Less endowment investments (enter as negative number)					-	-	-
Total investments	1,575,045	-	1,575,045	982,199	-	982,199	2,557,244

2.2 Investments held by the University under contractual agreements at June 30, 2015:

Portion of investments in note 2.1 held by the University under contractual agreements at June 30, 2015 :	-	-	-	-	-	-	-

University Auxiliary and Research Services Corporation
Other Information
June 30, 2015
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2.3 Restricted current investments at June 30, 2015 related to:	Amount
Add description	$ -
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Total restricted current investments at June 30, 2015	$ -

2.4 Restricted noncurrent investments at June 30, 2015 related to:	Amount
Endowment investment	$ -
Add description	
Add description	
Add description	
Add description	
Add description	
Add description	-
Add description	-
Total restricted noncurrent investments at June 30, 2015	$ -

University Auxiliary and Research Services Corporation
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3.1 Composition of capital assets at June 30, 2015:

	Balance June 30, 2014	Prior period Adjustments	Reclassifications	Balance June 30, 2014 (restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2015
Nondepreciable/nonamortizable capital assets								
Land and land improvements	$ -	-	-	-	-	-	-	-
Works of art and historical treasures	-	-	-	-	-	-	-	-
Construction work in progress (CWIP)	126,216	-	-	126,216	200,882	(137,565)	-	189,333
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	126,216	-	-	126,216	200,882	(137,565)	-	189,333
Depreciable/amortizable capital assets								
Buildings and building improvements	4,385,743	-	-	4,385,743	-	-	-	4,385,743
Improvements, other than buildings	1,535,469	-	-	1,535,469	-	-	-	1,535,469
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	2,831,354	-	-	2,831,354	836,241	(918,056)	-	2,749,539
Personal property				-				
Equipment	1,996,945	-	-	1,996,945	165,162	-	-	2,162,107
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	10,749,511	-	-	10,749,511	1,001,403	(918,056)	-	10,832,858
Total capital assets	10,875,727	-	-	10,875,727	1,202,085	(1,055,621)	-	11,022,191
Less accumulated depreciation/amortization								
Buildings and building improvements	(502,826)	-	-	(502,826)	(146,192)	-		(649,018)
Improvements, other than buildings	(412,393)	-	-	(412,393)	(102,366)	-		(514,759)
Infrastructure	-	-	-	-	-	-		-
Leasehold improvements	(1,618,668)	-	-	(1,618,668)	(109,309)	810,266		(917,712)
Personal property				-				
Equipment	(1,373,690)	-	-	(1,373,690)	(137,776)	-		(1,511,466)
Library books and materials	-	-	-	-	-	-		-
Intangible assets								
Software and websites	-	-	-	-	-	-		-
Rights and easements	-	-	-	-	-	-		-
Patents, copyright and trademarks	-	-	-	-	-	-		-
Licenses and permits	-	-	-	-	-	-		-
Other intangible assets								
Add description	-	-	-	-	-	-		-
Add description	-	-	-	-	-	-		-
Add description	-	-	-	-	-	-		-
Add description	-	-	-	-	-	-		-
Add description	-	-	-	-	-	-		-
Total intangible assets	-	-	-	-	-	-		-
Total accumulated depreciation/amortization	(3,907,548)	-	-	(3,907,548)	(495,643)	810,266		(3,592,925)
Total capital assets, net	$ 6,968,179	-	-	6,968,179	706,442	(245,355)	-	7,429,266

3.2 Detail of depreciation and amortization expense for the year ended June 30, 2015:

Depreciation and amortization expense related to capital assets	$ 495,643
Amortization expense related to other assets	-
Total depreciation and amortization	$ 495,643

See independent auditors' report.

University Auxiliary and Research Services Corporation
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4 Long-term liabilities activity schedule:

	Balance June 30, 2014	Prior period adjustments	Reclassifications	Balance June 30, 2014 (restated)	Additions	Reductions	Balance June 30, 2015	Current portion	Long-term portion
Accrued compensated absences	$ 247,247	-	-	247,247	42,197	-	289,444	289,444	-
Capitalized lease obligations:									
Gross balance	-	-	-	-	-	-	-	-	-
Unamortized premium / (discount) on capitalized lease obligations	-	-	-	-	-	-	-	-	-
Total capitalized lease obligations	-	-	-	-	-	-	-	-	-
Long-term debt obligations:									
Revenue Bonds	-	-	-	-	-	-	-	-	-
Other bonds (non-Revenue Bonds)	-	-	-	-	-	-	-	-	-
Commercial Paper	-	-	-	-	-	-	-	-	-
Note Payable related to SRB	-	-	-	-	-	-	-	-	-
Other:									
Note Payable	-	-	-	-	250,000	-	250,000	-	250,000
Add description	-	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-	-
- Total long-term debt obligations	-	-	-	-	250,000	-	250,000	-	250,000
Unamortized bond premium / (discount)	-	-	-	-	-	-	-		-
Unamortized loss on refunding									
Total long-term debt obligations, net	-	-	-	-	250,000	-	250,000	-	250,000
+ Total long-term liabilities	$ 247,247	-	-	247,247	292,197	-	539,444	289,444	250,000

See independent auditors' report.

University Auxiliary and Research Services Corporation
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5 Future minimum lease payments - capital lease obligations:

	Principal	Interest	Principal and Interest
Year ending June 30:			
2016	-	-	-
2017	-	-	-
2018	-	-	-
2019	-	-	-
2020	-	-	-
2021 - 2025	-	-	-
2026 - 2030	-	-	-
2031 - 2035	-	-	-
2036 - 2040	-	-	-
2041 - 2045	-	-	-
2046 - 2050	-	-	-
2051 - 2055	-	-	-
2056 - 2060	-	-	-
2061 - 2065	-	-	-
Total minimum lease payments			-
Less amounts representing interest			-
Present value of future minimum lease payments			-
Less: current portion			-
Capitalized lease obligation, net of current portion			$ -

See independent auditors' report.

University Auxiliary and Research Services Corporation
Other Information
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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 and Interest
Year ending June 30:									
2016	$ -	-	-	-	7,500	7,500	-	7,500	7,500
2017	-	-	-	24,608	7,500	32,108	24,608	7,500	32,108
2018	-	-	-	25,347	6,762	32,109	25,347	6,762	32,109
2019	-	-	-	26,107	6,001	32,108	26,107	6,001	32,108
2020	-	-	-	26,890	5,218	32,108	26,890	5,218	32,108
2021 - 2025	-	-	-	147,048	13,495	160,543	147,048	13,495	160,543
2026 - 2030	-	-	-	-	-	-	-	-	-
2031 - 2035	-	-	-	-	-	-	-	-	-
2036 - 2040	-	-	-	-	-	-	-	-	-
2041 - 2045	-	-	-	-	-	-	-	-	-
2046 - 2050	-	-	-	-	-	-	-	-	-
2051 - 2055	-	-	-	-	-	-	-	-	-
2056 - 2060	-	-	-	-	-	-	-	-	-
2061 - 2065	-	-	-	-	-	-	-	-	-
Total	$ -	-	-	250,000	46,476	296,476	250,000	46,476	296,476

See independent auditors' report.

University Auxiliary and Research Services Corporation
Other Information
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7 Calculation of net position

	Auxiliary Organizations		Total
	GASB	FASB	Auxiliaries
7.1 Calculation of net position - Net investment in capital assets			
Capital assets, net of accumulated depreciation	$ -	7,429,266	7,429,266
Capitalized lease obligations - current portion	-	-	-
Capitalized lease obligations, net of current portion	-	-	-
Long-term debt obligations - current portion	-	-	-
Long-term debt obligations, net of current portion	-	(250,000)	(250,000)
Portion of outstanding debt that is unspent at year-end	-	-	-
Other adjustments: (please list)			
Deferred revenue	-	(2,105,058)	(2,105,058)
Deposit for future construction in progress	-	60,666	60,666
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Net position - net investment in capital asset	$ -	5,134,875	5,134,875
7.2 Calculation of net position - 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 position - Restricted for nonexpendable - endowments per SNP	$ -	-	-

8 Transactions with Related Entities

	Amount
Payments to University for salaries of University personnel working on contracts, grants, and other programs	$ 827,368
Payments to University for other than salaries of University personnel	2,707,105
Payments received from University for services, space, and programs	998,971
Gifts-in-kind to the University from discretely presented component units	-
Gifts (cash or assets) to the University from discretely presented component units	-
Accounts (payable to) University (enter as negative number)	(406,427)
Other amounts (payable to) University (enter as negative number)	(250,000)
Accounts receivable from University	98,003
Other amounts receivable from University	-

9 Other Postemployment Benefits Obligation (OPEB)

Annual required contribution (ARC)	$ (468,851)
Contributions during the year	-
Increase (decrease) in net OPEB obligation (NOO)	(468,851)
NOO - beginning of year	1,682,563
NOO - end of year	$ 1,213,712

University Auxiliary and Research Services Corporation
Other Information
June 30, 2015
(for inclusion in the California State University)

10 Pollution remediation liabilities under GASB Statement No. 49:

Description		Amount
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		-
Pollution remedition liabilities, net of current portion		-

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

	Net Position Class	Amount Dr. (Cr.)
Net position as of June 30, 2014, as previously reported		$ 7,869,558
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 position as of June 30, 2014, as restated		$ 7,869,558

University Auxiliary and Research Services Corporation
Other Information
June 30, 2015
(for inclusion in the California State University)

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

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

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
University Auxiliary and Research Services Corporation

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of University Auxiliary and Research Services Corporation (nonprofit organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 15, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered University Auxiliary and Research Services Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of University Auxiliary and Research Services Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the University Auxiliary and Research Services Corporation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether University Auxiliary and Research Services Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

AKT LLP

San Diego, California
September 15, 2015

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors
University Auxiliary and Research Services Corporation

Report on Compliance for Each Major Federal Program

We have audited University Auxiliary and Research Services Corporation's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of University Auxiliary and Research Services Corporation's major federal programs for the year ended June 30, 2015. University Auxiliary and Research Services Corporation's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of University Auxiliary and Research Services Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about University Auxiliary and Research Services Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of University Auxiliary and Research Services Corporation's compliance.

Opinion on Each Major Federal Program

In our opinion, University Auxiliary and Research Services Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control over Compliance

Management of University Auxiliary and Research Services Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered University Auxiliary and Research Services Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of University Auxiliary and Research Services Corporation's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

AKT LLP

San Diego, California
September 15, 2015

UNIVERSITY AUXILIARY AND RESEARCH SERVICES CORPORATION
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

Federal/Pass-Through Grantor and Program Title	Federal CFDA Number	Agency or Pass-Through Grantor No.	Expenditures
Research and Development Cluster:			
Department of Homeland Security			
Direct Programs			
Assistance to Firefighters Grant	97.044	N/A	$ 144,117
Total Department of Homeland Security			144,117
United States Environmental Protection Agency			
Pass-through from San Jose State University Research Foundation			
Water Pollution Control State, Interstate, and Tribal Program Support	66.419		183,259
Total United States Environmental Protection Agency			183,259
Department of Health and Human Services			
Direct Programs			
Allergy, Immunology and Transplantation Research	93.855	N/A	162,459
Biomedical Research and Research Training	93.859	N/A	1,705,247
Cancer Cause and Prevention Research	93.393	N/A	11,816
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	N/A	76,604
Mental Health Research Grants	93.242	N/A	155,150
Pass-through from Endocrine Society			
Biomedical Research and Research Training	93.859	IT36GM09349	31,548
Total Department of Health and Human Services			2,142,824
National Aeronautical and Space Administration			
Direct Programs			
Science	43.001	N/A	51,659
Pass-through from University of California San Diego			
Science	43.001	NNX11AF24G	77,228
Total National Aeronautical and Space Administration			128,887
National Science Foundation			
Direct Programs			
Computer and Information Science and Engineering	47.070	N/A	265,994
Education and Human Resources	47.076	N/A	901,696
Office of Cyberinfrastructure	47.080	N/A	218,945
Pass-through from University Enterprises:			
Education and Human Resources	47.076	HRD-1302873	14,541
Pass-through from University of San Diego			
Education and Human Resources	47.076	DUE 1239797	41,550
Total National Science Foundation			1,442,726
Total Research and Development Cluster			4,041,813

See independent auditors' report and notes to schedule of expenditures of federal awards.

UNIVERSITY AUXILIARY AND RESEARCH SERVICES CORPORATION
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

Federal/Pass-Through Grantor and Program Title	Federal CFDA Number	Agency or Pass-Through Grantor No.	Expenditures
TRIO Cluster:			
Department of Education			
Direct Programs			
Student Support Services	84.042	N/A	279,308
Talent Search	84.044	N/A	205,205
Upward Bound	84.047	N/A	285,772
Total Department of Education			770,285
Total TRIO Cluster			770,285
Other Programs:			
Department of Education			
Direct Programs			
Child Care Access Means Parents in School	84.335	N/A	1,560
English Language Acquisition State Grants	84.365	N/A	310,287
Migrant Education College Assistance Migrant Program	84.149	N/A	422,386
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	84.325	N/A	8.100
Pass-through from National Writing Project			
Improving Teacher Quality State Grants	84.367	U367D130003	25,180
Pass-through from Palomar College			
Higher Education Institutional Aid	84.031	P031S100109	125,765
Pass-t			
Investing in Innovation (i3) Fund	84.411	U411B130029	304,492
Pass-through from California Department of Education			
Improving Teacher Quality State Grants	84.367	CN130242 CN140132	34,747
Total Department of Education			1,232,517
Department of Health and Human Services			
Direct Programs			
Advanced Nursing Education Grant Program	93.247	N/A	205,362
Pass-through from Vista Community Clinic:			
Nurse Education, Practice Quality and Retention Grants	93.359	UD7HP26899	98,942
Total Department of Health and Human Services			304,304
National Endowment for the Humanities			
Pass-through from California Humanities:			
Promotion of the Humanities Federal/State Partnership	45.129	SO-50405-11	6,946
Total National Endowment for the Humanities			6,946
National Science Foundation			
Pass-through from American Physical Society:			
Mathematical and Physical Sciences	47.049	PHY-0808790	6,571
Total National Science Foundation			6,571
Total Other Programs			1,550,338
Total Expenditures of Federal Awards			$ 6,362,436

See independent auditors' report and notes to schedule of expenditures of federal awards.

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of University Auxiliary and Research Services Corporation and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.*

Note 2 – Amounts Provided to Subrecipients

The following amount was paid to a subrecipient from the Computer and Information Science and Engineering grant:

Northeast University	$ 38,840

The following amount was paid to a subrecipient from the Biomedical Research and Research Training grant:

University of California San Francisco	$ 63,814

UNIVERSITY AUXILIARY AND RESEARCH SERVICES CORPORATION

Schedule of Findings and Questioned Costs
Year Ended June 30, 2015

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Significant deficiency(ies) identified?	___ Yes _X_ None reported
Material weakness(es) identified?	___ Yes _X_ No
Noncompliance material to the financial statements noted?	___ Yes _X_ No

Federal Awards

Internal control over major program:	
Significant deficiency(ies) identified?	___ Yes _X_ None reported
Material weakness(es) identified?	___ Yes _X_ No
Type of auditors' report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section 510(a)?	___ Yes _X_ No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
Various	Research and Development Cluster
84.411	Investing in Innovation (i3) Fund

Dollar threshold used to distinguish between Type A and Type B programs:	$300,000
Auditee qualified as a low-risk auditee under OMB Circular A-133, Section 530?	_X_ Yes ___ None identified

Section II – Financial Statement Findings

None

Section III – Federal Award Finding and Questioned Costs

None

See independent auditors' report.

UNIVERSITY AUXILIARY AND RESEARCH SERVICES CORPORATION

Schedule of Prior Year Audit Findings
Year Ended June 30, 2015

Section II – Financial Statement Findings

None

Section III – Federal Award Findings

2014-01: Timely Submission of Grant Programs

Criteria: According to OMB Circular A-110 Section .51 (b) (Monitoring and reporting program performance), the Federal awarding agency shall prescribe the frequency with which the performance reports shall be submitted.

Condition: The Organization failed to comply with performance reporting criteria for certain federal grants.

Context: During testing over reporting compliance, the audit team selected and tested 18 required reports to test the Organization's compliance with the reporting requirements. The audit team reviewed the submitted reports for 18 grants and noted that three were submitted late (two reports were submitted approximately two weeks late and the other report was submitted approximately six weeks late).

Effect: Failure to submit required reports in a timely manner could potentially cause delay or elimination of federal funding.

Cause: Lack of proper controls over reporting criteria.

Recommendation: We recommend the Organization increase its efforts to educate its principal investigators and project directors about compliance with reporting deadlines.

Views of responsible officials and planned corrective actions: For each new award received by the Organization, meetings are held with the principal investigators and project directors to review the various awarding agency administrative requirements of the award. Included in the reviews are the due dates for various financial reports (obligation of the Organization) and the performance reports (obligation of the principal investigator). Processes had been put in place by the Organization to send e-mail reminders to the principal investigators of upcoming due dates for performance reports.

For the three reports identified in the findings, the principal investigators had received e-mail reminders, but it has become apparent that the Organization will need to initiate additional processes to assure the performance reports are actually completed by the deadline. Such processes may include a requirement for the principal investigator to submit a draft of the performance report to the Organization prior to the due date. The enhanced processes and additional communications with the principal investigators on agency compliance issues in relation to their awards should strengthen controls for timely submission of performance reports.

Status: No similar findings during the 2015 audit.