

# CSU Fullerton Auxiliary Services Corporation

Financial Statements and Supplemental Information

Years Ended June 30, 2020 and 2019



# CSU FULLERTON AUXILIARY SERVICES CORPORATION

## Financial Statements and Supplemental Information

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
CSU Fullerton Auxiliary Services Corporation

### Report on the Financial Statements

We have audited the accompanying financial statements of CSU Fullerton Auxiliary Services Corporation (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CSU Fullerton Auxiliary Services Corporation as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

### Report on Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information included on pages 31 – 49 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.

## INDEPENDENT AUDITORS' REPORT, CONTINUED

### **Change in Accounting Principles**

As described in Note 2 to the financial statements, the CSU Fullerton Auxiliary Services Corporation has adopted ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 958) and ASU 2017-07, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost* (Topic 715). Our opinion is not modified with respect to those matters.

### **Emphasis of Matter**

As described in Note 11 to the financial statements, on March 11, 2020 the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The ultimate financial impact and duration of these events cannot be reasonably estimated at this time. Our opinion is not modified with respect to that matter.

*Aldrich CPAs + Advisors LLP*

San Diego, California  
September 24, 2020

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**

Statements of Financial Position

June 30, 2020 and 2019

<b>Assets</b>	<b>2020</b>	<b>2019</b>
Current Assets:		
Cash and cash equivalents	\$ 17,616,369	10,132,125
Investments	7,876,387	1,984,608
Accounts receivable:		
Sponsored programs	3,225,744	3,484,810
Other receivables	1,906,653	3,247,498
Less allowance for doubtful accounts	(31,540)	(29,740)
Total Accounts Receivable, net	<u>5,100,857</u>	<u>6,702,568</u>
Inventories	3,612,954	2,859,210
Capital lease receivable, current portion	1,836,146	1,105,000
Other current assets	<u>364,907</u>	<u>461,439</u>
Total Current Assets	<u>36,407,620</u>	<u>23,244,950</u>
Property and Equipment:		
Land	19,990,205	19,990,205
Building and improvements	30,992,873	30,992,873
Equipment, furniture, and fixtures	3,977,663	3,567,488
Work in progress	52,821	11,944,682
Leasehold improvements	<u>33,772,911</u>	<u>19,705,659</u>
	88,786,473	86,200,907
Less accumulated depreciation and amortization	<u>(17,078,211)</u>	<u>(14,282,435)</u>
Total Property and Equipment, net	<u>71,708,262</u>	<u>71,918,472</u>
Other Assets:		
Capital lease receivable, net of current	21,298,078	18,970,000
Annuity and life estate investments	<u>276,829</u>	<u>311,434</u>
Total Other Assets	<u>21,574,907</u>	<u>19,281,434</u>
Total Assets	<u>\$ 129,690,789</u>	<u>114,444,856</u>

See accompanying independent auditors' report and notes to the financial statements.

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**

Statements of Financial Position

June 30, 2020 and 2019

<b>Liabilities and Net Assets</b>	<b>2020</b>	<b>2019</b>
Current Liabilities:		
Accounts payable	\$ 3,226,244	1,632,292
Accrued expenses	13,030,471	3,138,787
Accrued interest payable	380,758	417,660
Receipts in excess of expenditures on sponsored programs	3,452,757	3,075,587
Deposits held in custody for others	3,262,218	3,023,816
Unearned income, current portion	766,146	—
Notes payable, current portion	2,238,220	2,214,968
Post retirement benefit, current portion	164,021	100,690
Unitrust liabilities, current portion	8,191	15,736
Total Current Liabilities	<u>26,529,026</u>	<u>13,619,536</u>
Noncurrent Liabilities:		
Unearned income, net of current	4,958,078	—
Notes payable, net of current	58,774,316	63,409,880
Allowance for grant payments received	760,024	803,238
Post retirement benefit, net of current	1,259,520	—
Unitrust liabilities, net of current portion	223,787	243,116
Total Noncurrent Liabilities	<u>65,975,725</u>	<u>64,456,234</u>
Total Liabilities	<u>92,504,751</u>	<u>78,075,770</u>
Net Assets:		
Without donor restrictions:		
Designated	6,259,708	6,119,421
Undesignated	30,863,043	30,197,083
Net assets, without donor restrictions	37,122,751	36,316,504
Net assets, with donor restrictions	63,287	52,582
Total Net Assets	<u>37,186,038</u>	<u>36,369,086</u>
Total Liabilities and Net Assets	<u>\$ 129,690,789</u>	<u>114,444,856</u>

See accompanying independent auditors' report and notes to the financial statements.

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**

Statement of Activities  
Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Revenues, Gains, and Other Support:			
Enterprise activities:			
Sales	\$ 15,025,858	—	15,025,858
Commissions, fees, other	1,203,994	—	1,203,994
Total Enterprise Activities	<u>16,229,852</u>	<u>—</u>	<u>16,229,852</u>
Program activities:			
Sponsored programs	26,332,697	18,436	26,351,133
University support programs	5,974,673	—	5,974,673
University extended education programs	1,261,810	—	1,261,810
Total Program Activities	<u>33,569,180</u>	<u>18,436</u>	<u>33,587,616</u>
General supporting activities:			
Rental property	11,062,250	—	11,062,250
Investment income	159,452	19,599	179,051
Administrative fees and other revenue	1,663,846	8,806	1,672,652
Net unrealized and realized losses	(7,702)	(36,136)	(43,838)
Total General Supporting Activities	<u>12,877,846</u>	<u>(7,731)</u>	<u>12,870,115</u>
Total Revenues and Support	<u>62,676,878</u>	<u>10,705</u>	<u>62,687,583</u>
Net Assets Released from Restrictions	—	—	—
Total Revenues, Gains, and Other Support	<u>62,676,878</u>	<u>10,705</u>	<u>62,687,583</u>
Expenses and Other Changes:			
Enterprise activities:			
Titan shops	11,656,495	—	11,656,495
Dining services	5,272,452	—	5,272,452
Total Enterprise Activities	<u>16,928,947</u>	<u>—</u>	<u>16,928,947</u>
Program activities:			
Sponsored programs	26,148,370	—	26,148,370
University support programs	5,063,824	—	5,063,824
University extended education programs	1,411,016	—	1,411,016
Total Program Activities	<u>32,623,210</u>	<u>—</u>	<u>32,623,210</u>
General supporting activities:			
Rental property	7,809,254	—	7,809,254
Management and general	3,470,561	—	3,470,561
Total General Supporting Activities	<u>11,279,815</u>	<u>—</u>	<u>11,279,815</u>
Total Operating Expenses	<u>60,831,972</u>	<u>—</u>	<u>60,831,972</u>
Increase in Net Assets from Operating Activities	1,844,906	10,705	1,855,611
Non-Operating Activities:			
Postretirement related changes other than service cost	(1,038,659)	—	(1,038,659)
Total Non-Operating Activities	<u>(1,038,659)</u>	<u>—</u>	<u>(1,038,659)</u>
Change in Net Assets	806,247	10,705	816,952
Net Assets at Beginning of Year	36,316,504	52,582	36,369,086
Net Assets at End of Year	\$ <u>37,122,751</u>	<u>63,287</u>	<u>37,186,038</u>

See accompanying independent auditors' report and notes to the financial statements.

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**

Statement of Activities  
Year Ended June 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, Gains, and Other Support:			
Enterprise activities:			
Sales	\$ 19,349,994	—	19,349,994
Commissions, fees, other	1,635,558	—	1,635,558
Total Enterprise Activities	<u>20,985,552</u>	<u>—</u>	<u>20,985,552</u>
Program activities:			
Sponsored programs	26,662,348	—	26,662,348
University support programs	5,656,463	—	5,656,463
University extended education programs	1,610,517	—	1,610,517
Total Program Activities	<u>33,929,328</u>	<u>—</u>	<u>33,929,328</u>
General supporting activities:			
Rental property	10,555,790	—	10,555,790
Investment income	121,239	18,978	140,217
Administrative fees and other revenue	1,692,573	—	1,692,573
Net unrealized and realized gains (losses)	(174,400)	246	(174,154)
Total General Supporting Activities	<u>12,195,202</u>	<u>19,224</u>	<u>12,214,426</u>
Total Revenues and Support	<u>67,110,082</u>	<u>19,224</u>	<u>67,129,306</u>
Net Assets Released from Restrictions	21,819	(21,819)	—
Total Revenues, Gains, and Other Support	<u>67,131,901</u>	<u>(2,595)</u>	<u>67,129,306</u>
Expenses and Other Changes:			
Enterprise activities:			
Titan shops	14,303,818	—	14,303,818
Dining services	6,856,330	—	6,856,330
Total Enterprise Activities	<u>21,160,148</u>	<u>—</u>	<u>21,160,148</u>
Program activities:			
Sponsored programs	26,662,348	—	26,662,348
University support programs	5,261,047	—	5,261,047
University extended education programs	2,065,931	—	2,065,931
Total Program Activities	<u>33,989,326</u>	<u>—</u>	<u>33,989,326</u>
General supporting activities:			
Rental property expense	8,625,467	—	8,625,467
Management and general	4,102,652	—	4,102,652
Total General Supporting Activities	<u>12,728,119</u>	<u>—</u>	<u>12,728,119</u>
Total Operating Expense	<u>67,877,593</u>	<u>—</u>	<u>67,877,593</u>
Decrease in Net Assets From Operating Activities	(745,692)	(2,595)	(748,287)
Non-Operating Activities:			
Postretirement related changes other than service cost	1,943,683	—	1,943,683
Total Non-Operating Activities	<u>1,943,683</u>	<u>—</u>	<u>1,943,683</u>
Change in Net Assets	1,197,991	(2,595)	1,195,396
Net Assets at Beginning of Year	35,118,513	55,177	35,173,690
Net Assets at End of Year	\$ <u>36,316,504</u>	<u>52,582</u>	<u>36,369,086</u>

See accompanying independent auditors' report and notes to the financial statements.



**CSU FULLERTON AUXILIARY SERVICES CORPORATION**

Statement of Functional Expenses

Year Ended June 30, 2020

	Enterprise and Program Activities				General Supporting Activities		Total 2020
	Enterprise Activities	Sponsored Programs	University Support Programs	University Extended Education	Rental Property	Management and General	
Cost of goods sold	\$ 9,464,792	—	—	—	—	—	9,464,792
Payroll expense:							
Salaries and wages	3,461,470	11,624,280	2,241,362	419,375	203,707	2,061,735	20,011,929
Benefits	645,167	2,362,830	423,933	83,344	68,136	764,555	4,347,965
Total payroll expenses	4,106,637	13,987,110	2,665,295	502,719	271,843	2,826,290	24,359,894
Advertising and promotion	72,191	8,587	47,513	10,802	—	—	139,093
Audit and legal	—	—	1,360	11,331	19,818	66,322	98,831
Bank and discount charges	388,961	—	25,527	12,265	45,948	8,448	481,149
Commission and royalty	329,414	—	3,101	—	—	—	332,515
Communications	151,933	84,969	23,213	9,061	13,290	27,337	309,803
Conference and travel	7,594	717,552	197,023	75,387	2,452	10,111	1,010,119
Debt service and interest exp.	—	—	—	—	1,198,464	—	1,198,464
Departmental allocation	—	2,575,829	335,902	—	—	—	2,911,731
Depreciation and amortization	565,074	—	—	—	2,212,028	18,675	2,795,777
Donations and scholarships	24,872	518,499	201,328	1,000	—	57,149	802,848
Employee development	54,110	32,475	39,565	2,961	—	177,729	306,840
Equipment rental and expense	42,144	211,860	122,981	137,783	7,275	10,175	532,218
Insurance	61,957	1,500	10,321	74,602	267,139	28,973	444,492
Other direct costs	286,669	1,603,375	582,381	81,574	981,864	25,458	3,561,321
Professional services	222,895	4,195,133	122,212	130,007	461,049	65,694	5,196,990
Public relations	516	53,667	225,434	19,153	—	4,710	303,480
Rentals	109,804	4,420	254,227	209,799	—	—	578,250
Repairs and maintenance	420,063	255	86,611	73,144	1,338,337	120,780	2,039,190
Stipends and honorariums	—	2,090,542	1,750	—	—	—	2,092,292
Supplies	329,872	62,597	72,443	48,384	46,001	18,619	577,916
Taxes and licenses	12,082	—	—	222	77,115	3,787	93,206
Utilities	277,367	—	45,637	10,822	866,631	304	1,200,761
Total operating expenses	\$ 16,928,947	26,148,370	5,063,824	1,411,016	7,809,254	3,470,561	60,831,972

See accompanying independent auditors' report and notes to the financial statements.

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**

Statement of Functional Expenses

Year Ended June 30, 2019

	Enterprise and Program Activities				General Supporting Activities		Total 2019
	Enterprise Activities	Sponsored Programs	University Support Programs	University Extended Education	Rental Property	Management and General	
Cost of goods sold	\$ 12,091,721	—	—	—	—	—	12,091,721
Payroll expense:							
Salaries and wages	4,360,941	10,699,938	2,043,820	693,472	226,564	2,509,494	20,534,229
Benefits	825,573	2,158,661	371,941	296,501	87,296	910,878	4,650,850
Total payroll expenses	5,186,514	12,858,599	2,415,761	989,973	313,860	3,420,372	25,185,079
Advertising and promotion	135,804	1,315	49,786	7,247	—	—	194,152
Audit and legal	—	—	—	7,907	26,813	85,391	120,111
Bank and discount charges	548,304	—	24,006	13,378	45,701	10,786	642,175
Commission and royalty	411,205	—	4,201	—	—	—	415,406
Communications	109,195	124,311	30,382	17,006	7,939	26,698	315,531
Conference and travel	8,959	878,866	188,371	122,530	3,790	28,884	1,231,400
Debt service and interest exp.	—	—	—	—	2,279,119	—	2,279,119
Departmental allocation	—	2,741,451	2,844	—	—	—	2,744,295
Depreciation and amortization	495,542	—	—	—	1,781,835	23,913	2,301,290
Donations and scholarships	63,153	977,315	418,783	1,000	—	40,301	1,500,552
Employee development	95,249	56,713	12,221	9,710	—	181,423	355,316
Equipment rental and expense	60,701	295,906	183,183	31,658	5,544	14,675	591,667
Insurance	54,930	2,084	10,828	32,487	237,026	28,174	365,529
Other direct costs	167,578	1,953,863	743,789	326,307	1,169,037	45,608	4,406,182
Professional services	293,060	4,451,889	196,810	329,188	332,279	65,617	5,668,843
Public relations	10,225	102,901	503,120	27,351	—	25,127	668,724
Rentals	185,134	5,865	104,656	616	—	—	296,271
Repairs and maintenance	439,897	360	121,339	111,805	1,391,135	80,736	2,145,272
Stipends and honorariums	—	2,126,250	24,160	—	—	—	2,150,410
Supplies	513,244	84,660	160,702	37,768	60,064	21,406	877,844
Taxes and licenses	7,755	—	247	—	79,775	3,541	91,318
Utilities	281,978	—	65,858	—	891,550	—	1,239,386
Total operating expenses	\$ 21,160,148	26,662,348	5,261,047	2,065,931	8,625,467	4,102,652	67,877,593

See accompanying independent auditors' report and notes to the financial statements.

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**

Statements of Cash Flows

Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 816,952	1,195,396
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	2,795,777	2,301,290
Write-off of goodwill	—	241,291
Prepaid rent amortization	(199,864)	—
Bond premium amortization	(649,651)	(251,627)
Realized and unrealized losses on investments	43,838	174,154
Decrease in value of annuity and life estate investments	34,605	(1,850)
Decrease in annuity and unitrust payable	(26,874)	4,445
Changes in assets and liabilities:		
Accounts receivable, net	1,601,711	(1,774,894)
Inventories	(753,744)	(82,670)
Other current assets	96,532	1,232
Accounts payable	1,593,952	(1,260,246)
Post retirement benefit	1,322,851	(1,556,185)
Accrued expenses	9,854,782	(1,170,067)
Receipts in excess of expenditures on specific sponsored programs	377,170	(237,614)
Deposits held in custody for others	238,402	303,469
Allowance for grant payments received	(43,214)	(108,419)
Net Cash Provided (Used in) by Operating Activities	<u>17,103,225</u>	<u>(2,222,295)</u>
Cash Flows from Investing Activities:		
Purchase of property and equipment	(2,585,567)	(2,440,597)
Purchase of investments	(7,290,264)	(205,355)
Sales of investments	1,354,647	8,514,317
Net Cash Provided (Used in) by Investing Activities	<u>(8,521,184)</u>	<u>5,868,365</u>
Cash Flows from Financing Activities:		
Payments on notes and capital lease obligations	(1,670,000)	(1,872,824)
Bond amendment	(1,952,797)	—
Payments received for capital lease receivable	965,000	2,077,880
Capital lease receivable amendment	1,560,000	—
Net Cash Provided (Used in) by Financing Activities	<u>(1,097,797)</u>	<u>205,056</u>
Net Increase in Cash	7,484,244	3,851,126
Cash and Cash Equivalents at Beginning of Year	10,132,125	6,280,999
Cash and Cash Equivalents at End of Year	<u>\$ 17,616,369</u>	<u>10,132,125</u>
Supplemental Disclosures of Cash Flow Information:		
Cash paid during the year for interest	\$ <u>1,198,464</u>	<u>2,279,119</u>
Non-cash reduction of bond payable and affiliated note receivable	\$ <u>—</u>	<u>22,176</u>
Non-cash reduction of lease payable and lease receivable	\$ <u>140,000</u>	<u>135,000</u>

See accompanying independent auditors' report and notes to the financial statements.

# CSU FULLERTON AUXILIARY SERVICES CORPORATION

## Notes to Financial Statements

Years Ended June 30, 2020 and 2019

### (1) Organization

CSU Fullerton Auxiliary Services Corporation (ASC) is a nonprofit California corporation that is an auxiliary organization of California State University, Fullerton (the University). ASC assists the University in various activities, including developing and administering research and educational grants and contracts, managing building operations, enterprise activities, and administering various educationally related functions, university support programs, and other activities.

“Enterprise Activities” represent transactions related to ASC’s ongoing revenue producing, self-supporting activities that are conducted in support of the University’s activities. The enterprise activities consist primarily of the activities of the bookstore and food service operations at the University.

“University Support Programs” represent self-sustaining programs that are conducted in support of the University’s activities. ASC has entered into agreements with the University’s various colleges to carry out the activities of these programs. These programs consist primarily of Centers, Institutes, Conferences, and Workshops at the University. These programs are responsible for providing delivery of noncredit, instructionally-related programs and services provided by ASC.

“University Extended Education Programs” represent activities that are conducted to extend the University’s resources into the community. This includes academic non-credit courses, certificate programs, an English program, a semester abroad program, an international business program, a learning institute for retired and semi-retired persons, and summer classes for children and teens.

“Sponsored Programs” represent transactions where ASC serves as administrator for the University on various grants and contracts awarded by both governmental and private institutions. Support received under grants and contracts is recorded as revenue as it is earned through expenditures in accordance with the agreements. Grants and contracts are subject to review by the grantor.

General supporting activities include administrative activities that support the operations of ASC, as well as “Rental Property” activities, which relate to the lease-financing transactions of the College Park building, Police building, Irvine Location buildings, Titan Hall buildings, and the University Gables, as well as related expenditures.

# CSU FULLERTON AUXILIARY SERVICES CORPORATION

## Notes to Financial Statements

Years Ended June 30, 2020 and 2019

### (2) Summary of Significant Accounting Policies

A summary of ASC's significant accounting policies applied in the preparation of the accompanying financial statements follows:

#### (a) *New Accounting Pronouncements*

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU clarifies and improves guidance for contributions received and contributions made, and provides guidance to organizations on how to account for certain exchange transactions. This change is preferable in that it clarifies whether to account for transactions as contributions or as exchange transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities.

The change in accounting principle was adopted on a modified prospective basis in 2020. As a result, there was no cumulative-effect adjustment to opening net assets without donor restrictions or opening net assets with donor restrictions as of July 1, 2019. In comparison to the year ended June 30, 2019, the effect of adopting the new accounting principle was to recognize revenue on unconditional contributions in the amount of \$202,764.

In March 2017, the FASB issued ASU 2017-07, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost (Topic 715)*. This standard update was issued primarily to improve the presentation of net periodic pension cost and net periodic postretirement benefit cost. This update requires that an employer report the service cost component in the same line item or items as other compensation costs arising from services rendered by the pertinent employees during the period. The other components of net benefit cost are required to be presented in the statement of activities separately from the service cost component and outside a subtotal of change in net assets from operating activities.

Management has analyzed the provisions of the Topic 715 and has adjusted the presentation for the years ended June 30, 2020 and 2019 to present service cost related to the postretirement plan as a portion of the benefits expense and all other components as postretirement related changes other than service cost, as shown in the statements of activities.

# CSU FULLERTON AUXILIARY SERVICES CORPORATION

Notes to Financial Statements

Years Ended June 30, 2020 and 2019

## (2) Summary of Significant Accounting Policies (continued)

### (b) *Basis of Presentation*

ASC reports information regarding its financial position and activities according to the two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

#### **Net Assets without donor restrictions**

Net assets without donor restrictions include all net assets that are not subject to donor-imposed restrictions and can be expended for any purpose in performing the primary objective and function of ASC. These net assets may be used at the discretion of ASC's management and the Board of Directors. A description of each classification follows:

#### **Undesignated**

Undesignated net assets contain those transactions not included in other classifications. This classification includes activity from administrative functions as well as sponsored programs' activity. Sponsored programs' activity includes research and educational grants and contracts from government and private institutions.

#### **Designated**

Designated net assets are assets that ASC's Board of Directors has set aside for specific purposes.

#### **Net Assets with donor restrictions**

Net assets with donor restrictions are net assets whose use is limited by either donor-imposed time restrictions or purpose restrictions. Time restrictions require resources to be used in a certain period or after a specified date. Purpose restrictions require resources to be used for a specific purpose. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. ASC did not have any donor restrictions that were perpetual in nature for the years ended June 30, 2020 and 2019.

ASC reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

# CSU FULLERTON AUXILIARY SERVICES CORPORATION

## Notes to Financial Statements

Years Ended June 30, 2020 and 2019

### (2) Summary of Significant Accounting Policies (continued)

#### (c) *Estimates*

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

#### (d) *Cash and Cash Equivalents*

Cash and cash equivalents consist primarily of investments in fixed income securities, and deposits at financial institutions. ASC considers all highly liquid investments, with an original maturity of six months or less when purchased, to be cash equivalents. Included in the cash balance are amounts that are designated for the University Gables home owners association in the amount of \$563,316 and \$737,189 for the years ended June 30, 2020 and 2019, respectively.

#### (e) *Concentration of Credit*

ASC maintains its cash accounts with several major commercial banks and financial institutions and is exposed to credit risk for amounts exceeding amounts insured by the Federal Deposit Insurance Corporation (FDIC) and the Securities Investor Protection Corporation (SIPC). ASC has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk for cash and cash equivalents.

#### (f) *Investments*

ASC accounts for investments in equity securities with readily determinable fair values, investments in the State Treasurer's Local Agency Investment Fund (LAIF), investments in debt securities, and investments in real estate at fair value, with gains and losses included in the statements of activities. Gains and losses on investments are reported in the statements of activities as increases or decreases in net assets without donor restrictions, unless their use is restricted by donor-imposed stipulations.

#### (g) *Receivables*

Receivables of reimbursements for grants and contract expenditures according to contractual agreements are included in accounts receivable. In addition, there are other receivables for enterprise activities and University Support Programs for various sales and services. Accounts receivables are stated at the amount management expects to collect from outstanding balances.

# CSU FULLERTON AUXILIARY SERVICES CORPORATION

## Notes to Financial Statements

Years Ended June 30, 2020 and 2019

### (2) Summary of Significant Accounting Policies (continued)

#### (g) *Receivables, continued*

Management provides for probable uncollectible amounts through a provision for bad debt expense and adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and credit to accounts receivable.

#### (h) *Inventories*

Inventories consist of books, computers, supplies, clothing and food. ASC accounts for inventories using the average cost method of accounting, at the lower of cost and net realizable value.

#### (i) *Property and Equipment*

Property and equipment are stated at cost or, if donated, at their estimated fair market value at the date of donation. Betterments that materially prolong the life of assets are capitalized. Repairs and maintenance that do not prolong the life of assets are expensed in the appropriate period. Depreciation and amortization are calculated on the straight-line method and are based upon the estimated useful lives of the assets, which range from seven to thirty years. Leasehold improvements are amortized using the straight-line method over their estimated useful lives or the term of the lease, whichever is shorter.

#### (j) *Annuity and Life Estate Investments*

The annuity and life estate investments accounts include gifts made to ASC for which donor-imposed restrictions have not been met. These gifts are typically in the form of charitable remainder trusts or charitable annuities received by ASC. The assets are recorded at fair value, with both a corresponding liability representing the amounts due to the annuitant and net assets representing the remainder interest that will ultimately revert to ASC.

#### (k) *Deposits Held in Custody of Others*

Funds held by ASC on behalf of University-affiliated ancillary organizations are recorded within the statements of financial position as deposits held in custody for others. ASC is acting as an agent for the transactions of these units, and the revenue and expense activity of the organizations is not recorded.



# CSU FULLERTON AUXILIARY SERVICES CORPORATION

## Notes to Financial Statements

Years Ended June 30, 2020 and 2019

### (2) Summary of Significant Accounting Policies (continued)

#### (l) *Allowance for Grant Payments Received*

Revenues from grants are received primarily on a reimbursement basis. Reports submitted for reimbursement are paid by various granting agencies that typically have a process of reviewing reimbursements paid. Upon review, funds deemed to be disallowed by the grantor may be required to be repaid by ASC. ASC has accrued a liability to allow for such repayments of grant receipts.

#### (m) *Sponsored Program Revenue*

ASC serves as administrator for the University on various grants and contracts awarded by both governmental and private institutions. Support received under grants and contracts is recorded as revenue based on the terms and conditions of the individual award agreement. Grants and contracts are subject to review by the grantor.

#### (n) *Fair Value of Financial Instruments*

ASC's financial instruments include, cash and cash equivalents, receivables, accounts payable, and notes payable. ASC estimates that the fair value of all of these non-derivative financial instruments at June 30, 2020 and 2019 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statements of financial position.

#### (o) *Income Taxes*

ASC is exempt from federal income and California franchise taxes under Sections 501(c)(3) of the Internal Revenue Code and 23701(d) of the California Revenue and Taxation Code, respectively. No income tax provision has been recorded as the net income, if any, from unrelated trade or business, in the opinion of management, is not material to the financial statements taken as a whole.

ASC follows accounting standards generally accepted in the United States of America related to the recognition of uncertain tax positions. ASC recognizes accrued interest and penalties associated with uncertain tax positions as part of the income tax provision, when applicable. There were no amounts accrued in the financial statements related to uncertain tax positions.

#### (p) *Functional Expense Allocations*

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, interest, and office and occupancy, which are allocated on a square-footage basis, as well as salaries and benefits, which are charged directly to the program or supporting service based on where the employee is assigned.

## CSU FULLERTON AUXILIARY SERVICES CORPORATION

### Notes to Financial Statements

Years Ended June 30, 2020 and 2019

#### (2) Summary of Significant Accounting Policies (continued)

##### (q) Subsequent Events

ASC has evaluated events and transactions for potential recognition or disclosure through September 24, 2020, which represents the date the financial statements were available to be issued.

#### (3) Liquidity and Availability

The following reflects ASC's financial assets as of June 30, 2020, less amounts not available for general use due to contractual or donor-imposed restrictions and certain board-designated assets.

	2020	2019
Current financial assets at year end:		
Cash and cash equivalents	\$ 17,616,369	10,132,125
Investments	7,876,387	1,984,608
Accounts receivable, net	5,100,857	6,702,568
Total financial assets	30,593,613	18,819,301
Less amounts not available for general use:		
Board-designated funds	(6,259,708)	(6,119,421)
Donor-restricted funds	(63,287)	(52,582)
Total amounts unavailable for general use	(6,322,995)	(6,172,003)
Financial assets available to meet cash needs for general expenditures within one year	\$ 24,270,618	12,647,298

Amounts not available include those set aside for long-term investing that could be drawn upon if the governing board approves such action. In addition, as part of its liquidity management policy, ASC typically invests cash in excess of daily requirements in various short-term investments, including certificate of deposits and short-term treasury instruments. At June 30, 2020, ASC had liquidated \$1.3 million of the investments they had held at June 30, 2019 due to anticipated market fluctuations.

# CSU FULLERTON AUXILIARY SERVICES CORPORATION

## Notes to Financial Statements

Years Ended June 30, 2020 and 2019

### (4) Investments and Fair Value Measurement

Generally accepted accounting principles establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values.

The fair value hierarchy is as follows:

**Level 1:** Quoted prices (unadjusted) in active markets for identical assets and liabilities.

**Level 2:** Other observable inputs other than quoted prices included within Level 1 that are observable for the investment, either directly or indirectly.

**Level 3:** Inputs that are unobservable inputs for the investment and are based on the ASC's assumptions.

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.

As a practical expedient, certain financial instruments may be valued using net asset value (NAV) per share. NAV is the amount of net assets attributable to each share of outstanding capital stock at the end of the period. The following table sets forth by level, within the fair value hierarchy, ASC's financial instruments at fair value:

	Assets at Fair Value as of June 30, 2020				
	Level 1	Level 2	Level 3	NAV	Total
Investments:					
Local Agency Investment Fund \$	—	—	—	7,876,387	7,876,387
Total Investments	—	—	—	7,876,387	7,876,387
Annuity and Life Estate					
Investments	276,829	—	—	—	276,829
	<u>\$ 276,829</u>	—	—	<u>7,876,387</u>	<u>8,153,216</u>

## CSU FULLERTON AUXILIARY SERVICES CORPORATION

### Notes to Financial Statements

Years Ended June 30, 2020 and 2019

#### (4) Investments and Fair Value Measurement (continued)

	Assets at Fair Value as of June 30, 2019				Total
	Level 1	Level 2	Level 3	NAV	
Investments:					
Cash and Money Market Funds \$	536,501	—	—	—	536,501
Local Agency Investment Fund	—	—	—	618,798	618,798
Equity securities:					
Small value	120,679	—	—	—	120,679
Large value	108,489	—	—	—	108,489
Large growth	77,604	—	—	—	77,604
Mid value	71,253	—	—	—	71,253
Other	34,294	—	—	—	34,294
Consumer	32,704	—	—	—	32,704
Large core	20,386	—	—	—	20,386
Small core	18,150	—	—	—	18,150
Mid core	9,431	—	—	—	9,431
Total Equity Securities	492,990	—	—	—	492,990
Mutual funds:					
Fixed income	103,250	—	—	—	103,250
Other	46,587	—	—	—	46,587
Large blend	39,997	—	—	—	39,997
Large growth	29,043	—	—	—	29,043
Foreign small/mid growth	21,816	—	—	—	21,816
Foreign large blend	20,245	—	—	—	20,245
Small blend	10,959	—	—	—	10,959
Mid-cap blend	10,684	—	—	—	10,684
Total Mutual Funds	282,581	—	—	—	282,581
Corporate debt securities	53,738	—	—	—	53,738
Total Investments	1,365,810	—	—	618,798	1,984,608
Annuity and Life Estate Investments	311,434	—	—	—	311,434
	<u>\$ 1,677,244</u>	<u>—</u>	<u>—</u>	<u>618,798</u>	<u>2,296,042</u>

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**

Notes to Financial Statements

Years Ended June 30, 2020 and 2019

**(4) Investments and Fair Value Measurement (continued)**

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2020 and 2019.

Cash and Money Market Funds – Includes cash and money market funds valued at cost plus accrued interest.

Local Agency Investment Fund - Valued using net asset value per share.

Equity Securities – Valued at quoted market prices in active markets.

Mutual Funds – Valued at quoted market prices in active markets which approximates fair value.

Corporate Debt Securities – Debt securities are valued based on market prices in active markets.

Annuity and Life Estate Investments – Investments consist of cash, mutual funds and corporate debt securities. Cash is valued at cost, mutual funds are valued at quoted market prices in active markets, which approximates fair values, and debt securities are values based on market prices in active markets.

Commitments and redemption schedules for those investments valued based on net assets values are as follows:

Description	Assets at Fair Value as of June 30, 2020			
	Fair value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Local Agency Investment Fund	\$ 7,876,387	—	n/a	n/a

Description	Assets at Fair Value as of June 30, 2019			
	Fair value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Local Agency Investment Fund	\$ 618,798	—	n/a	n/a

# CSU FULLERTON AUXILIARY SERVICES CORPORATION

## Notes to Financial Statements

Years Ended June 30, 2020 and 2019

### **(5) Notes Payable, Capital Lease Payable, and Capital Lease Receivable**

- (a) The ASC issued Auxiliary Organization Revenue Bonds, \$18,990,000 Series 2000A and \$9,275,000 Series B remarketed bonds to provide conduit financing for the acquisition of a ten-story office building adjacent to the University (College Park). During March 2010, ASC entered into a loan agreement with the State of California, acting through the Board of Trustees of the California State University, to refund and defease the 2000A and 2000B bond. The Board assisted ASC by issuing its System Revenue Bonds Series 2010A (SRB 2010A) and depositing \$23,628,147 into an irrevocable escrow account to redeem the 2000A and 2000B series bonds maturing in 2030. Bonds 2000A and 2000B are considered defeased and are not recorded on the financial statements.

During the fiscal year 2019-2020, SRB 2010A loan amount of \$22,040,000 was amended and the Board of Trustees of the California State University refunded the outstanding balance of \$14,450,000 and defease the 2010A bond. The Board assisted ASC by issuing its System Revenue Bonds Series 2019B and 2020A.

As of June 30, 2020, the SRB 2019B and 2020A loan amount of \$12,890,000 bears interest at a varying rate which has averaged 3.70% annually. Payments are due and payable on May 1 and November 1 of each year, commencing November 1, 2010, through and including November 1, 2030. As of June 30, 2019, the SRB 2010A loan amount was \$15,415,000, with an unamortized premium of \$874,445. The interest expense on the SRB 2010A, 2019B and 2020A loan for the years ended June 30, 2020 and 2019 was \$552,827 and \$785,775, respectively.

ASC entered into a capital lease agreement with the University for the use of these facilities. The term is 30 years during which time the University will be obligated to make rental payments to ASC at estimated market value amounts, or at least amounts sufficient to pay regularly scheduled debt service including interest on the loan. As of June 30, 2020 ASC has recorded a capital lease receivable for \$16,358,674, which includes unearned income of \$3,468,674. As of June 30, 2019 the capital lease receivable was of \$15,415,000. Title to the office building will be transferred to the University upon the retirement or defeasance of all the outstanding bonds.

- (b) During April 2008, ASC entered into a ground and facilities lease agreement (as lessee) and a sublease agreement (as lessor) with the State of California, acting through the Board of Trustees, to finance the construction of a one-story building on the campus of the University that provides administrative and operational space for a police station and related facilities (Police Building). Both lease agreements have a term of 30 years. As of June 30, 2020, ASC has recorded a capital lease receivable of \$6,775,550, with unearned income of \$2,255,550. As of June 30, 2019, the capital lease receivable was \$4,660,000.

## CSU FULLERTON AUXILIARY SERVICES CORPORATION

### Notes to Financial Statements

Years Ended June 30, 2020 and 2019

#### **(5) Notes Payable, Capital Lease Payable and Capital Lease Receivable (continued)**

The Board assisted ASC by issuing its System Revenue Bond 2008A in the principal amount of \$6,305,000. In 2017, ASC refunded \$4,800,000 of the bonds by issuing the System Revenue Bond 2017, leaving \$275,000 remaining of the 2008A bond. The bonds bear interest at a varying rate averaging 4.25% and the principal balance of the loan is to be paid in full by 2038. As of June 30, 2020 and 2019, the note payable was \$4,520,000 and \$4,660,000, respectively. The interest expense on the SRB 2017A, 2019B and 2020A loan for the years ended June 30, 2020 and 2019 was \$552,827 and \$785,775, respectively.

- (c) During July 2012, the ASC Board of Directors approved the acquisition of two office buildings of approximately 86,500 square feet, with related on-site parking of 290 spaces, on 3.628 acres of land adjacent to the main campus at a total cost of \$18,470,000 (College Park West). Subsequently, the University agreed to lease the building from ASC at the current market value.

During September 2012, the University assisted in funding the building acquisition by depositing \$5,000,000 (through its University Extended Education reserves) into a deposit account with ASC. During September 2019, ASC entered into the lease agreement with the University, the deposited amount started being amortized over the first 20 years of the term of the lease. As of June 30, 2020 and 2019, the unamortized balance of the deposit was \$4,800,137 and \$5,000,000, respectively.

During October 2012, ASC entered into a loan agreement with the State of California, acting through the Board of Trustees of the California State University, to finance a remaining portion of the building cost. The Board assisted ASC by issuing a commercial paper note in the principal amount of \$13,470,000. During the fiscal year 2016-2017, the loan agreement was amended due to conversion of the commercial paper note to a system-wide revenue bond (Series 2015A). The bond was issued at a premium, netting a long-term liability of \$12,010,000. The effective rate of the bond was 5%, with payments being paid semiannually at May 1 and November 1 of each year, commencing November 11, 2015, through November 1, 2045. As of June 30, 2020 and 2019, the outstanding balance of the note was \$11,195,000 and \$11,410,000, respectively. Unamortized bond premium for the years ended June 30, 2020 and 2019 was \$1,265,966 and \$1,314,308, respectively.

- (d) During the fiscal year 2013-2014, the ASC Board approved the acquisition of two 2-story office buildings containing 139,610 net rentable square feet on 12.65 acres of land in the City of Irvine (Irvine Campus). The property includes approximately 877 surface parking spaces, at a total cost of \$30,000,000. The property was purchased to support the University's educational mission to establish a presence in south Orange County. The property will be used for creating necessary facilities for an Irvine Satellite campus. One of the buildings was leased to the University, the second building was leased to a non-university entity.

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**

Notes to Financial Statements

Years Ended June 30, 2020 and 2019

**(5) Notes Payable, Capital Lease Payable and Capital Lease Receivable (continued)**

Once the lease on the second building expires, the University has agreed to lease the second building from the ASC. On September 1, 2013, ASC entered into a loan agreement with the State of California, acting through the Board, to finance the property. The Board assisted ASC by issuing a commercial paper note in the principal amount of \$30,000,000. During the fiscal year 2014-2015, the loan agreement was amended due to conversion of the commercial paper note to a system-wide revenue bond (Series 2014A). The bond was issued at a premium, netting a long-term liability of \$26,390,000.

The effective rate of the bond was 5%, with payments being paid semiannually at May 1 and November 1 of each year, commencing November 11, 2014, through November 1, 2044. As of June 30, 2020 and 2019, the outstanding balance of the note was \$23,345,000 and \$23,835,000, respectively and the interest expense was \$1,179,500 and \$1,203,375, respectively. Unamortized bond premium at June 30, 2020 and 2019 was \$2,996,433 and \$3,116,096, respectively.

As of June 30, 2020, the ending balances of lease receivable and notes payable are as follows:

	Capital	
	<u>Lease Receivable</u>	<u>Notes payable</u>
College Park	\$ 12,890,000	12,890,000
College Park Interest	3,468,674	-
Police Building	4,520,000	4,520,000
Police Building Interest	2,255,550	-
Titan Hall and ASC	-	11,195,000
Titan Hall and ASC Premium	-	1,265,966
Titan Hall	-	4,800,137
Irvine Location	-	23,345,000
Irvine Premium	-	2,996,433
	<u>23,134,224</u>	<u>61,012,536</u>
Current portion	<u>1,836,146</u>	<u>2,238,220</u>
	<u>\$ 21,298,078</u>	<u>58,774,316</u>



**CSU FULLERTON AUXILIARY SERVICES CORPORATION**

Notes to Financial Statements

Years Ended June 30, 2020 and 2019

**(5) Notes Payable, Capital Lease Payable and Capital Lease Receivable (continued)**

As of June 30, 2019, the ending balances of lease receivable and notes payable are as follows:

	<u>Capital Lease Receivable</u>	<u>Notes payable</u>
College Park	\$ 15,415,000	15,415,000
College Park Premium	-	874,445
Police Building	4,660,000	4,660,000
Titan Hall and ASC	-	11,410,000
Titan Hall and ASC Premium	-	1,314,309
Titan Hall	-	5,000,000
Irvine Location	-	23,835,000
Irvine Premium	-	3,116,094
	<u>20,075,000</u>	<u>65,624,848</u>
Current portion	1,105,000	2,214,968
	<u><u>\$ 18,970,000</u></u>	<u><u>63,409,880</u></u>

As of June 30, 2020, future minimum payments on the notes payable and loans are as follows:

Year Ending June 30:	<u>Principal</u>	<u>Interest</u>
2021	\$ 2,238,220	2,458,209
2022	2,323,220	2,375,044
2023	2,423,220	2,285,197
2024	2,513,904	2,190,719
2025	2,608,220	2,091,489
2026-2030	14,766,783	8,763,118
2031-2035	11,631,783	5,938,419
2036-2041	11,807,605	3,718,075
2041-2045	9,942,924	1,225,875
Thereafter	<u>756,657</u>	<u>18,500</u>
Total	<u><u>\$ 61,012,536</u></u>	<u><u>31,064,643</u></u>

## CSU FULLERTON AUXILIARY SERVICES CORPORATION

### Notes to Financial Statements

Years Ended June 30, 2020 and 2019

#### (5) Notes Payable, Capital Lease Payable and Capital Lease Receivable (continued)

As of June 30, 2020, future minimum payments on the capital lease receivable are as follows:

Year Ending June 30:	Principal	Interest	Total
2021	\$ 1,070,000	766,146	1,836,146
2022	1,125,000	717,831	1,842,831
2023	1,180,000	666,634	1,846,634
2024	1,230,000	612,950	1,842,950
2025	1,285,000	556,539	1,841,539
Thereafter	11,520,000	2,404,124	13,924,124
Total	\$ 17,410,000	5,724,224	23,134,224

#### (6) Postretirement Health Benefit Plan

ASC provides post-retirement healthcare coverage on behalf of retirees who meet certain age and service requirements. Retirees must be enrolled in ASC's medical insurance plans at the time of retirement, and have met the applicable eligibility requirements as follows:

Hired prior to December 31, 1991:

According to CalPERS eligibility requirements - Age 50 and 5 years of credited service

Hired after December 31, 1991:

Age 60+ and 20 years of service: 100% of the maximum employer contribution

Age 65+ and 15-19 years of service: 75% of the maximum employer contribution

Age 65+ and 10-14 years of service: 50% of the maximum employer contribution

Once eligible, they will be covered for life under ASC's medical plans and receive an ASC contribution on behalf of retiree, spouse, domestic partner, or surviving spouse or domestic partner, equal to the corresponding contribution for active employees, subject to the percentages shown above, if applicable. This contribution is subject to the retiree making the required contributions as adjusted from time to time by ASC's Board.

## CSU FULLERTON AUXILIARY SERVICES CORPORATION

### Notes to Financial Statements

Years Ended June 30, 2020 and 2019

#### (6) Postretirement Health Benefit Plan (continued)

The following table summarizes ASC's accrued postretirement benefit cost recorded in accrued liabilities in the accompanying statements of financial position:

	2020	2019
Change in Benefit Obligation:		
Benefit obligation at beginning of year	\$ 5,397,729	6,731,850
Service cost	284,192	387,498
Interest cost	184,091	275,536
Benefits paid	(185,400)	(152,532)
Actuarial gain (loss)	1,231,577	(1,844,623)
Benefit Obligation at End of Year	\$ 6,912,189	5,397,729
Change in Plan Assets:		
Fair value of plan assets at beginning of year	\$ 5,297,039	5,074,975
Actual return on plan assets	191,609	222,064
Benefits paid	(185,400)	(152,532)
Employer contributions	185,400	152,532
Fair Value of Plan Assets at End of Year	\$ 5,488,648	5,297,039
Funded Status:		
Fair value of plan assets, end of year	\$ 5,488,648	5,297,039
Accumulated postretirement benefit obligation, end of year	(6,912,189)	(5,397,729)
Funded Status at End of Year	\$ (1,423,541)	(100,690)
Amounts Recognized in Statements of Financial Position:		
Current liabilities	\$ (164,021)	(100,690)
Non-current liabilities	(1,259,520)	-
Total Recognized in Statement of Financial Position	\$ (1,423,541)	(100,690)
Net actuarial gain	(1,936,426)	(3,535,732)
Total Recognized in Changes in Net Assets	\$ (1,936,426)	(3,535,732)

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**

Notes to Financial Statements

Years Ended June 30, 2020 and 2019

**(6) Postretirement Health Benefit Plan (continued)**

Assumptions:

Weighted-average assumptions  
used to determine benefit obligation

Discount rate	3.46%	4.14%
Expected long-term return on plan assets	7.00%	7.00%
Rate of compensation increase	N/A	N/A
Health care cost trend rate assumed for next year	6.00%	6.00%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	5.00%	5.00%
Year that the rate reaches the ultimate trend rate	2029	2019

The following is a projection of expected future benefit payments (age-adjusted) under the plan:

Year Ending June 30:

2021	\$ 179,236
2022	189,291
2023	200,838
2024	227,492
2025-2029	<u>1,390,640</u>
Total Expected Benefit Payments	<u><u>\$ 2,187,497</u></u>

	<u>2020</u>	<u>2019</u>
Net Periodic Benefit Cost:		
Service cost	\$ 284,192	387,498
Interest cost	184,091	275,536
Expected return on plan assets	1,039,968	(2,066,687)
Amortization of net gain	<u>(185,400)</u>	<u>(152,532)</u>
Net Periodic Benefit Cost	<u><u>\$ 1,322,851</u></u>	<u><u>(1,556,185)</u></u>

## CSU FULLERTON AUXILIARY SERVICES CORPORATION

### Notes to Financial Statements

Years Ended June 30, 2020 and 2019

#### (6) Postretirement Health Benefit Plan (continued)

The components of net periodic postretirement benefit cost other than the service cost component are included in the line item benefits expense in the statement of activities and functional expenses.

Plan assets for the postretirement health benefit plan are invested in a trust measured at fair market value and include the following:

	2020	2019
Investments:		
Equity securities	\$ 2,611,672	2,611,725
Fixed income	2,426,713	2,374,146
Other	450,263	311,168
Total	\$ 5,488,648	5,297,039

#### (7) Net Assets

ASC designates net assets without donor restrictions for specific purposes. The following are the unexpended net asset balances that have been designated for specific purposes by the Board of Directors as of June 30:

	2020	2019
University Gables HOA	\$ 563,316	737,189
Reserves	5,696,392	5,382,232
Total	\$ 6,259,708	6,119,421

Net assets with donor restrictions were as follows for the year ended June 30:

	2020	2019
Annuity and life estate investments	\$ 44,851	52,582
Contribution with donor restriction	18,436	-
	\$ 63,287	52,582

Amounts released from restriction are due to the change in market value of assets offset by the change in the liability for future payments of the annuity and life estate investment.

# CSU FULLERTON AUXILIARY SERVICES CORPORATION

## Notes to Financial Statements

Years Ended June 30, 2020 and 2019

### (8) Retirement Plan

The Teachers Insurance and Annuity Association College Retirement Equities Fund (TIAA-CREF) program is a tax-sheltered annuity program qualified under IRS Code Section 403(b). This is a defined contribution type plan under which employees are eligible to participate immediately, with a two year “cliff” vesting period.

Employees will have a choice of contribution level as follows:

<u>Employee Contribution of Compensation</u>	<u>Employer Matching Contribution</u>
Less than 2% of compensation	0% of participant compensation
2% or greater, but less than 5%	4% of participant compensation
5% or greater of compensation	8% of participant compensation

Notwithstanding the matching contribution formula specified above, no matching contributions in excess of 8% of a Qualifying Contributing Participant’s Compensation will be made with respect to any Qualifying Contributing Participant for any plan year. ASC’s contributions are 100% vested after two years of employment. The contributions accumulate earnings in an account on a tax-deferred basis, while the employee remains employed.

Employees can choose to contribute additional funds into TIAA’s Group Supplemental Retirement Annuity Certificates Defined Contribution Plan 403(b) and the Private Plan 457(b). Employee deferrals are limited to \$19,500, with an additional \$6,500 for age 50 or more per employee per year in aggregate for the 403(b) plan. For participants within three years of the Plan 457(b) normal retirement age, a special catch-up additional amount up to the lesser of twice the applicable limit or unused amounts from prior years. On termination of employment, each participant is entitled to the balance of his or her vested account. It is the policy of ASC to fund benefit costs as they are incurred. For the year ended June 30, 2020 and 2019, total benefit expense was \$510,946 and \$570,520, respectively.

### (9) Operating Lease Commitments

ASC has various land and facilities operating leases from both the University and Associated Students, California State University, Fullerton that have five year terms ending in 2025. These lease agreements are renegotiated periodically. Among other provisions, the leases require that ASC make payments based upon various percentages of net income received. ASC makes rental payments for various facilities. For the years ended June 30, 2020 and 2019, rental expense was \$211,173 and \$263,289, respectively.

## CSU FULLERTON AUXILIARY SERVICES CORPORATION

### Notes to Financial Statements

Years Ended June 30, 2020 and 2019

#### (9) Operating Lease Commitments (continued)

Future minimum payments under operating lease agreements as of June 30, 2020 are as follows:

Year Ending June 30:	
2021	\$ 261,881
2022	266,294
2023	270,839
2024	257,633
2025	<u>259,900</u>
Total	<u>\$ 1,316,547</u>

As described in Note 5, ASC recognizes rental income from various sources for buildings on the Fullerton campus and the Irvine satellite campus under lease agreement. As of June 30, 2020, the University prepaid rent in the amount of \$7,802,014, which is included in year of 2021. Future amount of rental income recognized from these sources are as follows:

Year Ending June 30:	
2021	\$ 9,534,390
2022	9,640,365
2023	9,474,055
2024	9,583,981
2025	9,697,355
Thereafter	<u>133,652,441</u>
Total	<u>\$ 181,582,586</u>

#### (10) Related Party Transactions

ASC and the University provide a variety of services on each other's behalf. ASC has recorded the following related party amounts as of June 30:

	<u>2020</u>	<u>2019</u>
Receivables due from University	\$ 97,941	1,505,264
Accounts payable due to University	1,075,886	1,733,840
Amounts billed by ASC and included in revenues	25,028,657	12,968,609
Gifts to the University	185,963	525,272
Amounts billed to ASC and included in expenses	3,511,382	6,540,353

# CSU FULLERTON AUXILIARY SERVICES CORPORATION

## Notes to Financial Statements

Years Ended June 30, 2020 and 2019

### **(11) COVID-19 Pandemic**

In December 2019, a novel strain of coronavirus (COVID-19) was reported in Wuhan, China. On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses and shelter in place orders. The CSU Fullerton campus was closed as of March 17, 2020 due to the shelter-in-place orders which has had impacts on operations. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of business closures, shelter-in-place orders, and governmental initiatives. It is at least reasonably possible that this matter will negatively impact ASC. However, the financial impact and duration cannot be reasonably estimated at this time.



## **SUPPLEMENTAL INFORMATION**

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**

Schedule of Financial Position (by Fund)

June 30, 2020

(With comparative financial information as of June 30, 2019)

Assets	General	Other Designated	Rental Property	Enterprise Activities	Univ. Support Programs	Univ Extended Education	Total		Total 2020	Total 2019
							Without Donor Restrictions	With Donor Restrictions		
Current Assets:										
Cash and cash equivalents	\$ 7,491,802	7,247,186	(5,726,277)	(1,125,986)	6,393,798	3,335,846	17,616,369	—	17,616,369	10,132,125
Investments	7,876,387	—	—	—	—	—	7,876,387	—	7,876,387	1,984,608
Accounts receivable:										
Sponsored programs	3,207,308	—	—	—	—	—	3,207,308	18,436	3,225,744	3,484,810
Other receivables	356,264	138,305	593,051	637,489	147,952	33,592	1,906,653	—	1,906,653	3,247,498
Less allowance for doubtful accounts	(28,474)	—	—	(3,066)	—	—	(31,540)	—	(31,540)	(29,740)
Total Accounts Receivable, net	3,535,098	138,305	593,051	634,423	147,952	33,592	5,082,421	18,436	5,100,857	6,702,568
Inventories	—	—	—	3,612,954	—	—	3,612,954	—	3,612,954	2,859,210
Capital lease receivable, current portion	—	—	1,836,146	—	—	—	1,836,146	—	1,836,146	1,105,000
Other current assets	195,585	—	—	168,981	341	—	364,907	—	364,907	461,439
Total Current Assets	19,098,872	7,385,491	(3,297,080)	3,290,372	6,542,091	3,369,438	36,389,184	18,436	36,407,620	23,244,950
Property and Equipment:										
Land	—	—	19,987,127	—	—	3,078	19,990,205	—	19,990,205	19,990,205
Building and improvements	—	—	30,992,873	—	—	—	30,992,873	—	30,992,873	30,992,873
Equipment, furniture, and fixtures	279,293	—	661,006	3,037,364	—	—	3,977,663	—	3,977,663	3,567,488
Work in progress	—	—	—	52,821	—	—	52,821	—	52,821	11,944,682
Leasehold improvements	—	—	29,751,500	4,021,411	—	—	33,772,911	—	33,772,911	19,705,659
	279,293	—	81,392,506	7,111,596	—	3,078	88,786,473	—	88,786,473	86,200,907
Less accumulated depreciation and amortization	(224,823)	—	(13,308,889)	(3,544,499)	—	—	(17,078,211)	—	(17,078,211)	(14,282,435)
Total Property and Equipment, net	54,470	—	68,083,617	3,567,097	—	3,078	71,708,262	—	71,708,262	71,918,472
Other Assets:										
Capital lease receivable, net of current	—	—	21,298,078	—	—	—	21,298,078	—	21,298,078	18,970,000
Annuity and life estate investments	—	—	—	—	—	—	—	276,829	276,829	311,434
Total Other Assets	—	—	21,298,078	—	—	—	21,298,078	276,829	21,574,907	19,281,434
Total Assets	\$ 19,153,342	7,385,491	86,084,615	6,857,469	6,542,091	3,372,516	129,395,524	295,265	129,690,789	114,444,856

See independent auditors' report.

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**

Schedule of Financial Position (by Fund)

June 30, 2020

(With comparative financial information as of June 30, 2019)

Liabilities and Net Assets	General	Other Designated	Rental Property	Enterprise Activities	Univ. Support Programs	Univ Extended Education	Total		Total 2020	Total 2019
							Without Donor Restrictions	With Donor Restrictions		
Current Liabilities:										
Accounts payable	\$ 823,856	—	406,704	1,979,949	15,735	—	3,226,244	—	3,226,244	1,632,292
Accrued expenses	883,598	78,427	8,328,561	3,240,635	418,430	80,820	13,030,471	—	13,030,471	3,138,787
Accrued interest payable	—	—	380,758	—	—	—	380,758	—	380,758	417,660
Receipts in excess of expenditures on sponsored programs	3,452,757	—	—	—	—	—	3,452,757	—	3,452,757	3,075,587
Deposits held in custody for others	—	—	—	—	2,947,201	315,017	3,262,218	—	3,262,218	3,023,816
Unearned income, current portion	—	—	766,146	—	—	—	766,146	—	766,146	—
Notes payable, current portion	—	—	2,238,220	—	—	—	2,238,220	—	2,238,220	2,214,968
Post retirement benefit, current portion	164,021	—	—	—	—	—	164,021	—	164,021	100,690
Unitrust liabilities, current portion	—	—	—	—	—	—	—	8,191	8,191	15,736
Total Current Liabilities	5,324,232	78,427	12,120,389	5,220,584	3,381,366	395,837	26,520,835	8,191	26,529,026	13,619,536
Noncurrent Liabilities:										
Notes payable, net of current	—	—	58,774,316	—	—	—	58,774,316	—	58,774,316	63,409,880
Unearned income, net of current	—	—	4,958,078	—	—	—	4,958,078	—	4,958,078	—
Allowance for grant payments received	760,024	—	—	—	—	—	760,024	—	760,024	803,238
Post retirement benefit, net of current	1,259,520	—	—	—	—	—	1,259,520	—	1,259,520	—
Unitrust liabilities, net of current portion	—	—	—	—	—	—	—	223,787	223,787	243,116
Total Noncurrent Liabilities	2,019,544	—	63,732,394	—	—	—	65,751,938	223,787	65,975,725	64,456,234
Total Liabilities	7,343,776	78,427	75,852,783	5,220,584	3,381,366	395,837	92,272,773	231,978	92,504,751	78,075,770
Net Assets:										
Without donor restrictions:										
Designated	184,327	5,512,065	563,316	—	—	—	6,259,708	—	6,259,708	6,119,421
Undesignated	11,625,239	1,794,999	9,668,516	1,636,885	3,160,725	2,976,679	30,863,043	—	30,863,043	30,197,083
Net assets, without donor restrictions	11,809,566	7,307,064	10,231,832	1,636,885	3,160,725	2,976,679	37,122,751	—	37,122,751	36,316,504
Net assets, with donor restrictions	—	—	—	—	—	—	—	63,287	63,287	52,582
Total Net Assets	11,809,566	7,307,064	10,231,832	1,636,885	3,160,725	2,976,679	37,122,751	63,287	37,186,038	36,369,086
Total Liabilities and Net Assets	\$ 19,153,342	7,385,491	86,084,615	6,857,469	6,542,091	3,372,516	129,395,524	295,265	129,690,789	114,444,856

See independent auditors' report.

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**  
Schedule of Activities (by Fund)  
Year Ended June 30, 2020  
(with comparative financial information for the year ended June 30, 2019)

	General	Other Designated	Rental Property	Enterprise Activities	University Support Programs	University Extended Education	Total Without Donor Restrictions	With Donor Restrictions	Total 2020	Total 2019
Operating:										
Revenues, gains, and other support:										
Sponsored Program Revenue	\$ 26,332,697	—	—	—	—	—	26,332,697	18,436	26,351,133	26,662,348
Sales	—	—	—	15,025,858	7,298	28,324	15,061,480	—	15,061,480	19,416,629
Rental Income	—	—	10,162,725	199,853	272,199	—	10,634,777	—	10,634,777	10,275,324
Program Income	—	—	—	—	2,808,782	1,197,998	4,006,780	—	4,006,780	4,482,969
Indirect Cost Recoveries	1,310,822	1,418,833	—	—	—	—	2,729,655	—	2,729,655	2,991,762
Other Income	99,504	1,366,667	894,061	525,971	88,520	8,402	2,983,125	—	2,983,125	2,356,281
Commissions Income	99,427	—	—	478,170	884	19,693	598,174	—	598,174	812,935
Investment Gain	2,236	—	—	—	—	—	2,236	—	2,236	453,539
Investment/Interest Income	159,452	—	4,186	—	11,490	7,393	182,521	19,599	202,120	168,660
Unrealized Gain (Loss) Investment	(9,938)	—	1,278	—	—	—	(8,660)	(36,136)	(44,796)	(627,679)
Administrative Services	162,899	—	—	—	—	—	162,899	—	162,899	136,538
Total revenues, gains, and other support	<u>28,157,099</u>	<u>2,785,500</u>	<u>11,062,250</u>	<u>16,229,852</u>	<u>3,189,173</u>	<u>1,261,810</u>	<u>62,685,684</u>	<u>1,899</u> <u>10,559</u>	<u>62,687,583</u>	<u>67,129,306</u>
Cost of Goods Sold:										
Cost of Goods	—	—	—	9,464,792	—	—	9,464,792	—	9,464,792	12,091,721
Total Cost of Goods Sold	<u>—</u>	<u>—</u>	<u>—</u>	<u>9,464,792</u>	<u>—</u>	<u>—</u>	<u>9,464,792</u>	<u>—</u>	<u>9,464,792</u>	<u>12,091,721</u>
Payroll expense:										
Salaries and wages	2,061,735	860,262	203,707	3,461,470	1,381,100	419,375	8,387,649	—	8,387,649	9,834,291
Benefits	764,555	143,618	68,136	645,167	280,315	83,344	1,985,135	—	1,985,135	2,492,189
Total payroll expenses	<u>2,826,290</u>	<u>1,003,880</u>	<u>271,843</u>	<u>4,106,637</u>	<u>1,661,415</u>	<u>502,719</u>	<u>10,372,784</u>	<u>—</u>	<u>10,372,784</u>	<u>12,326,480</u>
Operating expenses:										
Administrative fee	—	—	3,000	—	—	—	3,000	—	3,000	2,746
Advertising & Promotion	—	—	—	72,191	45,011	10,802	128,004	—	128,004	184,874
Audit and Legal	64,820	—	19,818	—	—	11,331	95,969	1,502	97,471	120,111
Bank and Discount Charges	8,448	—	45,948	388,961	25,255	12,265	480,877	—	480,877	642,101
Commission & Royalty	—	—	—	329,414	3,101	—	332,515	—	332,515	415,406
Communications	27,337	—	13,290	151,933	22,481	9,061	224,102	—	224,102	190,799
Conference & Travel	10,111	—	2,452	7,594	127,141	75,387	222,685	—	222,685	268,786
Debt Service & Interest Exp.	—	—	1,198,464	—	—	—	1,198,464	—	1,198,464	2,279,119
Departmental Allocation	—	—	—	—	335,902	—	335,902	—	335,902	2,844
Depreciation & Amortization	18,675	—	2,212,028	565,074	—	—	2,795,777	—	2,795,777	2,301,290
Donations & Scholarships	57,149	—	—	24,872	67,584	1,000	150,605	—	150,605	190,867
Employee Development	177,729	—	—	54,110	29,221	2,961	264,021	—	264,021	288,952
Equipment Rental/Expense	10,175	—	7,275	42,144	104,779	137,783	302,156	—	302,156	225,570
Insurance	28,973	—	267,139	61,957	10,321	74,602	442,992	—	442,992	363,445
Other Direct Costs	35,766	—	978,864	286,669	201,539	81,574	1,584,412	(10,308)	1,574,104	1,935,963

See independent auditors' report.

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**  
Schedule of Activities (by Fund)  
Year Ended June 30, 2020  
(with comparative financial information for the year ended June 30, 2019)

	<b>General</b>	<b>Other Designated</b>	<b>Rental Property</b>	<b>Enterprise Activities</b>	<b>University Support Programs</b>	<b>University Extended Education</b>	<b>Total Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total 2020</b>	<b>Total 2019</b>
Professional Serv/Consultants	65,694	—	461,049	222,895	96,472	130,007	976,117	—	976,117	1,203,495
Public Relations	4,710	—	—	516	131,671	19,153	156,050	—	156,050	191,282
Rentals	—	—	—	109,804	206,489	209,799	526,092	—	526,092	241,495
Repairs and Maintenance	120,780	—	1,338,337	420,063	84,196	73,144	2,036,520	—	2,036,520	2,093,684
Sponsored Program Expenses	26,148,370	—	—	—	—	—	26,148,370	—	26,148,370	26,662,348
Stipends/Honorariums	—	—	—	—	750	—	750	—	750	2,700
Supplies	18,619	—	46,001	329,872	66,979	48,384	509,855	—	509,855	784,183
Taxes & Licenses	3,787	—	77,115	12,082	—	222	93,206	—	93,206	91,318
Utilities	304	—	866,631	277,367	45,637	10,822	1,200,761	—	1,200,761	1,239,386
Research support	—	477,014	—	—	—	—	477,014	—	477,014	688,531
Community outreach	—	273,146	—	—	—	—	273,146	—	273,146	775,727
Faculty research awards	—	43,840	—	—	—	—	43,840	—	43,840	72,370
Total operating expenses	<u>26,801,447</u>	<u>794,000</u>	<u>7,537,411</u>	<u>3,357,518</u>	<u>1,604,529</u>	<u>908,297</u>	<u>41,003,202</u>	<u>(8,806)</u>	<u>40,994,396</u>	<u>43,459,392</u>
Total operating activities	<u>29,627,737</u>	<u>1,797,880</u>	<u>7,809,254</u>	<u>16,928,947</u>	<u>3,265,944</u>	<u>1,411,016</u>	<u>60,840,778</u>	<u>(8,806)</u>	<u>60,831,972</u>	<u>67,877,593</u>
Increase (Decrease) in net assets from operating activities	<u>(1,470,638)</u>	<u>987,620</u>	<u>3,252,996</u>	<u>(699,095)</u>	<u>(76,771)</u>	<u>(149,206)</u>	<u>1,844,906</u>	<u>10,705</u>	<u>1,855,611</u>	<u>(748,287)</u>
Nonoperating expenses:										
Pension-related changes other than net periodic pension cost	<u>(1,038,659)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(1,038,659)</u>	<u>—</u>	<u>(1,038,659)</u>	<u>1,943,683</u>
Change in net assets	<u>\$ (2,509,297)</u>	<u>987,620</u>	<u>3,252,996</u>	<u>(699,095)</u>	<u>(76,771)</u>	<u>(149,206)</u>	<u>806,247</u>	<u>10,705</u>	<u>816,952</u>	<u>1,195,396</u>

See independent auditors' report.

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**

Schedule of Net Assets (by Fund)

Year Ended June 30, 2020

(With comparative financial information as of June 30, 2019)

	<u>General</u>	<u>Other Designated</u>	<u>Rental Property</u>	<u>Enterprise Activities</u>	<u>Univ. Support Programs</u>	<u>Univ. Extended Education</u>	<u>Total Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2020</u>	<u>Total 2019</u>
Net assets at beginning of year	\$ 14,336,780	5,692,652	6,978,836	2,335,980	3,724,207	3,248,049	36,316,504	52,582	36,369,086	35,173,690
Change in net assets	(2,509,297)	987,620	3,252,996	(699,095)	(76,771)	(149,206)	806,247	10,705	816,952	1,195,396
Designations from other classifications	(17,917)	626,792	-	-	(486,711)	(122,164)	-	-	-	-
Net assets at end of year	\$ <u>11,809,566</u>	<u>7,307,064</u>	<u>10,231,832</u>	<u>1,636,885</u>	<u>3,160,725</u>	<u>2,976,679</u>	<u>37,122,751</u>	<u>63,287</u>	<u>37,186,038</u>	<u>36,369,086</u>

See independent auditors' report.

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**

Combining Schedule of Activities – Enterprise Activities

Year Ended June 30, 2020

(With comparative financial information for the year ended June 30, 2019)

	<u>Titan Shops</u>	<u>Dining Services</u>	<u>Total 2020</u>	<u>Total 2019</u>
Sales	\$ 11,049,548	3,976,310	15,025,858	19,349,994
Cost of sales	<u>8,179,039</u>	<u>1,285,753</u>	<u>9,464,792</u>	<u>12,091,721</u>
Gross margin	<u>2,870,509</u>	<u>2,690,557</u>	<u>5,561,066</u>	<u>7,258,273</u>
Other revenue:				
Commissions	193,244	284,926	478,170	587,314
Other	<u>359,473</u>	<u>366,351</u>	<u>725,824</u>	<u>1,048,244</u>
Total other revenues	<u>552,717</u>	<u>651,277</u>	<u>1,203,994</u>	<u>1,635,558</u>
Operating expenses:				
Salaries and wages	1,811,962	1,649,508	3,461,470	4,360,941
Staff and benefits	<u>305,925</u>	<u>339,242</u>	<u>645,167</u>	<u>825,573</u>
Total payroll expenses	2,117,887	1,988,750	4,106,637	5,186,514
Advertising & Promotion	23,632	48,559	72,191	135,804
Bank and Discount Charges	211,775	177,186	388,961	548,304
Commission & Royalty	17,236	312,178	329,414	411,205
Communications	100,739	51,194	151,933	109,195
Conference & Travel	4,506	3,088	7,594	8,959
Depreciation	195,517	369,557	565,074	495,542
Donations & Scholarships	24,087	785	24,872	63,153
Employee Development	28,625	25,485	54,110	95,249
Equipment Rental/Expense	10,922	31,222	42,144	60,701
Insurance	28,841	33,116	61,957	54,930
Merchant Supplies	51,207	136,577	187,784	283,343
Other Direct Costs	34,308	252,361	286,669	167,578
Professional Serv/Consultants	139,889	83,006	222,895	293,060
Public Relations	431	85	516	10,225
Rentals	22,863	86,941	109,804	185,134
Repairs and Maintenance	239,635	180,428	420,063	439,897
Supplies	75,232	66,856	142,088	229,901
Taxes & Licenses	841	11,241	12,082	7,755
Utilities	<u>149,283</u>	<u>128,084</u>	<u>277,367</u>	<u>281,978</u>
Total operating expenses	<u>1,359,569</u>	<u>1,997,949</u>	<u>3,357,518</u>	<u>3,881,913</u>
Total expenses	<u>3,477,456</u>	<u>3,986,699</u>	<u>7,464,155</u>	<u>9,068,427</u>
Excess revenues over expenses	\$ <u>(54,230)</u>	<u>(644,865)</u>	<u>(699,095)</u>	<u>(174,596)</u>

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**CSU FULLERTON AUXILIARY SERVICES CORPORATION**

Source of Funding and Expenditures for Sponsored Programs

Year Ended June 30, 2020

Source of funding (direct):

Federal government	\$	15,577,810
State of California and local governments		6,815,889
For-profit organizations		172,056
Foundations and other tax-exempt organizations		1,187,568
Total source of direct funding		<u>23,753,323</u>

Source of indirect cost reimbursement:

Federal government		1,808,665
State of California and local governments		673,256
For-profit organizations		36,856
Foundations and other tax-exempt organizations		79,033
Total source of indirect cost reimbursement		<u>2,597,810</u>

Total funding \$ 26,351,133

Direct expenditures:

Salaries and wages	\$	11,624,280
Staff benefits		2,362,830
Operating expenditures		2,254,394
Consultants		469,240
Sub-contractors		3,623,917
Equipment		171,817
Stipends/tuition		3,066,063
Total direct expenditures		<u>23,572,541</u>

Indirect expenditures:

Salaries and wages		1,695,656
Staff benefits		364,851
Operating expenditures		330,436
Consultants		70,894
Sub-contractors (first 25K only)		60,126
Equipment		2,060
Stipends/tuition		51,806
Total indirect expenditures		<u>2,575,829</u>

Total expenditures \$ 26,148,370

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# CSU FULLERTON AUXILIARY SERVICES CORPORATION

## Schedule of Net Position

June 30, 2020

(for inclusion in the California State University)

### Assets:

#### Current assets:

Cash and cash equivalents	\$	17,053,053
Short-term investments		7,876,387
Accounts receivable, net		5,100,857
Capital lease receivable, current portion		1,836,146
Notes receivable, current portion		-
Pledges receivable, net		-
Prepaid expenses and other current assets		3,977,861
<b>Total current assets</b>		<b>35,844,304</b>

#### Noncurrent assets:

Restricted cash and cash equivalents		563,316
Accounts receivable, net		-
Capital lease receivable, net of current portion		21,298,078
Notes receivable, net of current portion		-
Student loans receivable, net		-
Pledges receivable, net		-
Endowment investments		-
Other long-term investments		276,829
Capital assets, net		71,708,262
Other assets		-
<b>Total noncurrent assets</b>		<b>93,846,485</b>

#### Total assets

**129,690,789**

#### Deferred outflows of resources:

Unamortized loss on debt refunding		-
Net pension liability		-
Net OPEB liability		-
Others		-
<b>Total deferred outflows of resources</b>		<b>-</b>

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**CSU FULLERTON AUXILIARY SERVICES CORPORATION**

Schedule of Net Position

June 30, 2020

(for inclusion in the California State University)

**Liabilities:**

**Current liabilities:**

Accounts payable	4,785,934
Accrued salaries and benefits	-
Accrued compensated absences, current portion	350,659
Unearned revenues	11,056,705
Capital lease obligations, current portion	145,000
Long-term debt obligations, current portion	1,665,000
Claims liability for losses and loss adjustment expenses, current portion	-
Depository accounts	3,262,218
Other liabilities	3,841,706
<b>Total current liabilities</b>	<u>25,107,222</u>

**Noncurrent liabilities:**

Accrued compensated absences, net of current portion	313,246
Unearned revenues	8,321,735
Grants refundable	-
Capital lease obligations, net of current portion	4,375,000
Long-term debt obligations, net of current portion	51,980,196
Claims liability for losses and loss adjustment expenses, net of current portion	-
Depository accounts	-
Net other postemployment benefits liability	1,423,541
Net pension liability	-
Other liabilities	983,811
<b>Total noncurrent liabilities</b>	<u>67,397,529</u>
<b>Total liabilities</b>	<u>92,504,751</u>

**Deferred inflows of resources:**

Service concession arrangements	-
Net pension liability	-
Net OPEB liability	-
Unamortized gain on debt refunding	-
Nonexchange transactions	-
Others	-
<b>Total deferred inflows of resources</b>	<u>-</u>

**Net position:**

Net investment in capital assets	36,677,290
Restricted for:	
Nonexpendable – endowments	-
Expendable:	
Scholarships and fellowships	-
Research	-
Loans	-
Capital projects	-
Debt service	-
Others	63,287
Unrestricted	445,461
<b>Total net position</b>	<u>\$ 37,186,038</u>

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**CSU FULLERTON AUXILIARY SERVICES CORPORATION**  
Schedule of Revenues, Expenses, and Changes in Net Position  
Year Ended June 30, 2020  
(for inclusion in the California State University)

**Revenues:**

**Operating revenues:**

Student tuition and fees, gross	\$	-
Scholarship allowances (enter as negative)		-
<b>Grants and contracts, noncapital:</b>		
Federal		17,386,475
State		5,317,883
Local		2,171,262
Nongovernmental		1,475,513
Sales and services of educational activities		-
Sales and services of auxiliary enterprises, gross		25,120,104
Scholarship allowances (enter as negative)		-
Other operating revenues		11,056,786
<b>Total operating revenues</b>		<b>62,528,023</b>

**Expenses:**

**Operating expenses:**

Instruction		3,730,340
Research		4,444,194
Public service		7,569,778
Academic support		-
Student services		6,511,028
Institutional support		775,161
Operation and maintenance of plant		4,398,762
Student grants and scholarships		3,117,869
Auxiliary enterprise expenses		26,290,599
Depreciation and amortization		2,795,777
<b>Total operating expenses</b>		<b>59,633,508</b>
<b>Operating income (loss)</b>		<b>2,894,515</b>

**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		159,560
Endowment income (loss), net		-
Interest expense		(1,198,464)
Other nonoperating revenues (expenses) - excl. interagency transfers		(1,038,659)
<b>Net nonoperating revenues (expenses)</b>		<b>(2,077,563)</b>
<b>Income (loss) before other revenues (expenses)</b>		<b>816,952</b>

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**CSU FULLERTON AUXILIARY SERVICES CORPORATION**  
Schedule of Revenues, Expenses, and Changes in Net Position  
Year Ended June 30, 2020  
(for inclusion in the California State University)

State appropriations, capital	-
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	-
<b>Increase (decrease) in net position</b>	<b>816,952</b>
<b>Net position:</b>	
Net position at beginning of year, as previously reported	36,369,086
Restatements	-
<b>Net position at beginning of year, as restated</b>	<b>36,369,086</b>
<b>Net position at end of year</b>	<b>\$ 37,186,038</b>

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# CSU FULLERTON AUXILIARY SERVICES CORPORATION

## Other Information

June 30, 2020

(for inclusion in the California State University)

### 1 Cash and cash equivalents:

Portion of restricted cash and cash equivalents related to endowments		563,316
All other restricted cash and cash equivalents		563,316
<b>Noncurrent restricted cash and cash equivalents</b>		<b>563,316</b>
Current cash and cash equivalents		17,053,053
<b>Total</b>		<b>\$ 17,616,369</b>

### 2.1 Composition of investments:

Investment Type	Current	Noncurrent	Fair Value
Money market funds		4,418	<b>4,418</b>
Repurchase agreements			-
Certificates of deposit		153,832	<b>153,832</b>
U.S. agency securities			-
U.S. treasury securities			-
Municipal bonds			-
Corporate bonds		32,985	<b>32,985</b>
Asset backed securities			-
Mortgage backed securities			-
Commercial paper			-
Mutual funds		85,594	<b>85,594</b>
Exchange traded funds			-
Equity securities			-
Alternative investments:			-
Private equity (including limited partnerships)			-
Hedge funds			-
Managed futures			-
Real estate investments (including REITs)			-
Commodities			-
Derivatives			-
Other alternative investment			-
Other external investment pools			-
CSU Consolidated Investment Pool (formerly SWIFT)			-
State of California Local Agency Investment Fund (LAIF)	7,876,387		<b>7,876,387</b>
State of California Surplus Money Investment Fund (SMIF)			-
Other investments:			-
			-
			-
			-
			-
			-
Total Other investments			
<b>Total investments</b>	<b>7,876,387</b>	<b>276,829</b>	<b>8,153,216</b>
Less endowment investments (enter as negative number)		-	-
<b>Total investments, net of endowments</b>	<b>\$ 7,876,387</b>	<b>276,829</b>	<b>8,153,216</b>

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**CSU FULLERTON AUXILIARY SERVICES CORPORATION**  
Other Information  
June 30, 2020  
(for inclusion in the California State University)

**2.2 Fair value hierarchy in investments:**

Investment Type	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value (NAV)
Money market funds	\$ 4,418	4,418			
Repurchase agreements	-				
Certificates of deposit	153,832	153,832			
U.S. agency securities	-				
U.S. treasury securities	-				
Municipal bonds	-				
Corporate bonds	32,985	32,985			
Asset backed securities	-				
Mortgage backed securities	-				
Commercial paper	-				
Mutual funds	85,594	85,594			
Exchange traded funds	-				
Equity securities	-				
Alternative investments:					
Private equity (including limited partnerships)	-				
Hedge funds	-				
Managed futures	-				
Real estate investments (including REITs)	-				
Commodities	-				
Derivatives	-				
Other alternative investment	-				
Other external investment pools	-				
CSU Consolidated Investment Pool (formerly SWIFT)	-				
State of California Local Agency Investment Fund (LAIF)	7,876,387				7,876,387
State of California Surplus Money Investment Fund (SMIF)	-				
Other investments:	-				
	-				
	-				
	-				
	-				
	-				
	-				
	-				
	-				
	-				
Total Other investments	\$ -	-	-	-	-
<b>Total investments</b>	<b>8,153,216</b>	<b>276,829</b>	<b>-</b>	<b>-</b>	<b>7,876,387</b>

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**CSU FULLERTON AUXILIARY SERVICES CORPORATION**  
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2.3 Investments held by the University under contractual agreements:

	Current	Noncurrent	Total
Investments held by the University under contractual agreements e.g. - CSU Consolidated Investment Pool (formerly SWIFT):		\$	-

3.1 Composition of capital assets:

	Balance June 30, 2019	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2019 (Restated)	Additions	Retirements	Transfer of completed CWIP/PWIP	Balance June 30, 2020
<b>Non-depreciable/Non-amortizable capital assets:</b>									
Land and land improvements	\$ 19,990,205				\$ 19,990,205				\$ 19,990,205
Works of art and historical treasures									-
Construction work in progress (CWIP)	11,944,682				11,944,682	2,553,467		(14,445,328)	52,821
Intangible assets:									
Rights and easements					-				-
Patents, copyrights and trademarks					-				-
Intangible assets in progress (PWIP)					-				-
Licenses and permits					-				-
Other intangible assets:					-				-
					-				-
					-				-
					-				-
					-				-
Total Other intangible assets					-				-
<b>Total intangible assets</b>					-				-
<b>Total non-depreciable/non-amortizable capital assets</b>	<b>\$ 31,934,887</b>				<b>\$ 31,934,887</b>	<b>2,553,467</b>		<b>(14,445,328)</b>	<b>\$ 20,043,026</b>
<b>Depreciable/Amortizable capital assets:</b>									
Buildings and building improvements	30,992,873				30,992,873				30,992,873
Improvements, other than buildings					-				-
Infrastructure					-				-
Leasehold improvements	19,705,659				19,705,659			14,067,252	33,772,911
Personal property:									
Equipment	3,567,488				3,567,488	32,100		378,076	3,977,664
Library books and materials					-				-
Intangible assets:									
Software and websites					-				-
Rights and easements					-				-
Patents, copyrights and trademarks					-				-
Licenses and permits					-				-
Other intangible assets:					-				-
					-				-
					-				-
					-				-
					-				-
Total Other intangible assets:					-				-
<b>Total intangible assets</b>					-				-
<b>Total depreciable/amortizable capital assets</b>	<b>54,266,020</b>				<b>54,266,020</b>	<b>32,100</b>		<b>14,445,328</b>	<b>68,743,448</b>
<b>Total capital assets</b>	<b>\$ 86,200,907</b>				<b>\$ 86,200,907</b>	<b>2,585,567</b>		<b>-</b>	<b>\$ 88,786,474</b>

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<b>Less accumulated depreciation/amortization: (enter as negative number, except for reductions enter as positive number)</b>				
Buildings and building improvements	(6,355,541)	(6,355,541)	(1,033,096)	(7,388,637)
Improvements, other than buildings		-		-
Infrastructure		-		-
Leasehold improvements	(5,796,813)	(5,796,813)	(1,319,128)	(7,115,941)
Personal property:				
Equipment	(2,130,081)	(2,130,081)	(443,553)	(2,573,634)
Library books and materials		-		-
Intangible assets:				
Software and websites		-		-
Rights and easements		-		-
Patents, copyrights and trademarks		-		-
Licenses and permits		-		-
Other intangible assets:		-		-
		-		-
		-		-
		-		-
		-		-
		-		-
Total Other intangible assets:	-	-	-	-
<b>Total intangible assets</b>	-	-	-	-
<b>Total accumulated depreciation/amortization</b>	<b>(14,282,435)</b>	<b>(14,282,435)</b>	<b>(2,795,777)</b>	<b>(17,078,212)</b>
<b>Total capital assets, net</b>	<b>\$ 71,918,472</b>	<b>\$ 71,918,472</b>	<b>(210,210)</b>	<b>71,708,262</b>

**3.2 Detail of depreciation and amortization expense:**

Depreciation and amortization expense related to capital assets	\$ 2,795,777
Amortization expense related to other assets	-
<b>Total depreciation and amortization</b>	<b>\$ 2,795,777</b>

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**CSU FULLERTON AUXILIARY SERVICES CORPORATION**  
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**4 Long-term liabilities:**

	Balance June 30, 2019	Prior Period Adjustments/Reclassification s	Balance June 30, 2019 (Restated)	Additions	Reductions	Balance June 30, 2020	Current Portion	Noncurrent Portion
<b>1. Accrued compensated absences</b>	\$ 640,006		640,006	516,461	(492,562)	\$ 663,905	\$ 350,659	\$ 313,246
<b>2. Claims liability for losses and loss adjustment expenses</b>	-		-			-		-
<b>3. Capital lease obligations:</b>								
Gross balance	4,660,000		4,660,000		(140,000)	4,520,000	145,000	4,375,000
Unamortized net premium/(discount)	-		-			-	-	-
<b>Total capital lease obligations</b>	<u>\$ 4,660,000</u>	-	<u>4,660,000</u>	-	<u>(140,000)</u>	<u>4,520,000</u>	<u>145,000</u>	<u>4,375,000</u>
<b>4. Long-term debt obligations:</b>								
4.1 Auxiliary revenue bonds (non-SRB related)	\$ -		-			\$ -	-	-
4.2 Commercial paper	-		-			-	-	-
4.3 Notes payable (SRB related)	50,660,000		50,660,000	12,890,000	(16,120,000)	47,430,000	1,665,000	45,765,000
4.4 Others:								
College Park West LT.	5,000,000		5,000,000		(5,000,000)	-	-	-
	-		-			-	-	-
	-		-			-	-	-
	-		-			-	-	-
Total others	5,000,000		5,000,000	-	(5,000,000)	-	-	-
<b>Sub-total long-term debt</b>	<u>\$ 55,660,000</u>	-	<u>55,660,000</u>	<u>12,890,000</u>	<u>(21,120,000)</u>	<u>\$ 47,430,000</u>	<u>1,665,000</u>	<u>45,765,000</u>
4.5 Unamortized net bond premium/(discount)	5,304,847		5,304,847	2,031,536	(1,121,187)	6,215,196	-	6,215,196
<b>Total long-term debt obligations</b>	<u>60,964,847</u>	-	<u>60,964,847</u>	<u>14,921,536</u>	<u>(22,241,187)</u>	<u>53,645,196</u>	<u>1,665,000</u>	<u>51,980,196</u>
<b>Total long-term liabilities</b>	<u>\$ 66,264,853</u>	-	<u>66,264,853</u>	<u>15,437,997</u>	<u>(22,873,749)</u>	<u>\$ 58,829,101</u>	<u>2,160,659</u>	<u>\$ 56,668,442</u>

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**CSU FULLERTON AUXILIARY SERVICES CORPORATION**  
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5 Capital lease obligations schedule:

	Capital lease obligations related to SRB			All other capital lease obligations			Total capital lease obligations		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
<b>Year ending June 30:</b>									
2021	-	-	-	145,000	209,475	354,475	145,000	209,475	354,475
2022	-	-	-	155,000	201,975	356,975	155,000	201,975	356,975
2023	-	-	-	165,000	193,975	358,975	165,000	193,975	358,975
2024	-	-	-	170,000	185,600	355,600	170,000	185,600	355,600
2025	-	-	-	180,000	176,850	356,850	180,000	176,850	356,850
2026 - 2030	-	-	-	1,050,000	735,500	1,785,500	1,050,000	735,500	1,785,500
2031 - 2035	-	-	-	1,340,000	439,475	1,779,475	1,340,000	439,475	1,779,475
2036 - 2040	-	-	-	1,315,000	112,700	1,427,700	1,315,000	112,700	1,427,700
2041 - 2045	-	-	-	-	-	-	-	-	-
2046 - 2050	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-
<b>Total minimum lease payments</b>	\$ -	-	-	<b>4,520,000</b>	<b>2,255,550</b>	<b>6,775,550</b>	<b>4,520,000</b>	<b>2,255,550</b>	<b>6,775,550</b>
Less: amounts representing interest									(2,255,550)
<b>Present value of future minimum lease payments</b>									<b>4,520,000</b>
Unamortized net premium(discount)									-
<b>Total capital lease obligations</b>									<b>4,520,000</b>
Less: current portion									(145,000)
<b>Capital lease obligations, net of current portion</b>									<b>\$ 4,375,000</b>

6 Long-term debt obligations schedule:

	Auxiliary revenue bonds (non-SRB related)			All other long-term debt obligations			Total long-term debt obligations		
	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest
<b>Year ending June 30:</b>									
2021	-	-	-	1,665,000	2,248,734	3,913,734	1,665,000	2,248,734	3,913,734
2022	-	-	-	1,740,000	2,173,069	3,913,069	1,740,000	2,173,069	3,913,069
2023	-	-	-	1,830,000	2,091,222	3,921,222	1,830,000	2,091,222	3,921,222
2024	-	-	-	1,915,000	2,005,119	3,920,119	1,915,000	2,005,119	3,920,119
2025	-	-	-	2,000,000	1,914,639	3,914,639	2,000,000	1,914,639	3,914,639
2026 - 2030	-	-	-	11,575,000	8,027,618	19,602,618	11,575,000	8,027,618	19,602,618
2031 - 2035	-	-	-	8,150,000	5,498,944	13,648,944	8,150,000	5,498,944	13,648,944
2036 - 2040	-	-	-	8,550,000	3,605,375	12,155,375	8,550,000	3,605,375	12,155,375
2041 - 2045	-	-	-	9,265,000	1,225,875	10,490,875	9,265,000	1,225,875	10,490,875
2046 - 2050	-	-	-	740,000	18,500	758,500	740,000	18,500	758,500
Thereafter	-	-	-	-	-	-	-	-	-
<b>Total minimum payments</b>	\$ -	-	-	<b>47,430,000</b>	<b>28,809,095</b>	<b>76,239,095</b>	<b>47,430,000</b>	<b>28,809,095</b>	<b>76,239,095</b>
Less: amounts representing interest									(28,809,095)
<b>Present value of future minimum payments</b>									<b>47,430,000</b>
Unamortized net premium(discount)									6,215,196
<b>Total long-term debt obligations</b>									<b>53,645,196</b>
Less: current portion									(1,665,000)
<b>Long-term debt obligations, net of current portion</b>									<b>\$ 51,980,196</b>

See independent auditors' report.

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**

Other Information

June 30, 2020

(for inclusion in the California State University)

**7 Transactions with related entities:**

Payments to University for salaries of University personnel working on contracts, grants, and other programs	2,362,707
Payments to University for other than salaries of University personnel	1,148,675
Payments received from University for services, space, and programs	25,028,658
Gifts-in-kind to the University from discretely presented component units	-
Gifts (cash or assets) to the University from discretely presented component units	185,963
Accounts (payable to) University (enter as negative number)	(778,219)
Other amounts (payable to) University (enter as negative number)	(297,667)
Accounts receivable from University (enter as positive number)	97,941
Other amounts receivable from University (enter as positive number)	-

**8 Restatements**

Provide a detailed breakdown of the journal entries (at the financial statement line items level) booked to record each restatement:

		Debit/(Credit)
Restatement #1	Enter transaction description	
Restatement #2	Enter transaction description	-
		-

See independent auditors' report.

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**  
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9 Natural classifications of operating expenses:

	Salaries	Benefits - Other	Benefits - Pension	Benefits - OPEB	Scholarships and fellowships	Supplies and other services	Depreciation and amortization	Total operating expenses
Instruction	2,248,103	634,791	21,493	2,262		823,691		3,730,340
Research	2,862,462	538,847	12,401	4,136		1,026,348		4,444,194
Public service	3,462,550	555,432	77,667	14,030		3,460,099		7,569,778
Academic support	-	-	-	-		-		-
Student services	4,322,471	686,694	96,746	19,986		1,385,131		6,511,028
Institutional support	424,350	59,007	2,606	1,583		287,615		775,161
Operation and maintenance of plant	203,707	51,843	13,993	2,300		4,126,919		4,398,762
Student grants and scholarships					3,117,869			3,117,869
Auxiliary enterprise expenses	8,183,942	1,535,063	334,299	47,637		16,189,658		26,290,599
Depreciation and amortization							2,795,777	2,795,777
<b>Total operating expenses</b>	<b>\$ 21,707,585</b>	<b>4,061,677</b>	<b>559,205</b>	<b>91,934</b>	<b>3,117,869</b>	<b>27,299,461</b>	<b>2,795,777</b>	<b>59,633,508</b>

10 Deferred outflows/inflows of resources:

1. Deferred Outflows of Resources

Deferred outflows - unamortized loss on refunding(s)  
 Deferred outflows - net pension liability  
 Deferred outflows - net OPEB liability  
 Deferred outflows - others:  
     Sales/intra-entity transfers of future revenues  
     Gain/loss on sale leaseback  
     Loan origination fees and costs  
     Change in fair value of hedging derivative instrument  
     Irrevocable split-interest agreements

Total deferred outflows - others

**Total deferred outflows of resources**

\_\_\_\_\_  
 \_\_\_\_\_  
**\$ -**

N/A

2. Deferred Inflows of Resources

Deferred inflows - service concession arrangements  
 Deferred inflows - net pension liability  
 Deferred inflows - net OPEB liability  
 Deferred inflows - unamortized gain on debt refunding(s)  
 Deferred inflows - nonexchange transactions  
 Deferred inflows - others:  
     Sales/intra-entity transfers of future revenues  
     Gain/loss on sale leaseback  
     Loan origination fees and costs  
     Change in fair value of hedging derivative instrument  
     Irrevocable split-interest agreements

Total deferred inflows - others

**Total deferred inflows of resources**

\_\_\_\_\_  
 \_\_\_\_\_  
**\$ -**

N/A

See independent auditors' report.