

# CSU Fullerton Auxiliary Services Corporation

Financial Statements and Supplemental Information

Years Ended June 30, 2021 and 2020



# 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, 2021 and 2020, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe 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, 2021 and 2020, 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.

### Emphasis of Matter

#### Change in Accounting Principles

As described in Note 2 to the financial statements, the CSU Fullerton Auxiliary Services Corporation has adopted FASB Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (ASC Topic 606)*. Our opinion is not modified with respect to those matters.

## INDEPENDENT AUDITORS' REPORT, CONTINUED

### **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 30 – 48 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2021, on our consideration of CSU Fullerton Auxiliary Services Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of CSU Fullerton Auxiliary Services Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CSU Fullerton Auxiliary Services Corporation's internal control over financial reporting and compliance.

*Aldrich CPAs + Advisors LLP*

San Diego, California  
September 14, 2021

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**

Statements of Financial Position

June 30, 2021 and 2020

<b>Assets</b>	<b>Total 2021</b>	<b>Total 2020</b>
	<hr/>	<hr/>
Current Assets:		
Cash and cash equivalents	\$ 11,620,217	17,616,369
Investments	19,127,438	7,876,387
Accounts receivable:		
Sponsored programs	3,835,949	3,225,744
Other receivables	7,373,094	1,906,653
Less price concession for - uncollectible amounts	<u>(29,509)</u>	<u>(31,540)</u>
Total Accounts Receivable, net	<u>11,179,534</u>	<u>5,100,857</u>
Inventories	1,957,987	3,612,954
Capital lease receivable, current portion	1,842,831	1,836,146
Other current assets	<u>394,078</u>	<u>364,907</u>
Total Current Assets	<u>46,122,085</u>	<u>36,407,620</u>
Property and Equipment:		
Land	12,233,078	19,990,205
Building and improvements	8,750,000	30,992,873
Equipment, furniture, and fixtures	3,961,741	3,977,664
Work in progress	34,750	52,821
Leasehold improvements	<u>28,981,522</u>	<u>33,772,911</u>
	53,961,091	88,786,474
Less accumulated depreciation and amortization	<u>(13,161,786)</u>	<u>(17,078,212)</u>
Total Property and Equipment, net	<u>40,799,305</u>	<u>71,708,262</u>
Other Assets:		
Capital lease receivable, net of current	19,455,247	21,298,078
Annuity and life estate investments	<u>294</u>	<u>276,829</u>
Total Other Assets	<u>19,455,541</u>	<u>21,574,907</u>
Total Assets	<u>\$ 106,376,931</u>	<u>129,690,789</u>

See accompanying notes to financial statements.

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**

Statements of Financial Position

June 30, 2021 and 2020

<b>Liabilities and Net Assets</b>	<b>Total 2021</b>	<b>Total 2020</b>
Current Liabilities:		
Accounts payable	\$ 2,690,948	3,226,244
Accrued expenses	3,534,790	12,858,122
Accrued interest payable	178,570	380,758
Receipts in excess of expenditures on sponsored programs	2,087,520	3,452,757
Deposits held in custody for others	3,251,443	3,262,218
Deferred income	384,398	172,349
Unearned income, current portion	717,831	766,146
Notes payable, current portion	1,654,801	2,238,220
Post retirement benefit, current portion	189,855	164,021
Unitrust liabilities, current portion	294	8,191
Total Current Liabilities	14,690,450	26,529,026
Noncurrent Liabilities:		
Notes payable, net of current	31,421,501	58,774,316
Unearned income, net of current	4,240,247	4,958,078
Allowance for grant payments received	759,015	760,024
Post retirement benefit, net of current	—	1,259,520
Unitrust liabilities, net of current portion	—	223,787
Total Noncurrent Liabilities	36,420,763	65,975,725
Total Liabilities	51,111,213	92,504,751
Net Assets:		
Without donor restrictions:		
Designated	7,642,175	6,259,708
Undesignated	47,623,543	30,863,043
Net assets, without donor restrictions	55,265,718	37,122,751
Net assets, with donor restrictions	—	63,287
Total Net Assets	55,265,718	37,186,038
Total Liabilities and Net Assets	\$ 106,376,931	129,690,789

See accompanying notes to financial statements.

## CSU FULLERTON AUXILIARY SERVICES CORPORATION

### Statement of Activities Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues, Gains, and Other Support:</b>			
Enterprise Activities:			
Sales	\$ 13,467,015	—	13,467,015
Commissions, fees, other	764,183	—	764,183
Total Enterprise Activities	<u>14,231,198</u>	<u>—</u>	<u>14,231,198</u>
Program Activities:			
Sponsored programs	28,221,457	—	28,221,457
University support programs	4,642,050	—	4,642,050
University extended education programs	834,467	—	834,467
Total Program Activities	<u>33,697,974</u>	<u>—</u>	<u>33,697,974</u>
General Supporting Activities:			
Rental property	10,753,496	—	10,753,496
Investment income	108,940	11,959	120,899
Administrative fees and other revenue	1,377,012	—	1,377,012
Net unrealized and realized gains (losses) on investments	(2,262)	23,209	20,947
Total General Supporting Activities	<u>12,237,186</u>	<u>35,168</u>	<u>12,272,354</u>
Total Revenues and Support	60,166,358	35,168	60,201,526
Net assets released from restrictions	98,455	(98,455)	—
Total Revenues, Gains, and Other Support	<u>60,264,813</u>	<u>(63,287)</u>	<u>60,201,526</u>
<b>Expenses and Other Changes:</b>			
Enterprise Activities:			
Titan shops	14,828,937	—	14,828,937
Dining services	1,553,127	—	1,553,127
Total Enterprise Activities	<u>16,382,064</u>	<u>—</u>	<u>16,382,064</u>
Program Activities:			
Sponsored programs	28,424,220	—	28,424,220
University support programs	4,171,787	—	4,171,787
University extended education programs	848,983	—	848,983
Total Program Activities	<u>33,444,990</u>	<u>—</u>	<u>33,444,990</u>
General Supporting Activities:			
Rental property	10,755,370	—	10,755,370
Management and general	3,208,903	—	3,208,903
Total General Supporting Services	<u>13,964,273</u>	<u>—</u>	<u>13,964,273</u>
Total Expenses	<u>63,791,327</u>	<u>—</u>	<u>63,791,327</u>
Increase (Decrease) in Net Assets from Operating Activities	(3,526,514)	(63,287)	(3,589,801)
Non-Operating Activities:			
Gain on sale of building	20,715,905	—	20,715,905
Postretirement-related changes other than net periodic benefit	953,576	—	953,576
Total Non-Operating Activities Costs	<u>21,669,481</u>	<u>—</u>	<u>21,669,481</u>
Change in Net Assets	18,142,967	(63,287)	18,079,680
Net Assets at Beginning of Year	<u>37,122,751</u>	<u>63,287</u>	<u>37,186,038</u>
Net Assets at End of Year	<u>\$ 55,265,718</u>	<u>—</u>	<u>\$ 55,265,718</u>

See accompanying notes to financial statements.

## CSU FULLERTON AUXILIARY SERVICES CORPORATION

### Statement of Activities Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues, Gains, and Other Support:</b>			
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 gains (losses) on investments	(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>
<b>Expenses and Other Changes:</b>			
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 expense	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 Expenses	<u>60,831,972</u>	<u>—</u>	<u>60,831,972</u>
Increase (Decrease) in Net Assets from Operating Activities	1,844,906	10,705	1,855,611
Non-Operating Activities:			
Postretirement-related changes other than net periodic benefit cost	(1,038,659)	—	(1,038,659)
Total Non-Operating Activities Costs	<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 notes to financial statements.



**CSU FULLERTON AUXILIARY SERVICES CORPORATION**

Statement of Functional Expenses

Year Ended June 30, 2021

	Enterprise and Program Activities				General Supporting Activities		Total 2021
	Enterprise Activities	Sponsored Programs	University Support Programs	University Extended Education	Rental Property	Management and General	
Cost of goods sold	\$ 11,700,417	—	—	—	—	—	11,700,417
Payroll expense:							
Salaries and wages	2,075,472	11,701,497	2,304,040	423,150	168,729	1,905,666	18,578,554
Benefits	569,026	2,378,372	402,285	174,632	52,848	362,141	3,939,304
Total payroll expenses	2,644,498	14,079,869	2,706,325	597,782	221,577	2,267,807	22,517,858
Advertising & Promotion	84,960	178	4,385	6,128	—	—	95,651
Audit and Legal	—	—	3,110	13,228	69,537	62,370	148,245
Bank and Discount Charges	115,379	—	11,060	7,406	46,343	9,899	190,087
Commission & Royalty	10,670	—	—	—	—	—	10,670
Communications	260,954	42,880	104,952	6,960	15,794	23,099	454,639
Conference & Travel	1,694	151,018	60,303	66,002	11,517	3,004	293,538
Debt Service & Interest Exp.	—	—	—	—	1,805,134	—	1,805,134
Departmental Allocation	—	2,488,783	108,829	—	—	—	2,597,612
Depreciation & Amortization	583,681	—	—	—	2,073,043	18,675	2,675,399
Donations & Scholarships	102,804	1,384,254	112,209	—	—	87,106	1,686,373
Employee Development	17,831	26,108	18,390	1,553	—	170,027	233,909
Equipment Rental/Expense	4,423	297,174	98,552	345	4,430	—	404,924
Insurance	51,200	5,185	10,026	11,990	262,369	24,524	365,294
Other Direct Costs	22,415	1,623,943	251,909	26,638	1,022,142	214,784	3,161,831
Professional Serv/Consultants	86,382	5,960,056	381,846	56,494	2,665,209	112,937	9,262,924
Public Relations	16	11,084	8,204	43	44	655	20,046
Rentals	30,962	56,301	52,745	15,455	779,261	—	934,724
Repairs and Maintenance	338,451	16,116	147,536	18,684	1,181,667	202,855	1,905,309
Stipends/Honorariums	—	2,203,036	300	—	—	—	2,203,336
Supplies	106,907	68,366	52,797	12,780	4,151	8,730	253,731
Taxes & Licenses	10,866	—	—	364	20,562	2,431	34,223
Utilities	207,554	9,869	38,309	7,131	572,590	—	835,453
Total operating expenses	2,037,149	14,344,351	1,465,462	251,201	10,533,793	941,096	29,573,052
Total expense	\$ 16,382,064	28,424,220	4,171,787	848,983	10,755,370	3,208,903	63,791,327

See accompanying notes to 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	3,357,518	12,161,260	2,398,529	908,297	7,537,411	644,271	27,007,286
Total expense	\$ 16,928,947	26,148,370	5,063,824	1,411,016	7,809,254	3,470,561	60,831,972

See accompanying notes to financial statements.

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**

Statements of Cash Flows

Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 18,079,680	816,952
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	2,675,399	2,795,777
Prepaid rent amortization	(249,829)	(199,864)
Bond premium amortization	(146,287)	(649,651)
Realized and unrealized losses (gains) on investments	(20,947)	43,838
Gain on sale of buildings	(20,715,905)	—
Decrease in value of annuity and life estate investments	276,535	34,605
Decrease in annuity and unitrust payable	(231,684)	(26,874)
Changes in assets and liabilities:		
Accounts receivable	(6,078,677)	1,601,711
Inventories	1,654,967	(753,744)
Other current assets	(29,171)	96,532
Accounts payable	(535,296)	1,593,952
Post retirement benefit	(1,233,686)	1,322,851
Accrued expenses	(9,525,520)	9,854,782
Receipts in excess of expenditures on specific sponsored programs	(1,365,237)	377,170
Deposits held in custody for others	(10,775)	238,402
Deferred income	212,049	—
Decrease in allowance for grant payments received	(1,009)	(43,214)
Net Cash Provided (Used) by Operating Activities	<u>(17,245,393)</u>	<u>17,103,225</u>
Cash flows from Investing Activities:		
Purchase of property and equipment	(123,891)	(2,585,567)
Proceeds from sale of property and equipment	49,073,356	—
Purchase of investments	(11,230,104)	(7,290,264)
Sales of investments	—	1,354,647
Net Cash Provided (Used in) by Investing Activities	<u>37,719,361</u>	<u>(8,521,184)</u>
Cash Flows from Financing Activities:		
Payments on notes and capital lease obligations	(1,665,000)	(1,670,000)
Bond amendment	(25,730,118)	(1,952,797)
Payments received for capital lease receivable	925,000	965,000
Capital lease receivable amendment	—	1,560,000
Net Cash Provided (Used in) by Financing Activities	<u>(26,470,118)</u>	<u>(1,097,797)</u>
Net Increase (Decrease) in Cash	(5,996,150)	7,484,244
Cash and Cash Equivalents at Beginning of Year	17,616,369	10,132,125
Cash and Cash Equivalents at End of Year	\$ <u>11,620,219</u>	\$ <u>17,616,369</u>
Supplemental Disclosures of Cash Flow Information:		
Cash paid during the year for interest	\$ <u>1,805,134</u>	\$ <u>1,198,464</u>
Non-cash reduction of lease payable and lease receivable	\$ <u>145,000</u>	\$ <u>140,000</u>

See accompanying notes to financial statements.

# CSU FULLERTON AUXILIARY SERVICES CORPORATION

## Notes to Financial Statements

Years Ended June 30, 2021 and 2020

### (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, 2021 and 2020

### (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 May 2014, the Financial Accounting Standards Board (FASB) issued ASU 2014-09, *Revenue from Contracts with Customers (ASC Topic 606)*. This standard update, along with related subsequently issued updates, clarifies the principles for recognizing revenue and develops a common revenue standard under accounting principles generally accepted in the United States of America (US GAAP). Effective July 1, 2020, ASC adopted ASU 2014-09, *Revenue from Contracts with Customers (ASC Topic 606)*. ASC has analyzed the provisions of ASU 2014-09 and concluded that no changes were necessary to conform with the new standard.

#### (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.

# CSU FULLERTON AUXILIARY SERVICES CORPORATION

## Notes to Financial Statements

Years Ended June 30, 2021 and 2020

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

#### (b) *Basis of Presentation, continued*

##### **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, 2021 and 2020.

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.

#### (c) *Estimates*

In preparing financial statements in conformity with US GAAP, 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 \$566,668 and \$563,316 for the years ended June 30, 2021 and 2020, 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.

# CSU FULLERTON AUXILIARY SERVICES CORPORATION

## Notes to Financial Statements

Years Ended June 30, 2021 and 2020

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

#### (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 certificates of deposit, 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.

Management provides for probable uncollectible amounts through a provision for bad debt expense and adjustment to price concessions for uncollectible amounts 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 price concession for uncollectible amounts 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 7 to 30 years. Leasehold improvements are amortized using the straight-line method over their estimated useful lives or the term of the lease, whichever is shorter.

# CSU FULLERTON AUXILIARY SERVICES CORPORATION

## Notes to Financial Statements

Years Ended June 30, 2021 and 2020

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

#### (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.

#### (l) *Deferred Income*

Deferred income consists of outstanding amount of all gift cards sold to customers for future use at the book store.

#### (m) *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.

#### (n) *Revenue recognition*

**Enterprise Activities:** Enterprise sales consist of amounts received from POS transactions from ASC's Dining and Bookstore operations. Revenue is recorded at point in time service is provided to customer.

**Sponsored Programs:** 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.

**University Support and Extended Education programs:** Program revenue are amounts received from campus for providing operational support to various university support and educational programs. ASC provides services per campus program agreement and recognizes revenue upon billing campus to be reimbursed for services performed. Services include payroll services, assisting with registration for workshops and conferences, and performing services as needed per various agreements



# CSU FULLERTON AUXILIARY SERVICES CORPORATION

## Notes to Financial Statements

Years Ended June 30, 2021 and 2020

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

#### (n) *Revenue recognition, continued*

**Administrative fees and other revenue:** Revenue is related to administrative service agreement with Campus and general indirect cost recovery for grant operations per signed agreement between ASC and grantor.

#### (o) *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, 2021 and 2020 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statements of financial position.

#### (p) *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.

#### (q) *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, 2021 and 2020

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

#### (r) Subsequent Events

ASC has evaluated events and transactions for potential recognition or disclosure through September 14, 2021, 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, 2021, less amounts not available for general use due to contractual or donor-imposed restrictions and certain board-designated assets.

	<u>2021</u>	<u>2020</u>
Current financial assets at year end:		
Cash and cash equivalents	\$ 11,620,217	17,616,369
Investments	19,127,438	7,876,387
Accounts receivable, net	11,179,534	5,100,857
Total financial assets	<u>41,927,189</u>	<u>30,593,613</u>
Less amounts not available for general use:		
Board-designated funds	(7,642,175)	(6,259,708)
Donor-restricted funds	—	(63,287)
Total amounts unavailable for general use	<u>(7,642,175)</u>	<u>(6,322,995)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 34,285,014</u>	<u>24,270,618</u>

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.

# CSU FULLERTON AUXILIARY SERVICES CORPORATION

## Notes to Financial Statements

Years Ended June 30, 2021 and 2020

### (4) Investments and Fair Value Measurement

US GAAP 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, 2021				
	Level 1	Level 2	Level 3	NAV	Total
Investments:					
Local Agency Investment Fund \$	—	—	—	17,882,435	17,882,435
Certificates of Deposits	—	1,245,003	—	—	1,245,003
Total Investments	—	—	—	17,882,435	19,127,438
Annuity and Life Estate	—	—	—	294	294
	\$ —	1,245,003	—	17,882,729	19,127,732

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**

Notes to Financial Statements

Years Ended June 30, 2021 and 2020

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

	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	 276,829	 —	 —	 —	 276,829
	\$ 276,829	—	—	7,876,387	8,153,216

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, 2021 and 2020.

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

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, 2021			
	Fair value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Local Agency Investment Fund	\$17,882,435	—	n/a	n/a

  

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

# CSU FULLERTON AUXILIARY SERVICES CORPORATION

## Notes to Financial Statements

Years Ended June 30, 2021 and 2020

### **(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, 2020, through and including November 1, 2030. As of June 30, 2021 and 2020, the outstanding balance of the note was \$11,965,000 and \$12,890,000, respectively. The interest expense on the SRB 2010A, 2019B and 2020A loan for the years ended June 30, 2021 and 2020 was \$556,671 and \$552,827, 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, 2021, a capital lease receivable was \$14,877,003 with unearned income of \$2,912,003. As of June 30, 2020, the capital lease receivable was \$16,358,674 with unearned income of \$3,468,674. 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, 2021, a capital lease receivable was \$6,421,075 with unearned income of \$2,046,075. As of June 30, 2020, the capital lease receivable was \$6,775,550 with unearned income of \$2,255,550.

## CSU FULLERTON AUXILIARY SERVICES CORPORATION

### Notes to Financial Statements

Years Ended June 30, 2021 and 2020

#### **(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, 2021 and 2020, the note payable was \$4,375,000 and \$4,520,000, respectively, of which the current portion was \$155,000 and \$145,000, 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, 2021 and 2020, the unamortized balance of the deposit was \$4,550,308 and \$4,800,137, 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, 2021 and 2020, the outstanding balance of the note was \$10,970,000 and \$11,195,000, respectively. Unamortized bond premium for the years ended June 30, 2021 and 2020 was \$1,215,995 and \$1,265,966, 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 until the fiscal year 2020.

## CSU FULLERTON AUXILIARY SERVICES CORPORATION

### Notes to Financial Statements

Years Ended June 30, 2021 and 2020

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

Once the lease on the second building expired, the University 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 1, 2014, through November 1, 2043.

ASC sold Irvine real properties on March 26, 2021 and a portion of the sale proceeds of the properties was applied to defeasance of a system-wide revenue bond (Series 2014A) on April 6, 2021. The amount of sales proceeds was \$49,625,000 and the defeasance escrow cost was \$26,843,429. The board of Trustees of the California defeased the Series 2014A bond which the outstanding balance was \$22,830,000.

As of June 30, 2021, there was no outstanding balance of the note and no unamortized bond premium. As of June 30, 2020, the outstanding balance of the note was \$23,345,000 and unamortized bond premium was \$2,996,433. The interest expense at June 30, 2021 and 2020 was \$583,625 and \$1,179,500, respectively.

As of June 30, 2021, the ending balances of lease receivable and notes payable are as follows:

	<u>Capital Lease Receivable</u>	<u>Notes Payable</u>
College Park	\$ 11,965,000	11,965,000
College Park Interest	2,912,003	—
Police Building	4,375,000	4,375,000
Police Building Interest	2,046,075	—
Titan Hall and ASC	—	10,970,000
Titan Hall and ASC Premium	—	1,215,995
Titan Hall	—	4,550,307
Irvine Location	—	—
Irvine Premium	—	—
	21,298,078	33,076,302
Current portion	1,842,831	1,654,801
	\$ 19,455,247	31,421,501

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**

Notes to Financial Statements

Years Ended June 30, 2021 and 2020

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

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

	<u>Capital 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>

As of June 30, 2021, future minimum payments on the notes payable and loans are as follows:

Year Ending June 30:	<u>Principal</u>	<u>Interest</u>
2022	\$ 1,654,801	1,247,044
2023	1,724,801	1,184,947
2024	1,785,486	1,119,719
2025	1,849,801	1,051,239
2026	1,934,801	978,813
2027-2031	10,884,691	3,651,449
2032-2036	4,980,375	2,103,250
2037-2041	4,679,999	1,243,350
2042-2046	3,581,546	436,877
Thereafter	—	—
Total	<u>\$ 33,076,301</u>	<u>13,016,688</u>



# CSU FULLERTON AUXILIARY SERVICES CORPORATION

## Notes to Financial Statements

Years Ended June 30, 2021 and 2020

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

As of June 30, 2021, future minimum payments on the capital lease receivable are as follows:

Year Ending June 30:	Principal	Interest	Total
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
2026	1,355,000	496,725	1,851,725
Thereafter	10,165,000	1,907,399	12,072,399
Total	<u>\$ 16,340,000</u>	<u>4,958,078</u>	<u>21,298,078</u>

### (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, 2021 and 2020

**(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:

	<u>2021</u>	<u>2020</u>
Change in Benefit Obligation:		
Benefit obligation at beginning of year	\$ 6,912,189	5,397,729
Service cost	467,536	284,192
Interest cost	180,716	184,091
Benefits paid	(186,619)	(185,400)
Actuarial (gain)/loss	<u>(242,320)</u>	<u>1,231,577</u>
Benefit Obligation at End of Year	<u>\$ 7,131,502</u>	<u>6,912,189</u>
Change in Plan Assets:		
Fair value of plan assets at beginning of year	\$ 5,488,648	5,297,039
Actual return on plan assets	1,452,999	191,609
Benefits paid	(186,619)	(185,400)
Employer contributions	<u>186,619</u>	<u>185,400</u>
Fair Value of Plan Assets at End of Year	<u>\$ 6,941,647</u>	<u>5,488,648</u>
Funded Status:		
Fair value of plan assets, end of year	\$ 6,941,647	5,488,648
Accumulated postretirement benefit obligation, end of year	<u>(7,131,502)</u>	<u>(6,912,189)</u>
Funded Status at End of Year	<u>\$ (189,855)</u>	<u>(1,423,541)</u>
Amounts Recognized in Statements of Financial Position:		
Current liabilities	\$ (189,855)	(164,021)
Non-current liabilities	<u>—</u>	<u>(1,259,520)</u>
Total Recognized in Statement of Financial Position	<u>\$ (189,855)</u>	<u>(1,423,541)</u>
Amount Recognized in Changes in Net Assets:		
Net actuarial (gain)/loss	<u>\$ (3,172,863)</u>	<u>(1,936,426)</u>
Total Recognized in Changes in Net Assets	<u>\$ (3,172,863)</u>	<u>(1,936,426)</u>

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**

Notes to Financial Statements

Years Ended June 30, 2021 and 2020

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

Assumptions:

Weighted-average assumptions  
used to determine benefit obligation

Discount rate	2.78%	3.46%
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	 5.90%	 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	2029

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

Year Ending June 30:

2022	\$ 200,265
2023	208,538
2024	233,569
2025	246,379
2026-2030	<u>1,467,998</u>
Total Expected Benefit Payments	<u><u>\$ 2,356,749</u></u>

	<u>2021</u>	<u>2020</u>
Net Periodic Benefit Cost:		
Service cost	\$ 467,536	284,192
Interest cost	180,716	184,091
Expected return on plan assets	(1,695,319)	1,039,968
Amortization of net gain	<u>(186,619)</u>	<u>(185,400)</u>
 Net Periodic Benefit Cost	 <u><u>\$ (1,233,686)</u></u>	 <u><u>1,322,851</u></u>

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**

Notes to Financial Statements

Years Ended June 30, 2021 and 2020

**(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:

	<u>2021</u>	<u>2020</u>
Investments:		
Equity securities	\$ 3,715,084	2,611,672
Fixed income	2,668,420	2,426,713
Other	<u>558,143</u>	<u>450,263</u>
 Total	 <u>\$ 6,941,647</u>	 <u>5,488,648</u>

**(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:

	<u>2021</u>	<u>2020</u>
University Gables HOA	\$ 566,668	563,316
Reserves	<u>7,075,507</u>	<u>5,696,392</u>
Total	<u>\$ 7,642,175</u>	<u>6,259,708</u>

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

	<u>2021</u>	<u>2020</u>
Annuity and life estate investments	\$ —	44,851
Contribution with donor restriction	<u>—</u>	<u>18,436</u>
	<u>\$ —</u>	<u>63,287</u>

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, 2021 and 2020

### (8) Revenue Recognition

#### Contract Balances

Accounts receivable from contracts with customers were as follows:

	<u>Accounts Receivable, net</u>	
	<u>2021</u>	<u>2020</u>
Beginning of year	\$1,906,653	\$3,247,498
End of year	\$7,373,094	\$1,906,653

#### Significant Judgements

The Organization analyzes revenue recognition on a portfolio approach under ASC Topic 606. Significant judgment is utilized in determining the appropriate portfolios to assess for meeting the criteria to recognize revenue under ASC Topic 606. The Organization has determined that, for each distinct revenue stream identified, all contracts can be grouped into one portfolio. Based on past experience, customers within each distinct stream all behave similarly, contracts contain similar terms, and policies are the same across all contracts. The Organization does not expect that revenue earned for the portfolio is significantly different as compared to revenue that would be earned if they were to assess each contract separately.

Significant judgment is also required to assess collectability. The Organization assesses collectability each reporting period to monitor that the collectability threshold is met and does not recognize revenue if collection is not probable. Impairment losses are recognized when there are significant changes in a customer's assessed collectability.

### (9) 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:

#### Employee Contribution of Compensation

Less than 2% of compensation

2% or greater, but less than 5%

5% or greater of compensation

#### Employer Matching Contribution

0% of participant compensation

4% of participant compensation

8% of participant compensation

## CSU FULLERTON AUXILIARY SERVICES CORPORATION

### Notes to Financial Statements

Years Ended June 30, 2021 and 2020

#### **(9) Retirement Plan (continued)**

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, 2021 and 2020, total benefit expense was \$486,873 and \$510,946, respectively.

#### **(10) 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, 2021 and 2020, rental expense was \$32,430 and \$211,173, respectively.

## CSU FULLERTON AUXILIARY SERVICES CORPORATION

### Notes to Financial Statements

Years Ended June 30, 2021 and 2020

#### (10) Operating Lease Commitments (continued)

Future minimum payments under operating lease agreements as of June 30, 2021 are as follows:

Year Ending June 30:	
2022	\$ 198,707
2023	201,225
2024	185,930
2025	186,045
2026	<u>188,798</u>
Total	<u>\$ 960,705</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. Future amount of rental income recognized from these sources are as follows:

Year Ending June 30:	
2022	\$ 5,650,227
2023	5,446,746
2024	5,516,399
2025	5,589,097
2026	5,650,399
Thereafter	<u>58,756,357</u>
Total	<u>\$ 86,609,225</u>

#### (11) 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>2021</u>	<u>2020</u>
Receivables due from University	\$ 3,025,492	97,941
Accounts payable due to University	934,442	1,075,886
Amounts billed by ASC and included in revenues	5,048,515	25,028,657
Gifts to the University	306,936	185,963
Amounts billed to ASC and included in expenses	6,480,564	3,511,382

## SUPPLEMENTAL INFORMATION



**CSU FULLERTON AUXILIARY SERVICES CORPORATION**

Schedule of Financial Position (by Fund)

June 30, 2021

(With comparative financial information as of June 30, 2020)

Assets	Total							With Donor Restrictions	Total 2021	Total 2020
	General	Other Designated	Rental Property	Enterprise Activities	Univ. Support Programs	Univ. Extended Education	Without Donor Restrictions			
<b>Current Assets:</b>										
Cash and cash equivalents	\$ (7,642,130)	7,932,366	10,238,512	(8,458,835)	6,556,735	2,993,569	11,620,217	—	11,620,217	17,616,369
Investments	18,878,358	—	249,080	—	—	—	19,127,438	—	19,127,438	7,876,387
Accounts receivable:										
Sponsored programs	3,835,949	—	—	—	—	—	3,835,949	—	3,835,949	3,225,744
Other receivables	906,823	31,597	68,410	5,943,385	404,462	18,417	7,373,094	—	7,373,094	1,906,653
Less allowance for doubtful accounts	(28,474)	—	—	(1,035)	—	—	(29,509)	—	(29,509)	(31,540)
Total Accounts Receivable, net	4,714,298	31,597	68,410	5,942,350	404,462	18,417	11,179,534	—	11,179,534	5,100,857
Inventories	—	—	—	1,957,987	—	—	1,957,987	—	1,957,987	3,612,954
Capital lease receivable, current portion	—	—	1,842,831	—	—	—	1,842,831	—	1,842,831	1,836,146
Other current assets	33,334	35,000	150,157	169,768	5,819	—	394,078	—	394,078	364,907
Total Current Assets	15,983,860	7,998,963	12,548,990	(388,730)	6,967,016	3,011,986	46,122,085	—	46,122,085	36,407,620
<b>Property and Equipment:</b>										
Land	—	—	12,230,000	—	—	3,078	12,233,078	—	12,233,078	19,990,205
Building and improvements	—	—	8,750,000	—	—	—	8,750,000	—	8,750,000	30,992,873
Equipment, furniture, and fixtures	279,293	—	676,584	3,005,864	—	—	3,961,741	—	3,961,741	3,977,664
Work in progress	—	—	34,750	—	—	—	34,750	—	34,750	52,821
Leasehold improvements	—	—	24,905,718	4,075,804	—	—	28,981,522	—	28,981,522	33,772,911
	279,293	—	46,597,052	7,081,668	—	3,078	53,961,091	—	53,961,091	88,786,474
Less accumulated depreciation and amortization	(243,499)	—	(8,807,724)	(4,110,563)	—	—	(13,161,786)	—	(13,161,786)	(17,078,212)
Total Property and Equipment, net	35,794	—	37,789,328	2,971,105	—	3,078	40,799,305	—	40,799,305	71,708,262
<b>Other Assets:</b>										
Capital lease receivable, net of current	—	—	19,455,247	—	—	—	19,455,247	—	19,455,247	21,298,078
Annuity and life estate investments	—	—	—	—	—	—	—	294	294	276,829
Total Other Assets	—	—	19,455,247	—	—	—	19,455,247	294	19,455,541	21,574,907
Total Assets	\$ 16,019,654	7,998,963	69,793,565	2,582,375	6,967,016	3,015,064	106,376,637	294	106,376,931	129,690,789

See independent auditors' report.

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**

Schedule of Financial Position (by Fund)

June 30, 2021

(With comparative financial information as of June 30, 2020)

Liabilities and Net Assets	Total							Total 2021	Total 2020	
	General	Other Designated	Rental Property	Enterprise Activities	Univ. Support Programs	Univ. Extended Education	Without Donor Restrictions			With Donor Restrictions
Current Liabilities:										
Accounts payable	\$ 820,060	—	494	1,849,940	20,454	—	2,690,948	—	2,690,948	3,226,244
Accrued expenses	1,299,719	293,575	634,258	862,018	356,609	88,611	3,534,790	—	3,534,790	12,858,122
Accrued interest payable	—	—	178,570	—	—	—	178,570	—	178,570	380,758
Receipts in excess of expenditures on sponsored programs	2,087,520	—	—	—	—	—	2,087,520	—	2,087,520	3,452,757
Deposits held in custody for others	—	—	—	—	3,251,443	—	3,251,443	—	3,251,443	3,262,218
Deferred income	—	—	—	384,398	—	—	384,398	—	384,398	172,349
Unearned income, current portion	—	—	717,831	—	—	—	717,831	—	717,831	766,146
Notes payable, current portion	—	—	1,654,801	—	—	—	1,654,801	—	1,654,801	2,238,220
Post retirement benefit, current portion	189,855	—	—	—	—	—	189,855	—	189,855	164,021
Unitrust liabilities, current portion	—	—	—	—	—	—	—	294	294	8,191
<b>Total Current Liabilities</b>	<b>4,397,154</b>	<b>293,575</b>	<b>3,185,954</b>	<b>3,096,356</b>	<b>3,628,506</b>	<b>88,611</b>	<b>14,690,156</b>	<b>294</b>	<b>14,690,450</b>	<b>26,529,026</b>
Noncurrent Liabilities:										
Notes payable, net of current	—	—	31,421,501	—	—	—	31,421,501	—	31,421,501	58,774,316
Unearned income, net of current	—	—	4,240,247	—	—	—	4,240,247	—	4,240,247	4,958,078
Allowance for grant payments received	759,015	—	—	—	—	—	759,015	—	759,015	760,024
Post retirement benefit, net of current	—	—	—	—	—	—	—	—	—	1,259,520
Unitrust liabilities, net of current portion	—	—	—	—	—	—	—	—	—	223,787
<b>Total Noncurrent Liabilities</b>	<b>759,015</b>	<b>—</b>	<b>35,661,748</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>36,420,763</b>	<b>—</b>	<b>36,420,763</b>	<b>65,975,725</b>
<b>Total Liabilities</b>	<b>5,156,169</b>	<b>293,575</b>	<b>38,847,702</b>	<b>3,096,356</b>	<b>3,628,506</b>	<b>88,611</b>	<b>51,110,919</b>	<b>294</b>	<b>51,111,213</b>	<b>92,504,751</b>
Net Assets:										
Without donor restrictions:										
Designated	29,585	7,045,922	566,668	—	—	—	7,642,175	—	7,642,175	6,259,708
Undesignated	10,833,900	659,466	30,379,195	(513,981)	3,338,510	2,926,453	47,623,543	—	47,623,543	30,863,043
<b>Net assets, without donor restrictions</b>	<b>10,863,485</b>	<b>7,705,388</b>	<b>30,945,863</b>	<b>(513,981)</b>	<b>3,338,510</b>	<b>2,926,453</b>	<b>55,265,718</b>	<b>—</b>	<b>55,265,718</b>	<b>37,122,751</b>
<b>Net assets, with donor restrictions</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>63,287</b>
<b>Total Net Assets</b>	<b>10,863,485</b>	<b>7,705,388</b>	<b>30,945,863</b>	<b>(513,981)</b>	<b>3,338,510</b>	<b>2,926,453</b>	<b>55,265,718</b>	<b>—</b>	<b>55,265,718</b>	<b>37,186,038</b>
<b>Total Liabilities and Net Assets \$</b>	<b>16,019,654</b>	<b>7,998,963</b>	<b>69,793,565</b>	<b>2,582,375</b>	<b>6,967,016</b>	<b>3,015,064</b>	<b>106,376,637</b>	<b>294</b>	<b>106,376,931</b>	<b>129,690,789</b>

See independent auditors' report.

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**  
Schedule of Activities (by Fund)  
Year Ended June 30, 2021  
(With comparative financial information for the year ended June 30, 2020)

	<u>General</u>	<u>Other Designated</u>	<u>Rental Property</u>	<u>Enterprise Activities</u>	<u>University Support Programs</u>	<u>University Extended Education</u>	<u>Total Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2021</u>	<u>Total 2020</u>
Operating:										
Revenues, gains, and other support:										
Sponsored program revenue	\$ 28,221,457	—	—	—	—	—	28,221,457	—	28,221,457	26,351,133
Sales	—	—	—	13,467,015	6,012	43,609	13,516,636	—	13,516,636	15,061,480
Rental income	—	—	10,336,637	101,888	221,051	—	10,659,576	—	10,659,576	10,634,777
Program income	—	—	15,398	—	1,816,277	762,839	2,594,514	—	2,594,514	4,006,780
Indirect cost recoveries	1,179,994	1,348,184	—	—	—	—	2,528,178	—	2,528,178	2,729,655
Other income	18,475	1,080,908	398,109	477,456	42,533	—	2,017,481	—	2,017,481	2,983,125
Commissions income	36,937	—	—	184,839	127,085	28,019	376,880	—	376,880	598,174
Investment gain	—	—	—	—	—	—	—	—	—	2,236
Investment/Interest income	108,940	—	4,564	—	—	—	113,504	11,959	125,463	202,120
Unrealized gain (loss) investment	(2,262)	—	(1,212)	—	—	—	(3,474)	23,209	19,735	(44,796)
Administrative services	141,606	—	—	—	—	—	141,606	—	141,606	162,899
Total Revenues, Gains, and Other Support	29,705,147	2,429,092	10,753,496	14,231,198	2,212,958	834,467	60,166,358	35,168	60,201,526	62,687,583
Cost of goods sold:										
Cost of goods	—	—	—	11,700,417	—	—	11,700,417	—	11,700,417	9,464,792
Total Cost of Goods Sold	—	—	—	11,700,417	—	—	11,700,417	—	11,700,417	9,464,792
Payroll expense:										
Salaries and wages	1,905,666	1,307,008	168,729	2,075,472	997,032	423,150	6,877,057	—	6,877,057	8,387,649
Benefits	362,141	202,429	52,848	569,026	199,856	174,632	1,560,932	—	1,560,932	1,985,135
Total Payroll Expenses	2,267,807	1,509,437	221,577	2,644,498	1,196,888	597,782	8,437,989	—	8,437,989	10,372,784
Operating expenses:										
Administrative fee	—	—	3,254	—	—	—	3,254	—	3,254	3,000
Advertising & promotion	—	—	—	84,960	3,401	6,128	94,489	—	94,489	128,004
Audit and legal	61,596	—	69,537	—	2,275	13,228	146,636	774	147,410	97,471
Bank and discount charges	9,899	—	46,343	115,379	11,060	7,406	190,087	—	190,087	480,877
Commission & royalty	—	—	—	10,670	—	—	10,670	—	10,670	332,515
Communications	23,099	—	15,794	260,954	103,849	6,960	410,656	—	410,656	224,102
Conference & travel	3,004	—	11,517	1,694	28,730	66,002	110,947	—	110,947	222,685
Debt service & interest exp.	—	—	1,805,134	—	—	—	1,805,134	—	1,805,134	1,198,464
Departmental allocation	—	—	—	—	84,252	—	84,252	—	84,252	335,902
Depreciation & amortization	18,675	—	2,073,043	583,681	—	—	2,675,399	—	2,675,399	2,795,777
Donations & scholarships	15,813	—	—	102,804	35,015	—	153,632	71,293	224,925	150,605
Employee development	170,027	—	—	17,831	14,296	1,553	203,707	—	203,707	264,021

See independent auditors' report.

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**  
Schedule of Activities (by Fund)  
Year Ended June 30, 2021  
(With comparative financial information for the year ended June 30, 2020)

	<u>General</u>	<u>Other Designated</u>	<u>Rental Property</u>	<u>Enterprise Activities</u>	<u>University Support Programs</u>	<u>University Extended Education</u>	<u>Total Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2021</u>	<u>Total 2020</u>
Equipment rental/expense	—	—	4,430	4,423	70,462	345	79,660	—	79,660	302,156
Insurance	24,524	—	262,369	51,200	10,026	11,990	360,109	—	360,109	442,992
Other direct costs	206,734	—	1,018,888	22,415	64,837	26,638	1,339,512	8,050	1,347,562	1,574,104
Professional serv/consultants	112,937	—	2,665,209	86,382	54,809	56,494	2,975,831	—	2,975,831	976,117
Public relations	655	—	44	16	5,532	43	6,290	—	6,290	156,050
Rentals	—	—	779,261	30,962	5,210	15,455	830,888	—	830,888	526,092
Repairs and maintenance	202,855	—	1,181,667	338,451	142,454	18,684	1,884,111	—	1,884,111	2,036,520
Sponsored program expenses	28,424,220	—	—	—	—	—	28,424,220	—	28,424,220	26,148,370
Stipends/Honorariums	—	—	—	—	300	—	300	—	300	750
Supplies	8,730	—	4,151	106,907	52,049	12,780	184,617	—	184,617	509,855
Taxes & licenses	2,431	—	20,562	10,866	—	364	34,223	—	34,223	93,206
Utilities	—	—	572,590	207,554	38,309	7,131	825,584	—	825,584	1,200,761
Research support	—	345,020	—	—	—	—	345,020	—	345,020	477,014
Community outreach	—	355,833	—	—	—	—	355,833	—	355,833	273,146
Faculty research awards	—	37,743	—	—	—	—	37,743	—	37,743	43,840
Total Operating Expenses	<u>29,285,199</u>	<u>738,596</u>	<u>10,533,793</u>	<u>2,037,149</u>	<u>726,866</u>	<u>251,201</u>	<u>43,572,804</u>	<u>80,117</u>	<u>43,652,921</u>	<u>40,994,396</u>
Total Operating Activities	<u>31,553,006</u>	<u>2,248,033</u>	<u>10,755,370</u>	<u>16,382,064</u>	<u>1,923,754</u>	<u>848,983</u>	<u>63,711,210</u>	<u>80,117</u>	<u>63,791,327</u>	<u>60,831,972</u>
Increase (Decrease) in Net Assets from Operating Activities	<u>(1,847,859)</u>	<u>181,059</u>	<u>(1,874)</u>	<u>(2,150,866)</u>	<u>289,204</u>	<u>(14,516)</u>	<u>(3,544,852)</u>	<u>(44,949)</u>	<u>(3,589,801)</u>	<u>1,855,611</u>
Nonoperating Income (Expenses):										
Gain on sale of buildings	—	—	20,715,905	—	—	—	20,715,905	—	20,715,905	—
Pension-related changes other than net periodic pension cost	953,576	—	—	—	—	—	953,576	—	953,576	(1,038,659)
Change in Net Assets	<u>\$ (894,283)</u>	<u>181,059</u>	<u>20,714,031</u>	<u>(2,150,866)</u>	<u>289,204</u>	<u>(14,516)</u>	<u>18,124,629</u>	<u>(44,949)</u>	<u>18,079,680</u>	<u>816,952</u>

See independent auditors' report.

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**

Schedule of Net Assets (by Fund)

Year Ended June 30, 2021

(With comparative financial information as of June 30, 2020)

	<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 2021</u>	<u>Total 2020</u>
Net assets at beginning of year	\$ 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
Change in net assets	(894,283)	181,059	20,714,031	(2,150,866)	289,204	(14,516)	18,124,629	(44,949)	18,079,680	816,952
Designations from other classifications	(51,798)	217,265	—	—	(111,419)	(35,710)	18,338	(18,338)	—	—
Net assets at end of year	\$ <u>10,863,485</u>	<u>7,705,388</u>	<u>30,945,863</u>	<u>(513,981)</u>	<u>3,338,510</u>	<u>2,926,453</u>	<u>55,265,718</u>	<u>—</u>	<u>55,265,718</u>	<u>37,186,038</u>

See independent auditors' report.

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**

Combining Schedule of Activities - Enterprise Activities

Year Ended June 30, 2021

(With comparative financial information for the year ended June 30, 2020)

	<u>Titan Shops</u>	<u>Dining Services</u>	<u>Total 2021</u>	<u>Total 2020</u>
Sales	\$ 13,387,519	79,496	13,467,015	15,025,858
Cost of Sales	<u>11,670,765</u>	<u>29,652</u>	<u>11,700,417</u>	<u>9,464,792</u>
Gross Margin	<u>1,716,754</u>	<u>49,844</u>	<u>1,766,598</u>	<u>5,561,066</u>
Other Revenue:				
Commissions	174,744	10,095	184,839	478,170
Other	<u>439,384</u>	<u>139,960</u>	<u>579,344</u>	<u>725,824</u>
Total Other Revenues	<u>614,128</u>	<u>150,055</u>	<u>764,183</u>	<u>1,203,994</u>
Operating Expenses:				
Salaries and wages	1,507,442	568,030	2,075,472	3,461,470
Staff and benefits	<u>314,729</u>	<u>254,297</u>	<u>569,026</u>	<u>645,167</u>
Total Payroll Expenses	1,822,171	822,327	2,644,498	4,106,637
Advertising & promotion	77,288	7,672	84,960	72,191
Bank and discount charges	103,807	11,572	115,379	388,961
Commission & royalty	4,780	5,890	10,670	329,414
Communications	246,450	14,504	260,954	151,933
Conference & travel	899	795	1,694	7,594
Depreciation	178,677	405,004	583,681	565,074
Donations & scholarships	102,804	—	102,804	24,872
Employee development	14,086	3,745	17,831	54,110
Equipment rental/expense	2,152	2,271	4,423	42,144
Insurance	25,172	26,028	51,200	61,957
Merchant supplies	34,835	3,266	38,101	187,784
Other direct costs	48,300	(25,885)	22,415	286,669
Professional serv/consultants	69,012	17,370	86,382	222,895
Public relations	16	—	16	516
Rentals	3,312	27,650	30,962	109,804
Repairs and maintenance	227,906	110,545	338,451	420,063
Supplies	58,480	10,326	68,806	142,088
Taxes & licenses	923	9,943	10,866	12,082
Utilities	137,102	70,452	207,554	277,367
Total Operating Expenses	<u>1,336,001</u>	<u>701,148</u>	<u>2,037,149</u>	<u>3,357,518</u>
Total Expenses	<u>3,158,172</u>	<u>1,523,475</u>	<u>4,681,647</u>	<u>7,464,155</u>
Excess Revenues over Expense \$	<u>(827,290)</u>	<u>(1,323,576)</u>	<u>(2,150,866)</u>	<u>(699,095)</u>

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**CSU FULLERTON AUXILIARY SERVICES CORPORATION**

Source of Funding and Expenditures for Sponsored Programs

Year Ended June 30, 2021

Source of Funding (Direct):

Federal government	\$	17,657,335
State of California and local governments		7,108,156
For-profit organizations		222,137
Foundations and other tax-exempt organizations		744,676
Foreign		22,352
Total Source of Direct Funding		<u>25,754,656</u>

Source of Indirect Cost Reimbursement:

Federal government		1,836,197
State of California and local governments		548,617
For-profit organizations		50,436
Foundations and other tax-exempt organizations		31,551
Total Source of Indirect Cost Reimbursement		<u>2,466,801</u>

Total Funding \$ 28,221,457

Direct Expenditures:

Salaries and wages	\$	11,701,497
Staff benefits		2,378,372
Operating expenditures		1,841,974
Consultants		490,742
Sub-contractors		5,444,209
Equipment		180,014
Stipends/Tuition		3,898,629
Total Direct Expenditures		<u>25,935,437</u>

Indirect Expenditures:

Salaries and wages		1,694,031
Staff benefits		343,276
Operating expenditures		275,011
Consultants		65,389
Sub-contractors (first 25K only)		40,370
Stipends/Tuition		70,706
Total Indirect Expenditures		<u>2,488,783</u>

Total Expenditures \$ 28,424,220

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# CSU FULLERTON AUXILIARY SERVICES CORPORATION

## Schedule of Net Position

June 30, 2021

(for inclusion in the California State University)

### Assets:

#### Current assets:

Cash and cash equivalents	11,053,549
Short-term investments	19,127,732
Accounts receivable, net	11,179,534
Capital lease receivable, current portion	1,842,831
Notes receivable, current portion	-
Pledges receivable, net	-
Prepaid expenses and other current assets	2,352,065

#### Total current assets

45,555,711

#### Noncurrent assets:

Restricted cash and cash equivalents	566,668
Accounts receivable, net	-
Capital lease receivable, net of current portion	19,455,247
Notes receivable, net of current portion	-
Student loans receivable, net	-
Pledges receivable, net	-
Endowment investments	-
Other long-term investments	-
Capital assets, net	40,799,305
Other assets	-

#### Total noncurrent assets

60,821,220

#### Total assets

106,376,931

#### Deferred outflows of resources:

Unamortized loss on debt refunding	-
Net pension liability	-
Net OPEB liability	-
Others	-

#### Total deferred outflows of resources

-

See independent auditors' report.



**CSU FULLERTON AUXILIARY SERVICES CORPORATION**  
Schedule of Net Position  
June 30, 2021  
(for inclusion in the California State University)

**Liabilities:**

**Current liabilities:**

Accounts payable	5,436,796
Accrued salaries and benefits	-
Accrued compensated absences, current portion	416,701
Unearned revenues	634,227
Capital lease obligations, current portion	155,000
Long-term debt obligations, current portion	1,200,000
Claims liability for losses and loss adjustment expenses, current portion	-
Depository accounts	3,251,443
Other liabilities	2,266,384
	13,360,551
<b>Total current liabilities</b>	<b>13,360,551</b>

**Noncurrent liabilities:**

Accrued compensated absences, net of current portion	372,241
Unearned revenues	7,494,742
Grants refundable	-
Capital lease obligations, net of current portion	4,220,000
Long-term debt obligations, net of current portion	24,714,809
Claims liability for losses and loss adjustment expenses, net of current portion	-
Depository accounts	-
Net other postemployment benefits liability	189,855
Net pension liability	-
Other liabilities	759,015
	37,750,662
<b>Total noncurrent liabilities</b>	<b>37,750,662</b>
<b>Total liabilities</b>	<b>51,111,213</b>

**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>	<b>-</b>

**Net position:**

Net investment in capital assets	31,807,574
Restricted for:	
Nonexpendable – endowments	-
Expendable:	
Scholarships and fellowships	-
Research	-
Loans	-
Capital projects	-
Debt service	-
Others	-
Unrestricted	23,458,144
	55,265,718
<b>Total net position</b>	<b>55,265,718</b>

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**CSU FULLERTON AUXILIARY SERVICES CORPORATION**  
**Schedule of Revenues, Expenses, and Changes in Net Position**  
**Year Ended June 30, 2021**  
(for inclusion in the California State University)

**Revenues:**

**Operating revenues:**

Student tuition and fees, gross	-
Scholarship allowances (enter as negative)	-

**Grants and contracts, noncapital:**

Federal	19,493,532
State	5,947,078
Local	1,709,695
Nongovernmental	1,071,152
Sales and services of educational activities	-
Sales and services of auxiliary enterprises, gross	21,084,727
Scholarship allowances (enter as negative)	-
Other operating revenues	10,750,144

<b>Total operating revenues</b>	<b>60,056,328</b>
---------------------------------	-------------------

**Expenses:**

**Operating expenses:**

Instruction	2,476,363
Research	4,650,164
Public service	11,042,574
Academic support	9,252
Student services	5,724,552
Institutional support	551,980
Operation and maintenance of plant	6,877,193
Student grants and scholarships	3,969,335
Auxiliary enterprise expenses	24,009,381
Depreciation and amortization	2,675,399

<b>Total operating expenses</b>	<b>61,986,193</b>
---------------------------------	-------------------

<b>Operating income (loss)</b>	<b>(1,929,865)</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	145,198
Endowment income (loss), net	-
Interest expense	(1,805,134)
Other nonoperating revenues (expenses) - excl. interagency transfers	21,669,481

<b>Net nonoperating revenues (expenses)</b>	<b>20,009,545</b>
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<b>Income (loss) before other revenues (expenses)</b>	<b>18,079,680</b>
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See independent auditors' report.

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**  
Schedule of Revenues, Expenses, and Changes in Net Position  
Year Ended June 30, 2021  
(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>18,079,680</b>
<b>Net position:</b>		
Net position at beginning of year, as previously reported		37,186,038
Restatements		-
		-
<b>Net position at beginning of year, as restated</b>		<b>37,186,038</b>
		<b>37,186,038</b>
<b>Net position at end of year</b>		<b>55,265,718</b>
		<b>55,265,718</b>

See independent auditors' report.

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**  
Other Information  
June 30, 2021  
(for inclusion in the California State University)

**1 Cash and cash equivalents:**

Portion of restricted cash and cash equivalents related to endowments	
All other restricted cash and cash equivalents	566,668
<b>Noncurrent restricted cash and cash equivalents</b>	<u><b>566,668</b></u>
Current cash and cash equivalents	11,053,549
<b>Total</b>	<u><b>\$ 11,620,217</b></u>

**2.1 Composition of investments:**

Investment Type	Current	Noncurrent	Total
Money market funds			-
Repurchase agreements			-
Certificates of deposit	1,245,003		1,245,003
U.S. agency securities			-
U.S. treasury securities			-
Municipal bonds			-
Corporate bonds			-
Asset backed securities			-
Mortgage backed securities			-
Commercial paper			-
Mutual funds			-
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)	17,882,435		17,882,435
State of California Surplus Money Investment Fund (SMIF)			-
Other investments:			
Annuity and life estate investments	294		294
			-
			-
			-
			-
Total Other investments	<u>294</u>	<u>-</u>	<u>294</u>
<b>Total investments</b>	<u><b>19,127,732</b></u>	<u><b>-</b></u>	<u><b>19,127,732</b></u>
Less endowment investments (enter as negative number)			-
<b>Total investments, net of endowments</b>	<u><b>\$ 19,127,732</b></u>	<u><b>-</b></u>	<u><b>19,127,732</b></u>

See independent auditors' report.

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**

Other Information

June 30, 2021

(for inclusion in the California State University)

**2.2 Fair value hierarchy in investments:**

Investment Type	Total	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	\$ -				
Repurchase agreements	-				
Certificates of deposit	1,245,003		1,245,003		
U.S. agency securities	-				
U.S. treasury securities	-				
Municipal bonds	-				
Corporate bonds	-				
Asset backed securities	-				
Mortgage backed securities	-				
Commercial paper	-				
Mutual funds	-				
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)	17,882,435				17,882,435
State of California Surplus Money Investment Fund (SMIF)	-				
Other investments:					
Annuity and life estate investments	294				294
	-				
	-				
	-				
	-				
Total Other investments	\$ 294	-	-	-	294
<b>Total investments</b>	<b>19,127,732</b>	<b>-</b>	<b>1,245,003</b>	<b>-</b>	<b>17,882,729</b>

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**CSU FULLERTON AUXILIARY SERVICES CORPORATION**  
**Other Information**  
**June 30, 2021**  
(for inclusion in the California State University)

**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, 2020	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2020 (Restated)	Additions	Retirements	Transfer of completed CWIP/PWIP	Balance June 30, 2021
<b>Non-depreciable/Non-amortizable capital assets:</b>									
Land and land improvements	\$ 19,990,205				\$ 19,990,205		(7,757,127)		\$ 12,233,078
Works of art and historical treasures					-				-
Construction work in progress (CWIP)	52,821				52,821	34,750		(52,821)	34,750
<b>Intangible assets:</b>									
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>\$ 20,043,026</b>				<b>\$ 20,043,026</b>	<b>34,750</b>	<b>(7,757,127)</b>	<b>(52,821)</b>	<b>\$ 12,267,828</b>
<b>Depreciable/Amortizable capital assets:</b>									
Buildings and building improvements	30,992,873				30,992,873		(22,242,873)		8,750,000
Improvements, other than buildings					-				-
Infrastructure					-				-
Leasehold improvements	33,772,911				33,772,911	17,148	(4,845,781)	37,244	28,981,522
<b>Personal property:</b>									
Equipment	3,977,664				3,977,664	19,172	(50,672)	15,577	3,961,741
Library books and materials					-				-
<b>Intangible assets:</b>									
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>68,743,448</b>				<b>68,743,448</b>	<b>36,320</b>	<b>(27,139,326)</b>	<b>52,821</b>	<b>41,693,263</b>
<b>Total capital assets</b>	<b>\$ 88,786,474</b>				<b>\$ 88,786,474</b>	<b>71,070</b>	<b>(34,896,453)</b>	<b>-</b>	<b>\$ 53,961,091</b>

See independent auditors' report.

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**  
**Other Information**  
**June 30, 2021**  
(for inclusion in the California State University)

<b>Less accumulated depreciation/amortization: (enter as negative number, except for reductions enter as positive number)</b>					
Buildings and building improvements	(7,388,637)	(7,388,637)	(847,737)	5,684,289	(2,552,085)
Improvements, other than buildings	-	-	-	-	-
Infrastructure	-	-	-	-	-
Leasehold improvements	(7,115,941)	(7,115,941)	(1,385,234)	889,919	(7,611,256)
Personal property:					
Equipment	(2,573,634)	(2,573,634)	(442,428)	17,617	(2,998,445)
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>(17,078,212)</b>	<b>(17,078,212)</b>	<b>(2,675,399)</b>	<b>6,591,825</b>	<b>(13,161,786)</b>
<b>Total capital assets, net</b>	<b>\$ 71,708,262</b>	<b>\$ 71,708,262</b>	<b>(2,551,508)</b>	<b>(28,357,449)</b>	<b>40,799,305</b>

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

Depreciation and amortization expense related to capital assets	\$	2,675,399
Amortization expense related to other assets		
<b>Total depreciation and amortization</b>	<b>\$</b>	<b>2,675,399</b>

See independent auditors' report.

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**  
Other Information  
June 30, 2021  
(for inclusion in the California State University)

4 Long-term liabilities:

	Balance June 30, 2020	Prior Period Adjustments/Reclassif ications	Balance June 30, 2020 (Restated)	Additions	Reductions	Balance June 30, 2021	Current Portion	Noncurrent Portion
1. Accrued compensated absences	\$ 663,905		663,905	547,252	(422,215)	\$ 788,942	\$ 416,701	\$ 372,241.0
2. Claims liability for losses and loss adjustment expenses	-		-			-		-
3. Capital lease obligations:								
Gross balance	4,520,000		4,520,000		(145,000)	4,375,000	155,000	4,220,000
Unamortized net premium/(discount)	-		-			-	-	-
Total capital lease obligations	\$ 4,520,000	-	4,520,000	-	(145,000)	4,375,000	155,000	4,220,000
4. Long-term debt obligations:								
4.1 Auxiliary revenue bonds (non-SRB related)	\$ -		-			\$ -	-	-
4.2 Commercial paper	-		-			-		-
4.3 Notes payable (SRB related)	47,430,000		47,430,000		(24,495,000)	22,935,000	1,200,000	21,735,000
4.4 Others:								
College Park, West L.T.	-		-			-		-
-	-		-			-		-
-	-		-			-		-
-	-		-			-		-
Total others	-		-			-		-
Sub-total long-term debt	\$ 47,430,000	-	47,430,000	-	(24,495,000)	\$ 22,935,000	1,200,000	21,735,000
4.5 Unamortized net bond premium/(discount)	6,215,196		6,215,196	-	(3,235,387)	2,979,809	-	2,979,809
Total long-term debt obligations	\$ 53,645,196	-	53,645,196	-	(27,730,387)	25,914,809	1,200,000	24,714,809
Total long-term liabilities	\$ 58,829,101	-	58,829,101	547,252	(28,297,602)	\$ 31,078,751	1,771,701	\$ 29,307,050

See independent auditors' report.



**CSU FULLERTON AUXILIARY SERVICES CORPORATION**  
 Other Information  
 June 30, 2021  
 (for inclusion in the California State University)

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>									
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			-	190,000	167,600	357,600	190,000	167,600	357,600
2027 - 2031			-	1,105,000	681,625	1,786,625	1,105,000	681,625	1,786,625
2032 - 2036			-	1,405,000	375,350	1,780,350	1,405,000	375,350	1,780,350
2037 - 2041			-	1,005,000	63,100	1,068,100	1,005,000	63,100	1,068,100
2042 - 2046			-	-	-	-	-	-	-
2047 - 2051			-	-	-	-	-	-	-
Thereafter			-	-	-	-	-	-	-
<b>Total minimum lease payments</b>	\$ -	-	-	<b>4,375,000</b>	<b>2,046,075</b>	<b>6,421,075</b>	<b>4,375,000</b>	<b>2,046,075</b>	<b>6,421,075</b>
Less: amounts representing interest									(2,046,075)
<b>Present value of future minimum lease payments</b>									<b>4,375,000</b>
Unamortized net premium/(discount)									-
<b>Total capital lease obligations</b>									<b>4,375,000</b>
Less: current portion									(155,000)
<b>Capital lease obligations, net of current portion</b>									<b>\$ 4,220,000</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>									
2022			-	1,200,000	1,045,068	2,245,068	1,200,000	1,045,068	2,245,068
2023			-	1,260,000	990,972	2,250,972	1,260,000	990,972	2,250,972
2024			-	1,315,000	934,119	2,249,119	1,315,000	934,119	2,249,119
2025			-	1,370,000	874,389	2,244,389	1,370,000	874,389	2,244,389
2026			-	1,445,000	811,212	2,256,212	1,445,000	811,212	2,256,212
2027 - 2031			-	8,280,000	2,969,824	11,249,824	8,280,000	2,969,824	11,249,824
2032 - 2036			-	2,075,000	1,727,900	3,802,900	2,075,000	1,727,900	3,802,900
2037 - 2041			-	2,625,000	1,180,250	3,805,250	2,625,000	1,180,250	3,805,250
2042 - 2046			-	3,365,000	436,875	3,801,875	3,365,000	436,875	3,801,875
2047 - 2051			-	-	-	-	-	-	-
Thereafter			-	-	-	-	-	-	-
<b>Total minimum payments</b>	\$ -	-	-	<b>22,935,000</b>	<b>10,970,609</b>	<b>33,905,609</b>	<b>22,935,000</b>	<b>10,970,609</b>	<b>33,905,609</b>
Less: amounts representing interest									(10,970,609)
<b>Present value of future minimum payments</b>									<b>22,935,000</b>
Unamortized net premium/(discount)									2,979,809
<b>Total long-term debt obligations</b>									<b>25,914,809</b>
Less: current portion									(1,200,000)
<b>Long-term debt obligations, net of current portion</b>									<b>24,714,809</b>

See independent auditors' report.

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**

Other Information

June 30, 2021

(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	1,773,094
Payments to University for other than salaries of University personnel	4,707,470
Payments received from University for services, space, and programs	5,048,515
Gifts-in-kind to the University from discretely presented component units	
Gifts (cash or assets) to the University from discretely presented component units	306,936
Accounts (payable to) University (enter as negative number)	(713,444)
Other amounts (payable to) University (enter as negative number)	(220,998)
Accounts receivable from University (enter as positive number)	3,024,387
Other amounts receivable from University (enter as positive number)	1,105

**8 Restatements**

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

Restatement #1

Enter transaction description

Restatement #2

Enter transaction description

See independent auditors' report.

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**  
 Other Information  
 June 30, 2021  
 (for inclusion in the California State University)

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	1,469,662	492,758	16,088	1,800		496,055		2,476,363
Research	2,928,693	521,444	13,197	4,983		1,181,847		4,650,164
Public service	4,792,959	695,898	94,817	19,424		5,439,476		11,042,574
Academic support	5,069	312	-	-		3,871		9,252
Student services	3,790,949	688,319	90,242	20,668		1,134,374		5,724,552
Institutional support	408,196	58,427	1,588	1,683		82,086		551,980
Operation and maintenance of plant	168,729	38,040	13,143	1,665		6,655,616		6,877,193
Student grants and scholarships					3,969,335			3,969,335
Auxiliary enterprise expenses	6,708,328	1,182,917	281,257	43,910		15,792,969		24,009,381
Depreciation and amortization							2,675,399	2,675,399
<b>Total operating expenses</b>	<b>\$ 20,272,585</b>	<b>3,678,115</b>	<b>510,332</b>	<b>94,133</b>	<b>3,969,335</b>	<b>30,786,294</b>	<b>2,675,399</b>	<b>61,986,193</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** \$ -

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** \$ -

11 Other nonoperating revenues (expenses)

Other nonoperating revenues 21,669,481  
 Other nonoperating (expenses) -  
**Total other nonoperating revenues (expenses)** \$ 21,669,481

See independent auditors' report.

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

To the Board of Directors  
CSU Fullerton Auxiliary Services Corporation

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of CSU Fullerton Auxiliary Services Corporation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 14, 2021.

**Internal Control over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

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

**Purpose of this Report**

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

*Aldrich CPAs + Advisors LLP*

San Diego, California  
September 14, 2021