



**Western Washington University
Associated Students Bookstore
Financial Statements
June 30, 2006 and 2005**

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Overview of the Financial Statements and Financial Analysis

The following discussion and analysis provides an overview of the financial position and activities of Western Washington University's Associated Students Bookstore (the Bookstore) for the years ended June 30, 2006 and 2005. This discussion has been prepared by management and should be read in conjunction with the financial statements and accompanying notes which follow this section.

Fiscal 2005-2006 was a challenging year for the Bookstore. As a result of strong marketing from a local competitor and increasing on-line competition, the Bookstore saw a decrease in textbook sales. Industry reports indicate that textbook sales in college bookstores have been down or flat for most stores this year.

Presentation of the Financial Statements

The Bookstore's financial reports include the Statements of Net Assets, the Statements of Revenues, Expenses, and Changes in Net Assets, and the Statements of Cash Flows.

The statements are formatted following the guidelines of the Governmental Accounting Standards Board (GASB) pronouncements. These financial statements are prepared in accordance with GASB principles, which establish standards for external financial reporting for public colleges and universities. The Bookstore's financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

Statement of Net Assets

The Statements of Net Assets present the financial condition of the Bookstore at the end of the fiscal years and report all assets and liabilities of the Bookstore.

The amounts in these statements represent the assets available to continue the operations of the store, also identifies how much the store owes vendors and lending institutions. Finally, the difference between total assets and total liabilities - net assets - is one indicator of the current financial condition of the Bookstore.

Below is a condensed view of the Statement of Net Assets as of June 30, 2006, 2005, and 2004:

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Assets			
Current assets	\$ 2,414,842	\$ 2,657,230	\$ 2,487,343
Capital assets	<u>1,906,905</u>	<u>1,704,966</u>	<u>1,769,608</u>
Total assets	4,321,747	4,362,196	4,256,951
Liabilities			
Current liabilities	<u>518,277</u>	<u>397,651</u>	<u>361,458</u>
Total liabilities	518,277	397,651	361,458
Net Assets			
Invested in capital assets, net	1,906,905	1,704,966	1,769,608
Unrestricted	<u>1,896,565</u>	<u>2,259,579</u>	<u>2,125,885</u>
Total net assets	<u>\$ 3,803,470</u>	<u>\$ 3,964,545</u>	<u>\$ 3,895,493</u>

Current assets decreased \$242,388 in 2006 and increased \$169,887 in 2005. The reduction in 2006 results from a decrease in cash, cash equivalents and investments offset by increases in receivables and inventory. Net assets decreased \$161,075 in 2006 and increased slightly, \$69,052, in 2005. Capital assets increased a net \$201,939 during 2006 primarily due to the purchase of a new point-of-sale system and offset by the related depreciation expense.

Statement of Revenues, Expenses and Changes in Net Assets

The changes in total net assets, as presented on the Statement of Net Assets, are detailed in the activity presented in the Statement of Revenues, Expenses, and Changes in Net Assets. The statement presents the Bookstore's results of operations. In accordance with GASB reporting principles, revenues and expenses are classified as operating, non-operating or other.

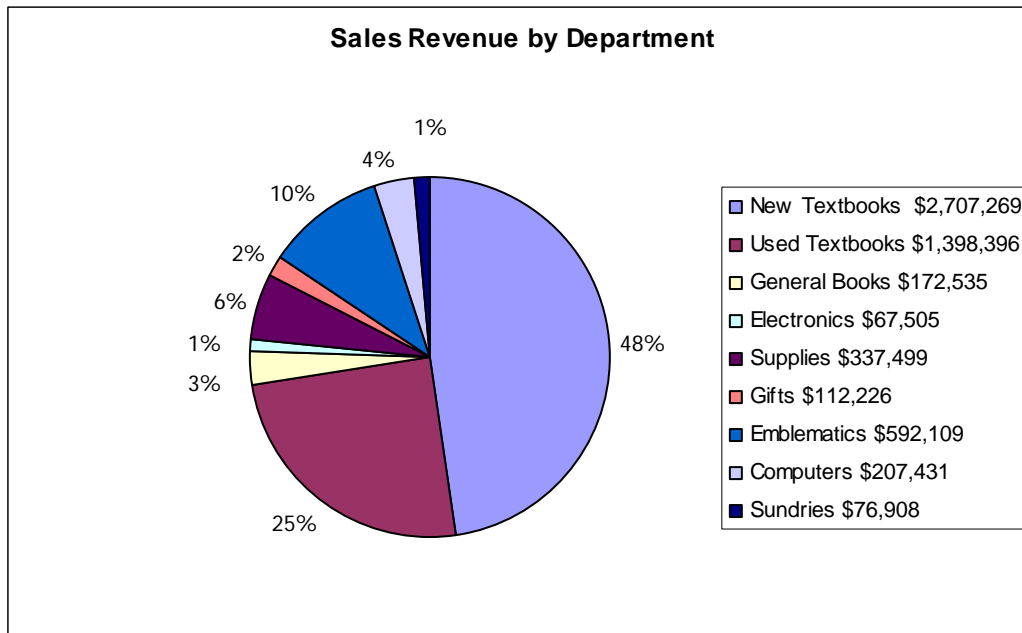
In general, operating revenues are those received for providing goods to the customers of the Bookstore, primarily sales to students. Cost of goods sold are the expenses directly related to sales of goods to customers. Operating expenses are those expenses paid to acquire the goods provided in return for the operating revenues.

Non-operating revenues are monies received for which goods and services are not provided. Under GASB reporting principles, investment income is classified as non-operating revenue.

Following is a condensed view of the Statement of Revenues, Expenses, and Changes in Net Assets for the fiscal years ended June 30, 2006, 2005, and 2004:

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Sales, net of discounts	\$ 5,671,878	\$ 5,958,880	\$ 5,788,077
Cost of goods sold	4,259,258	4,607,315	4,634,480
Gross profit	<u>1,412,620</u>	<u>1,351,565</u>	<u>1,153,597</u>
Operating expenses	1,449,013	1,291,171	1,148,575
(Loss) income from operations	<u>(36,393)</u>	<u>60,394</u>	<u>5,022</u>
Nonoperating revenues (expenses)	(124,682)	(141,342)	(135,743)
Other revenue	-	150,000	-
Changes in net assets	<u>(161,075)</u>	<u>69,052</u>	<u>(130,721)</u>
Net assets, beginning of year	<u>3,964,545</u>	<u>3,895,493</u>	<u>4,026,214</u>
Net assets, end of year	<u><u>\$ 3,803,470</u></u>	<u><u>\$ 3,964,545</u></u>	<u><u>\$ 3,895,493</u></u>

Sales Revenue by Department



The Bookstore's largest component of revenue is new and used textbook sales which comprise 73% of Bookstore revenue. The Bookstore offers 10% student textbook discount which was valued at over \$448,000 in 2006, down slightly from \$456,000 in 2005 and increased from \$404,000 in 2004.

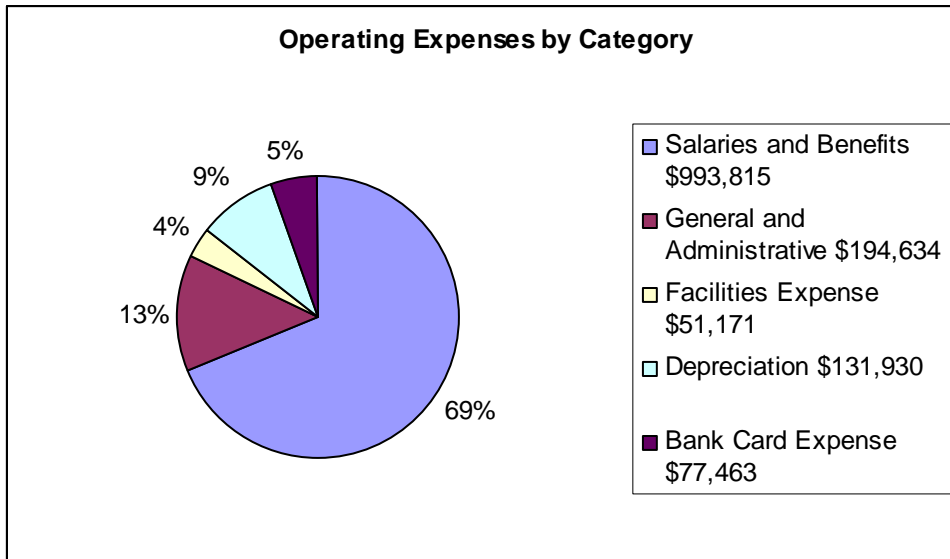
Net sales after the 10% student textbook discount for the year were \$5,671,878, a decrease of 4.8% from 2005 and an increase of \$170,803 from 2004 to 2005. The Bookstore implemented a 60% (up from 50%) retail buy back for winter and spring quarters resulting in an \$88,000, or 35% increase in books purchased from Western students.

As a result of the 10% student textbook discount, the Bookstore's margin on textbooks was 19.9% last year compared to the industry average of 25.9% (National Association of College Stores Financial Report, 2005). The impact of the 10% discount is reflected in lower gross margin and revenue than comparable stores.

Cost of goods sold decreased for the second year in a row, down 7.6% from the previous year. The decrease between 2005 and 2004 was 2.8%. This decrease in cost of goods sold is from the Bookstore selling more used textbooks than new textbooks. The reduced price but higher margin of used text books results in a gross margin increase of 2.2 percentage points to 24.9% for 2006. The change in the gross margin between 2005 and 2004 was an increase of 2.8 percentage points from 19.9% to 22.7%.

During fiscal 2006, the Bookstore implemented the Sequoia inventory management system, website and cash register system. This new system provides inventory management and customer service improvements. The store also installed an electronic security system to reduce shoplifting and as a result, changed store policy to allow students to carry their backpacks with them while shopping.

Operating Expenses by Major Category



Total operating expenses increased \$157,842 or 12.2% from the prior year to \$1,449,013. The change between 2005 and 2004 was an increase of \$142,596 or 12.4%. Operating expenses in 2006 were 25.5% of net sales compared to the industry average in 2005 of 26.3% and 23.2% in 2004.

Salary and benefit expense increased 12.8%, a result of wage increases and increased use of student and temporary workers during the computer system conversion. In 2005, salary and benefit expense increased of 14.75% over 2004 due to raises and a rise in medical premiums. Bank card expense was \$77,463, down 16.9% from 2005 and down 5.3% from 2004. In September, the store implemented new cash registers with pin/debit capabilities. The savings reflects lower fees for debit card use.

Analysis

As a result of the 10% student textbook discount the Bookstore's margin on textbooks was 19.9% last year, compared to the industry average of 25.9% (National Association of College Stores Financial Report, 2005). The impact of the 10% discount is reflected in lower gross margin and revenue than comparable stores.



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Independent Auditors' Report

The Board of Trustees
Western Washington University:

We have audited the accompanying statement of net assets of Western Washington University Associated Students Bookstore (the Bookstore) as of June 30, 2006, and the related statements of revenues, expenses, and changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the management of the Bookstore. Our responsibility is to express an opinion on these financial statements based on our audit. The accompanying financial statements of the Bookstore as of and for the year ended June 30, 2005, were audited by other auditors whose report thereon dated August 4, 2005, expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bookstore's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in note 1, the financial statements of the Bookstore are intended to present the net assets, results of operations, and cash flows of only that portion of the activities of Western Washington University that is attributable to the transactions of the Bookstore. They do not purport to, and do not, present fairly the financial position of Western Washington University, as of June 30, 2006, the results of operations or changes in net assets, or its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

In our opinion, the 2006 financial statements referred to above present fairly, in all material respects, the financial position of the Bookstore as of June 30, 2006, and the changes in its net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis on pages 1 through 4 is not a required part of the basic financial statements but is supplementary information required by U.S. generally accepted accounting principles. We and other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit for the year ended June 30, 2006 was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included on pages 15 through 18 for

the year ended June 30, 2006 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such 2006 information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole for the year ended June 30, 2006.

Other auditors previously audited in accordance with generally accepted auditing standards, the statement of Net Assets of the Bookstore as of June 30, 2005, 2004, 2003, and 2002, and the related statements of revenues, expenses, and changes in net assets, and cash flows for the years then ended (2004, 2003, and 2002 are not presented herein), and they expressed unqualified opinions on those financial statements. The supplementary information included on pages 15 through 18 related to the Bookstore's 2005, 2004, 2003, and 2002 financial statements was subjected to auditing procedures applied in the audits of those basic financial statements and, in their opinion, was fairly stated in all material respects in relation to the basic financial statements from which it had been derived.

KPMG LLP

September 29, 2006

Assets	<u>2006</u>	<u>2005</u>
Current assets		
Cash and cash equivalents	\$ 163,699	\$ 214,512
Investments	601,248	1,134,617
Receivables	533,112	400,061
Inventory	1,116,783	908,040
Total current assets	<u>2,414,842</u>	<u>2,657,230</u>
Noncurrent assets		
Building, improvements and equipment, net	<u>1,906,905</u>	<u>1,704,966</u>
Total assets	<u>4,321,747</u>	<u>4,362,196</u>
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	338,701	217,668
Distribution payable to Associated Students of	150,000	150,000
Distribution payable to WWU Athletics Department	29,576	29,983
Total current liabilities	<u>518,277</u>	<u>397,651</u>
Net Assets		
Invested in capital assets	1,906,905	1,704,966
Unrestricted, undesignated	1,896,565	2,259,579
Total net assets	<u>\$ 3,803,470</u>	<u>\$ 3,964,545</u>

**STATEMENTS OF REVENUES, EXPENSES,
 AND CHANGES IN NET ASSETS**
June 30, 2006 and 2005

	2006	2005
Sales, Net of Discounts	\$ 5,671,878	\$ 5,958,880
Cost of goods sold	<u>4,259,258</u>	<u>4,607,315</u>
Gross profit	1,412,620	1,351,565
 Operating Expenses		
Salaries and benefits	993,815	881,227
General and administrative expense	194,634	198,566
Facilities expense	51,171	53,560
Depreciation	131,930	64,642
Bank card expense	<u>77,463</u>	<u>93,176</u>
Total operating expenses	<u>1,449,013</u>	<u>1,291,171</u>
(Loss) income from operations	(36,393)	60,394
 Nonoperating Revenues (Expenses)		
Investment income	39,394	28,141
Rental income	15,500	15,500
Distribution to Associated Students of WWU	(150,000)	(155,000)
Distribution to WWU Athletics Department	<u>(29,576)</u>	<u>(29,983)</u>
Total nonoperating revenues (expenses)	<u>(124,682)</u>	<u>(141,342)</u>
 Decrease in net assets before contributions	(161,075)	(80,948)
 Other Revenue		
Contribution received for Sequoia computer purchase	<u>-</u>	<u>150,000</u>
 (Decrease) Increase in net assets	(161,075)	69,052
 Total Net Assets, Beginning of Year	<u>3,964,545</u>	<u>3,895,493</u>
 Total Net Assets, End of Year	<u><u>\$ 3,803,470</u></u>	<u><u>\$ 3,964,545</u></u>

See Notes to Financial Statements

	<u>2006</u>	<u>2005</u>
Cash Flows from Operating Activities		
Cash received from students and other customers	\$ 5,538,827	\$ 5,901,517
Payments to employees	(973,201)	(869,013)
Payments to suppliers	(4,690,850)	(4,877,996)
Net cash (used) provided by operating activities	<u>(125,224)</u>	<u>154,508</u>
Cash Flows from Noncapital Financing Activities		
Distribution to WWU Athletics Department	(29,983)	(27,308)
Distribution to Associated Students of WWU	(150,000)	(150,000)
Rental income	15,500	15,500
Net cash used by noncapital financing activities	<u>(164,483)</u>	<u>(161,808)</u>
Cash Flows from Investing Activities		
Investment income received	39,394	28,141
Net sales (purchases) of investments	533,369	(170,776)
Net cash provided (used) from investing activities	<u>572,763</u>	<u>(142,635)</u>
Cash Flows from Capital and Related Financing Activities		
Contribution received for Sequoia computer purchase	-	150,000
Purchase of capital assets	(333,869)	-
Net cash (used) provided by capital and related financing activities	<u>(333,869)</u>	<u>150,000</u>
Net (decrease) increase in cash and cash equivalents	(50,813)	65
Cash and cash equivalents, beginning of year	214,512	214,447
Cash and cash equivalents, end of year	<u>\$ 163,699</u>	<u>\$ 214,512</u>
Reconciliation of Operating (Loss) Income to Net Cash (Used) Provided from Operating Activities		
(Loss) income from operations	\$ (36,393)	\$ 60,394
Adjustments to reconcile operating income to net cash flows from operating activities		
Depreciation	131,930	64,642
Change in operating assets and liabilities		
Receivables	(133,051)	(57,363)
Accounts payable and accrued expenses	121,033	28,518
Inventory	(208,743)	58,317
Net cash flows from operating activities	<u>\$ (125,224)</u>	<u>\$ 154,508</u>

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIESOrganization

Western Washington University Associated Students Bookstore (the Bookstore") is a self supporting, auxiliary enterprise of Western Washington University ("WWU"). The Associated Students of WWU ("ASWWU") have an active partnership with the Bookstore administration through involvement in the development and recommendation of general policy guidelines for the Bookstore. The Bookstore manages its net operating proceeds for the purposes of student programs. The Bookstore is a discount retailer of textbooks, supplies and general merchandise. Approximately 95% of the Bookstore's revenue comes from sales to students, faculty, and departments of WWU.

Financial Statement Presentation

These financial statements are presented in accordance with generally accepted accounting principles and follow the guidance given by the Governmental Accounting Standards Board (GASB). The statements are special purpose reports reflecting the net assets, results of operations, and cash flows of the Bookstore. These financial statements present only a selected portion of the activities of WWU. As such, they are not intended to and do not present either the financial position, results of operations, or changes in net assets of WWU.

Basis of Accounting

The Bookstore's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when an obligation has been incurred. The Bookstore has elected not to apply any FASB pronouncements after November 30, 1989.

Cash, Cash Equivalents and Investments

WWU records all cash and cash equivalents at amortized cost, which approximates fair value. Investments held by WWU are recorded at fair value.

Accounts Receivable

Receivables are recorded at their principal balances. The Bookstore considers all accounts greater than 30 days old to be past due and establishes an allowance (based on historical collection rates) for recognizing the potential bad debt. When an account is deemed uncollectible, it is generally written off against the allowance. Management determined that no allowance was necessary at June 30, 2006 or 2005.

Inventory

Inventory consists of textbooks, supplies, and general merchandise and is stated at the lower of cost (first-in, first-out method) or market.

Building, Improvements and Equipment

The building used for the Bookstore's operations is located on WWU property. Building improvements and equipment are stated at cost, net of accumulated depreciation. The Bookstore capitalizes any expenditure for buildings, improvements, and equipment that have a cost of at least \$5,000 and an estimated useful life of more than one year. Depreciation is calculated on the straight-line basis over the estimated useful lives of the assets, 40 years for buildings, and 5 to 7 years for equipment.

Net Assets

The Bookstore's net assets are classified as follows:

Invested in capital assets. This represents the Bookstore's total investment in capital assets.

Unrestricted net assets. Unrestricted net assets represent resources derived from operations and investing activities.

Classification of Revenues

Operating revenues. Operating revenues include activities that have the characteristics of exchange transactions, such as sales and services of auxiliary enterprises.

Non-operating revenues. Non-operating revenues include activities that have the characteristics of non exchange transactions, such as investment income.

Tax Exemption

As part of WWU, the operations of the Bookstore are exempt from income taxes on sales to students and the WWU community.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Administrative Assessment

WWU allocates certain general and administrative charges to departments for which services are performed. The effects of these transactions are included in these financial statements.

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to confirm to the presentation in the current year financial statements.

NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENT

To maximize investment income, WWU combines funds from all departments into an investment pool. The Bookstore records their percentage of Cash, Cash Equivalents and Investments in the same relation as the WWU investment pool itself. Investment income is allocated to the Bookstore in proportion to its average balance in the investment pool.

Interest Rate and Credit Risk

The WWU investment pool is invested in demand deposits, time certificates of deposit, and the Washington State Local Government Investment Pool ("LGIP").

	2006	Weighted Average Maturity	2005	Weighted Average Maturity
Cash and Cash Equivalents	\$163,699	5.2 months	\$214,512	8.5 months
WWU Investment Pool				
Investments				
WWU Investment Pool	\$601,248	5.2 months	\$1,134,617	8.5 months

WWU manages exposure to fair value losses by employing a "laddered maturity" strategy, in which investments mature at varying times throughout the year. In accordance with WWU's Investment Policy, no investment maturity exceeds five years.

The WWU pooled investment with the LGIP is invested in high-quality, short-term investments. All investments are required to be rated with the highest short-term credit rating of any two Nationally Recognized Statistical Rating Organizations ("NRSROs") at the time of purchase. Investments are restricted to securities that mature in 397 days or less, and the portfolio maintains a weighted average maturity of 90 days or less.

NOTE 3. RECEIVABLES

Receivables at June 30 include:

	2006	2005
Credits due from publishers	\$ 525,701	\$ 384,892
Trade accounts	7,411	15,169
	<u>\$ 533,112</u>	<u>\$ 400,061</u>

NOTE 4. REVENUE SHARING AGREEMENT

The Bookstore's annual appropriation for distribution to ASWWU is based on ASWWU'S budgeted needs. This appropriation may not exceed 5% of the Bookstore's budgeted annual sales. The appropriation must be approved by the ASWWU Board of Directors. The appropriations for the years ended June 30, 2006 and 2005 were \$150,000 and \$155,000, respectively. These amounts are paid subsequent to the appropriate year end.

Beginning in 2003, the Bookstore agreed to make an annual appropriation for distribution to the WWU Athletics Department. The appropriation is based on 5% of clothing and hat sales after discounts. The appropriation for the years ended June 30, 2006 and 2005, was \$29,576 and \$29,983, respectively, and was paid subsequent to year end.

NOTE 5. RENTAL AGREEMENT

The Bookstore has an agreement with the United States Post Office to rent a portion of the Viking Union for \$15,500 per year.

NOTE 6. BUILDINGS, IMPROVEMENTS, AND EQUIPMENT

	<u>June 30, 2005</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2006</u>
Building improvements	\$ 1,867,033	\$ -	\$ -	\$ 1,867,033
Furniture, fixtures and equipment	344,084	333,869	(17,681)	660,272
	<u>2,211,117</u>	<u>333,869</u>	<u>(17,681)</u>	<u>2,527,305</u>
Less accumulated depreciation	(506,151)	(131,930)	17,681	(620,400)
Building Improvements and Equipment, net	<u>\$ 1,704,966</u>	<u>\$ 201,939</u>	<u>\$ -</u>	<u>\$ 1,906,905</u>

	<u>June 30, 2004</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2005</u>
Building improvements	\$ 1,867,033	\$ -	\$ -	\$ 1,867,033
Furniture, fixtures and equipment	344,084	-	-	344,084
	<u>2,211,117</u>	<u>-</u>	<u>-</u>	<u>2,211,117</u>
Less accumulated depreciation	(441,509)	(64,642)	-	(506,151)
Building Improvements and Equipment, net	<u>\$ 1,769,608</u>	<u>\$ (64,642)</u>	<u>\$ -</u>	<u>\$ 1,704,966</u>

NOTE 7. PENSION PLAN

Bookstore employees in eligible positions are participants in the State of Washington Public Employees' Retirement System ("PERS") and the Western Washington University Retirement Plan ("WWURP"). PERS is a defined benefit pension plan. The University contributes to PERS, a cost sharing multiple-employer defined benefit pension plan administered by the State of Washington Retirement System.

PERS I provides retirement and disability benefits, and minimum benefit increases beginning at age 66 to eligible non-academic plan members hired prior to October 1, 1977. PERS II and III provide retirement and disability benefits, and a cost-of-living allowance to non-academic plan members hired on or after October 1, 1977. In addition, PERS III has a defined contribution component, which is fully funded by employee contributions. PERS defined benefit plan benefits are vested after an employee completes five years of service.

The Washington State Legislature establishes or amends benefit provisions for PERS. Additional information concerning plan descriptions and benefit provisions is included in a Comprehensive Annual Financial Report publicly available from the Washington State Department of Retirement System, P.O. Box 48380, Olympia, WA 98504.

Western Washington University Retirement Plan (WWURP) is a defined contribution pension plan with a supplemental payment, when required. The plan covers faculty, professional staff, and certain other employees. It is administered by the University. The University's Board of Trustees is authorized to establish and amend benefit provision.

Contributions to the plan are invested in annuity contracts or mutual fund accounts offered by one or more fund sponsors. Benefits from fund sponsors are available upon separation or retirement at the member's option. Employees have a 100% vested interest in their contributions at all times.

The supplemental payment plan determines a minimum retirement benefit goal based upon a one-time calculation at each employee's retirement date. The Bookstore makes direct payments to qualified retirees when the retirement benefit provided by the fund sponsor does not meet the benefit goal.

Employee contribution rates, which are based on age, range from 5% to 10% of salary. The University matches the contributions. All required employer and employee contributions have been made.

The Associated Students' Bookstore contributed approximately \$16,509 and \$10,910 to these plans in 2006 and 2005, respectively. Actuarial valuations of the plans for the Bookstore as a stand-alone entity are not available.

SUPPLEMENTAL INFORMATION

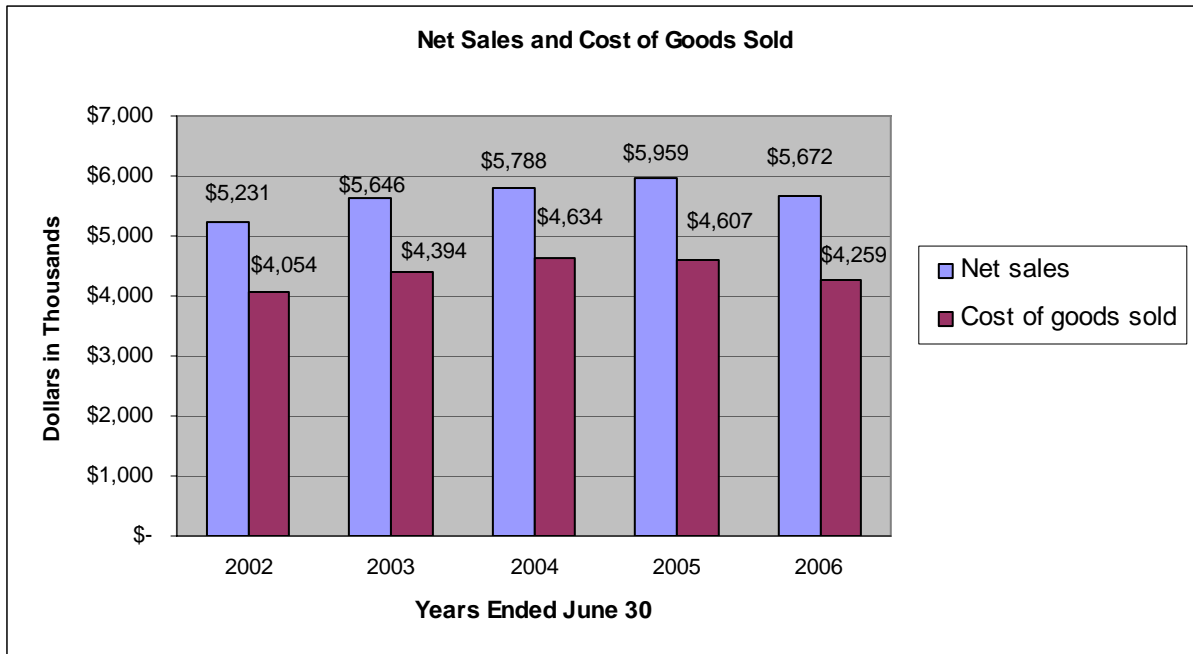
FIVE-YEAR CONDENSED VIEW OF STATEMENT OF NET ASSETS
 Years ended June, 30, 2006, 2005, 2004, 2003, and 2002

Assets	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Current assets	\$2,414,842	\$2,657,230	\$2,487,343	\$2,548,083	\$ 2,604,172
Non-current assets	<u>1,906,905</u>	<u>1,704,966</u>	<u>1,769,608</u>	<u>1,837,011</u>	<u>1,904,736</u>
Total assets	<u>4,321,747</u>	<u>4,362,196</u>	<u>4,256,951</u>	<u>4,385,094</u>	<u>4,508,908</u>
 Liabilities					
Accounts payable and accruals	338,701	217,668	189,150	186,405	295,542
Due to other WWU departments	<u>179,576</u>	<u>179,983</u>	<u>172,308</u>	<u>172,475</u>	<u>145,050</u>
 Total Net Assets	 <u><u>\$3,803,470</u></u>	 <u><u>\$3,964,545</u></u>	 <u><u>\$3,895,493</u></u>	 <u><u>\$4,026,214</u></u>	 <u><u>\$ 4,068,316</u></u>
Current ratio (current assets/current liabilities)	4.66	6.68	6.88	7.10	5.91
Return on assets (increase in net assets before transfers and distributions/average total assets)	0.43%	2.41%	0.96%	4.33%	2.71%

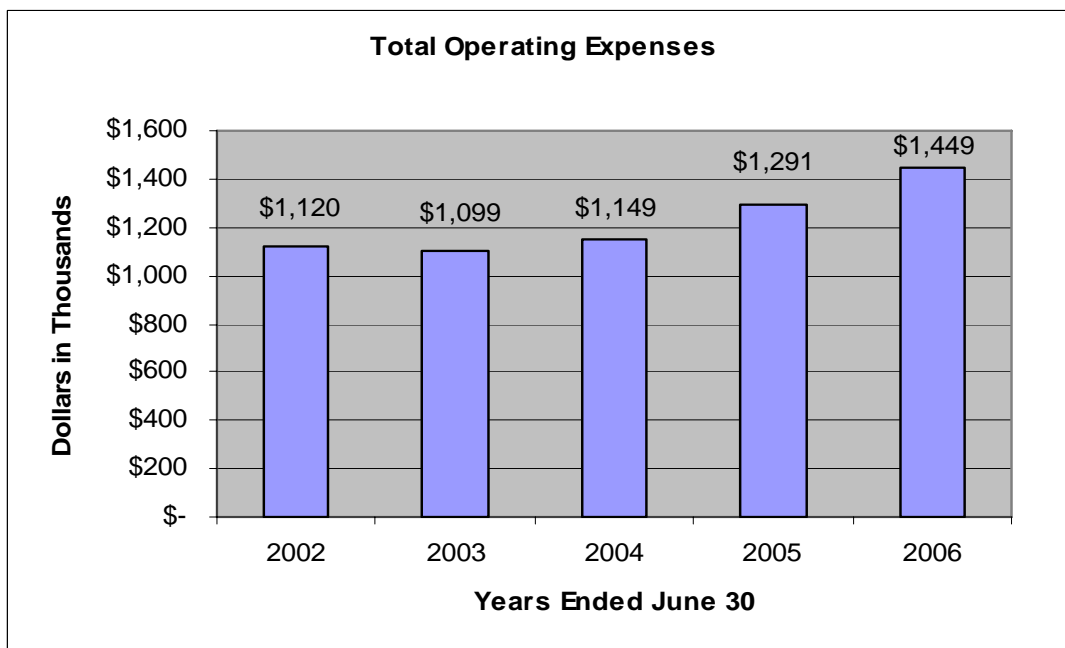
FIVE-YEAR REVENUE AND EXPENSE SUMMARY
 Years ended June, 30, 2006, 2005, 2004, 2003, and 2002

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Net sales	\$ 5,671,878	\$ 5,958,880	\$ 5,788,077	\$ 5,646,452	\$ 5,230,529
Cost of goods sold	<u>4,259,258</u>	<u>4,607,315</u>	<u>4,634,480</u>	<u>4,394,367</u>	<u>4,054,414</u>
Gross profit	1,412,620	1,351,565	1,153,597	1,252,085	1,176,115
Operating expenses					
Salaries and benefits	993,815	881,227	762,913	752,126	784,508
General and administrative expense	194,634	198,566	180,593	149,585	139,189
Facilities expense	51,171	53,560	55,835	55,613	67,658
Depreciation	131,930	64,642	67,403	67,725	64,714
Bank card expense	77,463	93,176	81,831	73,653	63,847
	<u>1,449,013</u>	<u>1,291,171</u>	<u>1,148,575</u>	<u>1,098,702</u>	<u>1,119,916</u>
(Loss) income from operations	(36,393)	60,394	5,022	153,383	56,199
Nonoperating revenues (expenses)					
Investment income	39,394	28,141	21,065	23,599	63,808
Rental income	15,500	15,500	15,500	15,500	15,500
Distribution to Associated Students of WWU	(150,000)	(155,000)	(145,000)	(145,050)	(145,050)
Distribution to WWU Athletics Department	(29,576)	(29,983)	(27,308)	(27,425)	-
Relocation reimbursement (costs)	-	-	-	-	9,543
	<u>(124,682)</u>	<u>(141,342)</u>	<u>(135,743)</u>	<u>(133,376)</u>	<u>(56,199)</u>
Increase in net assets before contributions	<u>\$ (161,075)</u>	<u>\$ (80,948)</u>	<u>\$ (130,721)</u>	<u>\$ 20,007</u>	<u>\$ -</u>
Gross profit percentage	24.91%	22.68%	19.93%	22.17%	22.49%

FIVE-YEAR NET SALES AND COST OF GOODS SOLD



FIVE-YEAR TOTAL OPERATING EXPENSES



FIVE-YEAR INCOME FROM OPERATIONS AND GROSS PROFIT AS A PERCENTAGE OF SALES

