Financial Statements (With Supplementary Information) and Independent Auditor's Report

June 30, 2018



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## Independent Auditor's Report

The Board of Directors
The University Corporation
(A California State University Auxiliary Organization)

We have audited the accompanying financial statements of The University Corporation, which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

## Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The University Corporation as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



## Report on Summarized Comparative Information

We have previously audited The University Corporation's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 15, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## Report on Supplementary Information

CohnReynickZZF

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The 2018 supplementary information is presented for purposes of additional analysis and is not a required part of the 2018 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 2018 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2018 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2018 financial statements or to the 2018 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 2018 financial statements as a whole.

Los Angeles, California September 18, 2018

## Statements of Financial Position June 30, 2018 With Summarized Totals at June 30, 2017

## <u>Assets</u>

Ourse of a south		2018	2017
Current assets Cash and cash equivalents Short-term investments Grants and contracts receivable Accounts receivable, net Accounts receivable from the University Accounts receivable from other University auxiliary organizations Current portion of note receivable Inventory Prepaid expenses and deposits	\$	3,617,689 5,849,494 6,965,782 1,149,511 220,333 45,850 3,749 302,795 39,100	\$ 4,328,185 5,801,863 6,851,831 252,142 335,585 101,208 3,531 315,451 56,538
Total current assets		18,194,303	18,046,334
Note receivable, net of current portion Investments Capital assets, net		45,145 20,646,556 23,086,535	 49,261 16,888,248 25,192,133
Total	<u>\$</u>	61,972,539	\$ 60,175,976
<u>Liabilities and Net Assets</u>			
Current liabilities Accounts payable Other accrued liabilities Current portion of accrued compensated absences Current portion of postretirement benefit payable Deposits held in custody for others Deferred revenue Current portion of long-term debt	\$	1,210,826 1,918,281 356,802 78,205 2,935,993 2,208,977 925,459	\$ 917,329 1,693,174 348,646 85,500 2,114,877 2,799,070 859,176
Total current liabilities		9,634,543	8,817,772
Accrued compensated absences, net of current portion Postretirement benefit payable, net of current portion Long-term debt, net of current portion		177,915 3,310,521 11,974,638	 174,420 4,222,434 13,046,733
Total liabilities		25,097,617	 26,261,359
Commitments and contingencies			
Net assets Unrestricted Temporarily restricted Permanently restricted		31,693,116 1,318,013 3,863,793	28,683,354 1,367,470 3,863,793
Total net assets		36,874,922	 33,914,617
Total liabilities and net assets	\$	61,972,539	\$ 60,175,976

# Statements of Activities Year Ended June 30, 2018 With Summarized Totals for the Year Ended June 30, 2017

		2017			
	Unrestricted	Temporarily restricted	Permanently restricted	Total	Total
Operating revenues and support					
Auxiliary services Food service sales Bookstore sales and	\$ 17,861,805	\$ -	\$ -	\$ 17,861,805	\$ 16,512,629
commissions Real estate rentals	1,393,684 1,250,490			1,393,684 1,250,490	1,493,236 1,228,592
Total auxiliary services	20,505,979	-	-	20,505,979	19,234,457
Grants and contracts Investment income, net Other revenue Net assets released from	32,653,188 1,673,777 1,232,720	180,283	- - -	32,653,188 1,854,060 1,232,720	32,116,184 1,544,962 1,382,023
restrictions	229,740	(229,740)			
Total operating revenues and support	56,295,404	(49,457)		56,245,947	54,277,626
Operating expenses Auxiliary services	18,910,504			18,910,504	18,452,194
Program services Grants and contracts Student grants and scholarships University projects	29,044,293 192,848 3,525,822	- - -	- - -	29,044,293 192,848 3,525,822	28,957,827 168,540 2,432,949
Total program services	32,762,963	-	-	32,762,963	31,559,316
Supporting services General and administrative	3,061,748			3,061,748	2,496,859
Total operating expenses	54,735,215			54,735,215	52,508,369
Change in net assets from operating activities	1,560,189	(49,457)		1,510,732	1,769,257
Nonoperating expenses Pension related changes other than pension cost	(1,449,573)			(1,449,573)	(4,265)
Net nonoperating expenses	(1,449,573)			(1,449,573)	(4,265)
Change in net assets	3,009,762	(49,457)	-	2,960,305	1,773,522
Net assets, beginning	28,683,354	1,367,470	3,863,793	33,914,617	32,141,095
Net assets, end	\$ 31,693,116	\$ 1,318,013	\$ 3,863,793	\$ 36,874,922	\$ 33,914,617

## Statements of Cash Flows Year Ended June 30, 2018 With Summarized Totals for the Year Ended June 30, 2017

	2018	2017
Cash flows from operating activities Change in net assets Adjustments to reconcile change in net assets to net cash	\$ 2,960,305	\$ 1,773,522
provided by operating activities  Depreciation and amortization	2,399,251	2,279,385
Net realized and unrealized gains on investments	(1,259,287)	(1,020,645)
Postretirement benefits	(1,449,573)	(4,265)
Amortization of bond premiums	(146,649)	(93,375)
Gain on disposal of capital assets	-	(141,702)
Changes in operating assets and liabilities Grants and contracts receivable	(113,951)	(2,230,217)
Accounts receivable	(897,369)	217,403
Accounts receivable from the University	115,252	(105,106)
Accounts receivable from other University auxiliary		
organizations	55,358	(64,585)
Inventory	12,656	4,914
Prepaid expenses and deposits	17,438	35,816
Accounts payable Other accrued liabilities	293,497 236,758	(94,927) (222,819)
Deposits held in custody for others	821,116	209,415
Postretirement benefit payable	530,365	380,666
Deferred revenue	(590,093)	(422,717)
Net cash provided by operating activities	2,985,074	500,763
Cash flows from investing activities		
Purchase of capital assets	(921,675)	(2,848,375)
Proceeds from reimbursement of capital assets	628,022	404,297
Payments from note receivable	3,898	3,473
Purchases of investments Proceeds from sales of investments	(2,745,202)	(310,082)
Proceeds from sales of investments	 198,550	 532,684
Net cash used in investing activities	 (2,836,407)	(2,218,003)
Cash flows from financing activities		
Payments on long-term debt	(859,163)	(789,394)
Net decrease in cash and cash equivalents	(710,496)	(2,506,634)
Cash and cash equivalents, beginning	4,328,185	 6,834,819
Cash and cash equivalents, end	\$ 3,617,689	\$ 4,328,185
Supplemental disclosure of cash flow information Interest paid during the year	\$ 623,688	\$ 607,086

## Notes to Financial Statements June 30, 2018

## Note 1 - Business activity and summary of significant accounting policies

## **Business activity**

The University Corporation (the "Corporation") is a California State University auxiliary organization located on the campus of California State University, Northridge (the "University"). The Corporation operates the campus bookstore, food services, and vending operations; administers various funds and grants; manages certain campus housing projects; and performs other activities related to the University community. The Corporation is also responsible for the licensing of campus facilities, logos, and trademarks via an operating agreement with the University.

## **Basis of accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

## **Financial statement presentation**

To ensure the observance of certain constraints and restrictions placed on the use of resources, the accounts of the Corporation are maintained in accordance with the principles of net asset accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into net asset classes that are in accordance with specified activities or objectives. Accordingly, all financial transactions have been recorded and reported by net asset class as follows:

Unrestricted - These generally result from revenues generated by receiving unrestricted contributions, providing services, and receiving income from investments less expenses incurred in providing program related services, raising contributions and performing administrative functions. Included in the unrestricted net asset balance of \$31,693,116 at June 30, 2018 is \$3,634,502 of Board designated funds for California State University, Northridge.

Temporarily restricted - The Corporation reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from purpose or time restrictions. The Corporation has \$1,318,013 of temporarily restricted net assets at June 30, 2018.

Permanently restricted - These net assets are from donors who stipulate that resources are to be maintained permanently, but permit the Corporation to expend all of the income (or other economic benefits) derived from the donated assets. The Corporation has \$3,863,793 of permanently restricted net assets at June 30, 2018.

## Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits and all highly liquid investments with an initial maturity at date of purchase of three months or less.

#### **Accounts receivable**

Accounts receivable are stated at unpaid balances less an allowance for doubtful accounts. The Corporation provides for losses on receivables using the allowance method which is based on experience and other circumstances. The Corporation had \$4,961 in allowance for doubtful accounts at June 30, 2018.

## Notes to Financial Statements June 30, 2018

#### **Grants and contracts**

The Corporation recognizes revenue from grants and contracts to the extent of expenditures incurred, but not exceeding the actual grant and contract awards. Funds received in excess of expenditures at the end of the year are recorded as temporarily restricted net assets or deferred revenue. The Corporation considers all accounts and grants receivable to be fully collectible and, as such, an allowance for doubtful accounts is not considered necessary.

#### Inventory

Inventories, consisting of food service supplies and a small gift shop, are stated at the lower of cost or market. No reserve for obsolescence was deemed necessary.

#### Investments

Investments are reported at their fair values in the statement of financial position. Realized and unrealized gains and losses are included in the statement of activities as investment income.

#### Fair value measurements

The Corporation values its financial assets and liabilities based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three broad levels, which are described below:

Level 1: Quoted priced (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

## **Capital assets**

Capital assets are stated at cost less accumulated depreciation and amortization. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets, which range from three to thirty years. Building and leasehold improvements are stated at cost and are amortized using the straight-line method over the shorter of the estimated useful life of the asset or the lease term. Repairs and maintenance are charged to expense as incurred.

## Deposits held in custody for others

Funds administered by the Corporation on behalf of University academic and administrative units and other campus organizations are recorded as deposits held in custody for others. It is management's belief that the Corporation is acting as an agent for the transactions of these units. Accordingly, the financial activities of such units have not been recorded in the accompanying statement of activities.

## Notes to Financial Statements June 30, 2018

## Revenue recognition

The Corporation recognizes revenues from auxiliary services when earned. Revenues from food service and bookstore sales are recognized when sold. Deferred revenue consists of amounts received which have not been earned and include gift cards, meal plans and maintenance advances. These amounts are transferred to revenue when earned.

## **Advertising costs**

Advertising costs are charged to expense as incurred. Advertising expense was \$1,782 for the year ended June 30, 2018.

## **Functional allocation of expenses**

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

#### Income taxes

The Corporation is a non-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the Revenue Taxation Code of California. Accordingly, no provision for income taxes is included in the accompanying financial statements.

The Corporation has no unrecognized tax benefits at June 30, 2018. The Corporation's federal income tax returns for fiscal years 2017, 2016 and 2015 remain open. The Corporation's state income tax returns for fiscal years 2017, 2016, 2015 and 2014 remain open. Management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

If applicable, the Corporation recognizes interest and penalties associated with tax matters as part of income tax expense and includes accrued interest and penalties with accounts payable and accrued expenses in the statement of financial position.

#### Use of estimates

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

#### Comparative totals

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Corporation's financial statements for the year ended June 30, 2017, from which the summarized information was derived.

## Reclassifications

Certain reclassifications of 2017 amounts have been made to conform with the 2018 presentation.

## Notes to Financial Statements June 30, 2018

## **New accounting pronouncements**

In June 2014, the International Accounting Standards Board and Financial Accounting Standards Board ("FASB") jointly approved Accounting Standards Update ("ASU") 2014-09 to conform generally accepted accounting principles and International Financial Reporting Standards revenue recognition standards and improve both sets of standards. The guidance changes would affect any entity that enters into contracts with customers unless those contracts are in the scope of other standards (for example, insurance contracts or lease contracts). The core principle of the guidance is that an entity should recognize revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 will be effective for the Corporation for the year beginning after December 15, 2018. The Corporation has yet to determine the potential impact, if any.

In June 2018, the FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The new standard assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transaction subject to other guidance and (2) distinguishing between conditional contributions and unconditional contributions. ASU 2018-08 will be effective for the Corporation for the year beginning after December 15, 2018. The Corporation has yet to determine the potential impact, if any.

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. This ASU increases transparency and comparability by recognizing a lessee's rights and obligations resulting from leases by recording them on the balance sheet as lease assets and lease liabilities. The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease. This ASU will be effective for fiscal years beginning after December 15, 2019. The Corporation is currently evaluating the impact of this ASU, and has not determined the impact.

In August 2016, the FASB approved ASU 2016-14 to amend the requirement for financial statements and notes for Not-for-Profit Entities. This ASU will be effective for annual financial statements issued for fiscal years beginning after December 15, 2017. The Corporation is in the process of determining the impact.

## **Subsequent events**

The Corporation has evaluated subsequent events through September 18, 2018, which is the date these financial statements were available to be issued.

#### **Note 2 - Concentrations**

Financial instruments which potentially subject the Corporation to concentrations of credit risk consist primarily of cash and cash equivalents. The Corporation maintains its cash and cash equivalents with high-credit quality financial institutions. At times, such amounts may exceed federally insured limits. The Corporation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

## Notes to Financial Statements June 30, 2018

The Corporation's investments are subject to various risks, such as interest rate, credit and overall market volatility risks. Further, because of the significance of the investments to the Corporation's financial position and the level of risk inherent in most investments, it is reasonably possible that changes in the values of these investments could occur in the near term and such changes could materially affect the amounts reported in the financial statements. Management is of the opinion that the diversification of its invested assets among the various asset classes should mitigate the impact of changes in any one class.

#### Note 3 - Investments

At June 30, 2018, investments consist of the following:

Equities	\$ 4,659,094
Mutual funds	
Equities	
Large cap	2,415,748
Small cap	1,011,004
International	1,203,669
Emerging markets	519,978
Fixed income	
Corporate/government bonds	5,845,373
Real estate	724,621
Commodities	754,663
Alternative investments	
Hedge fund of funds	981,155
Private equity	508,916
Pooled investment with the University	4,239,957
Other	6,000
	22,870,178
Public safety building	3,625,872
Total	\$ 26,496,050

These investments are disclosed in the accompanying statement of financial position as follows:

Short-term investments Long-term investments	\$ 5,849,494 20,646,556
	\$ 26,496,050

The Corporation and the parking authority of the University have an investment in a public safety building which was initially recorded at fair value. The Corporation has a two-thirds interest in this investment. During the year ended June 30, 2011, the Corporation and the administration of the University reached an agreement that the University will repay the Corporation the remaining balance of \$3,625,872 by June 30, 2025. During the year ended June 30, 2018, the Corporation received payments of \$415,440 relating to the public safety building which provides a return on the investment of approximately 5%. Upon full recovery of this investment, ownership of the public safety building will be transferred to the University.

## Notes to Financial Statements June 30, 2018

Investment income for the year ended June 30, 2018 is as follows:

Realized and unrealized gains Interest and dividend income Investment fees	\$ 1,259,287 626,438 (31,665)
Total	\$ 1,854,060

## Note 4 - Fair value measurements

At June 30, 2018, investments are carried at fair value and are classified in the table below in one of the three categories as described in Note 1:

	Level 1		Level 2			Level 3	Investments measured at NAV			Total	
Equities Mutual funds Alternative investments	\$ 4,659,09 12,475,05		\$	-	\$	-	\$	- -	\$	4,659,094 12,475,056	
Hedge fund of funds Private equity funds Pooled investment	- -			- - 4,239,957		- - -		981,155 508,916		981,155 508,916 4,239,957	
Other	6,00	0		-,200,301		-		<u> </u>		6,000	
	\$ 17,140,15	0	\$	4,239,957	\$	-	\$	1,490,071	\$	22,870,178	

Valuations of equities and mutual funds are obtained from real-time quotes for transactions in active exchange markets involving identical assets. Money market funds are valued based on investment yield. The pooled investment represents funds pooled with the University invested in the System Wide Investment Fund Trust ("SWIFT"). The pooled investment is valued based on the underlying investments in the pooled fund. The fair value of alternative investments is determined using the net asset value ("NAV") of shares held by the Corporation, which can lag for 90 days. In some instances, the NAV may not equal the fair value that would be calculated under fair value accounting standards.

Alternative investments: Accounting standards permit the measure of fair value of investments that do not have a quoted market price but NAV per unit. The NAV is calculated based on the valuation of the funds' underlying assets owned by the fund at fair value at the end of the year. The alternative investments invest in a variety of funds including equity hedges, sector, equity neutral, special situations, distressed, global macro, commodity trading, short bias, emerging markets and arbitrage funds. Fund managers may shift investment strategies to manage risk and minimize volatility of the funds. The fair value of the alternative investments have been estimated using NAV of the fund shares. Alternative investments have no lock-up period and quarterly redemption frequency with a 60-day redemption notice period. There are no unfunded commitments.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Corporation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

## Notes to Financial Statements June 30, 2018

#### Note 5 - Endowment

The Corporation's endowment includes donor-restricted funds and funds designated by the Board of Directors to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence of donor-imposed restrictions.

The Board of Directors of the Corporation has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Corporation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Corporation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Corporation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the Corporation and the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Corporation, and (7) the Corporation's investment policies.

## Investment return objectives, risk parameters and strategies

The funds entrusted to the Corporation will be pooled in an actively managed portfolio, except when precluded by a donor or granting agency. Part of the endowment funds are managed by the student investment class under the supervision of the faculty of the College of Business and Economics. The Corporation will participate in standards within the content of the "Prudent Investor" rule, which states: "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived."

The primary investment objective is to achieve risk-adjusted real returns necessary to preserve and grow capital and to support the long-term and short-term spending requirements of the Corporation. The Corporation and its investment managers must properly balance the following overall objectives:

- Liquidity. The Corporation's investment portfolio will remain satisfactorily liquid to enable it to meet anticipated operating and cash flow requirements, which are to be analyzed continuously.
- 2. Return on investment. The investment portfolio will be designed to attain a market rate or better rate of return throughout a full economic cycle.

## Notes to Financial Statements June 30, 2018

 Preservation of capital. Sufficient limitations are placed on risks associated with the implementation of the return on investment objective and to protect the portfolio through the diversification of assets and the setting of specific quality standards.

The long-term investment pool includes all endowment and certain reserve funds and is invested with a focus on long-term growth of capital through asset diversification. The investment target mix for the long-term pool will be 25% - 65% equities, 10% - 50% fixed income, 0% - 50% alternative investments - real assets, 0% - 10% alternative investments - hedge funds and 0% - 30% cash. The Corporation prohibits investments that jeopardize the non-profit status of the Corporation or unduly jeopardizes the safety of principal.

## Spending policy

The Corporation has a policy of appropriating for distribution each year 4% of its prior year ending combined balance of the corpus and growth accounts. The total amount available to spend consists of the spending allocation plus any unspent dollars remaining from prior years. A quarterly report is forwarded to all endowment custodians containing the amount of available funds they can spend. All endowment expenditures have to be authorized by the respective endowment custodian. Endowment custodians include various University department chairs and the Office of Academic Affairs.

Endowment net asset composition by type of fund as of June 30, 2018 is as follows:

	Unrestricted		Temporarily ted restricted			ermanently restricted	Total
Donor restricted Board designated	\$	- 4,988,717	\$	1,318,013	\$	3,863,793	\$ 5,181,806 4,988,717
Total funds	\$	4,988,717	\$	1,318,013	\$	3,863,793	\$ 10,170,523

Changes in endowment net assets for the year ended June 30, 2018 are as follows:

	Unrestricted		emporarily restricted	ermanently restricted	Total
Endowment net assets,	\$	4,526,861	\$ 1,367,470	\$ 3,863,793	\$ 9,758,124
beginning Investment income Net realized and unrealized		357,945	108,128	-	466,073
gains		238,860	72,155	-	311,015
Appropriated for expenditure		(134,949)	 (229,740)	 -	 (364,689)
Endowment net assets, end	\$	4,988,717	\$ 1,318,013	\$ 3,863,793	\$ 10,170,523

As of June 30, 2018, there were no deficiencies of donor-restricted endowment funds.

## Notes to Financial Statements June 30, 2018

## Note 6 - Capital assets

At June 30, 2018, capital assets consist of the following:

Capital leases Buildings Building improvements Furniture, fixtures, and equipment Computers and software	\$ 12,914,389 15,144,750 13,182,976 5,943,852 1,067,552
Land Land component from acquired single family homes Zelzah house Empty lots Construction in progress Solar observatory	866,550 436,731 479,887 17,037
Less accumulated depreciation and amortization	\$ 50,053,725 (26,967,190) 23,086,535

Depreciation and amortization expense for the year ended June 30, 2018 was \$2,399,251.

In January 1976, the Corporation received from Aerospace Corporation a gift of a solar observatory situated on the Van Norman Reservoir in the San Fernando Valley. The Corporation recorded this gift as a capital asset at a nominal value of \$1 because of the unique nature of, and limited market for, the facility at the date of gift.

## Notes to Financial Statements June 30, 2018

## Note 7 - Long-term debt

At June 30, 2018, long-term debt consists of the following bonds and mortgage payable and capital leases:

#### Bonds and mortgage payable

On April 10, 2008, the California State University ("CSU") System issued \$3,020,000 in System Wide Revenue Bonds ("SRB") to refund certificates that were used to finance the acquisition of 28 faculty/staff housing units ("College Court"). The bond is payable in varying annual installments and matures in November 2025. Interest is payable semi-annually at rates ranging from 3.50% to 5.00%. The bond includes a net bond premium of \$52,541 which is being amortized over the life of the bond.

\$ 1,702,541

On April 6, 2010, the CSU System issued \$2,310,000 in SRB to fund the satellite student union food service renovation project ("Geronimo's"). The bond is payable in varying annual installments and matures in November 2019. Interest is payable semi-annually at rates ranging from 2.00% to 3.00%. The bond includes a net bond premium of \$34,036 which is being amortized over the life of the bond.

584,036

On May 26, 2015, the CSU System issued \$3,415,000 in commercial paper to fund the acquisition of the Reseda building ("Reseda"). The commercial paper was converted into an SRB in August 2015. The bond is payable in varying annual installments and matures in November 2045. Interest is payable semi-annually at rates ranging from 3.00% to 5.00%. The bond includes a net bond premium of \$346,384 which is being amortized over the life of the bond.

3,291,384

In February 2005, the Corporation refinanced mortgages payable (the "Condominium Mortgage") worth \$282,000 in order to reduce interest costs. The Condominium Mortgage is payable in monthly installments of \$2,260 including principal and interest at 5.125%, and matures in March 2020.

43,456

#### Total bonds and mortgage payable

5,621,417

#### Capital leases

The Corporation and the trustees of the CSU signed a 30-year capital lease for the Sierra Center Building effective October 2003. The three-story building incorporates food service units, indoor and outdoor seating, and office spaces. On September 14, 2011, the CSU System completed a partial refinancing of the SRB connected with the Sierra Center Building capital lease. The face amount of the bonds refinanced was \$2,485,000. On August 1, 2012, the CSU System completed a refinancing of the remaining 2003 SRB connected with the Sierra Center Building capital lease. The face amount of the bonds refinanced was \$3,145,000. The bonds are payable in varying annual installments maturing through November 2033. Interest is payable semi-annually at rates ranging from 0.55% to 5.00%. The bonds include a net bond premium of \$404,579 which is being amortized over the life of the bonds.

4,959,579

The Corporation and the trustees of the CSU System signed an 18-year lease for the Matador Bookstore Complex addition effective March 2007. The CSU System issued \$3,945,000 in SRB in relation to the capital lease. The bond is payable in varying annual installments and matures in May 2026. In March 2017, the bond terms were modified resulting in an additional bond premium of \$323,556. Interest is payable semi-annually at rates ranging from 4.00% to 5.00%. The bond includes a net bond premium of \$369,101 which is being amortized over the life of the bond.

2,319,101

 Total capital leases
 7,278,680

 Total long-term debt
 12,900,097

 Less current portion
 (925,459)

 Total
 \$11,974,638

## Notes to Financial Statements June 30, 2018

Future minimum principal payments on the Corporation's bonds and mortgage payable for each of the next five years and thereafter subsequent to June 30, 2018 are as follows:

	CSU SRB llege Court	CSU SRB Geronimo's		CSU SRB Reseda		Condominium Mortgage		Total
2019 2020 2021 2022 2023 Thereafter	\$ 175,000 180,000 190,000 200,000 210,000 695,000	\$	270,000 280,000 - - -	\$	55,000 55,000 55,000 60,000 60,000 2,660,000	\$	25,459 17,997 - - -	\$ 525,459 532,997 245,000 260,000 270,000 3,355,000
Therealter	 695,000				2,000,000			 3,355,000
Bond premium	1,650,000 52,541		550,000 34,036		2,945,000 346,384		43,456 <u>-</u>	 5,188,456 432,961
Total	\$ 1,702,541	\$	584,036	\$	3,291,384	\$	43,456	\$ 5,621,417

The estimated future minimum lease payments for each of the next five years and thereafter subsequent to June 30, 2018 under the capital leases are included in the above long-term debt schedule as follows:

	s 	ierra Center Building	_	Matador Bookstore Complex	Total
2019 2020 2021 2022 2023	\$	398,136 395,700 395,450 394,700 398,325	\$	297,375 296,875 300,750 294,125 292,125	\$ 695,511 692,575 696,200 688,825 690,450
Thereafter		4,405,475		882,750	5,288,225
		6,387,786		2,364,000	8,751,786
Bond premium		404,579		369,101	773,680
Less amounts representing interest		(1,832,786)		(414,000)	 (2,246,786)
	\$	4,959,579	\$	2,319,101	\$ 7,278,680

At June 30, 2018, the gross amount of capital leases and related accumulated amortization recorded under capital leases were as follows:

Capital leases	\$ 12,914,389
Less accumulated amortization	 (8,858,471)
	\$ 4,055,918

## Notes to Financial Statements June 30, 2018

## Note 8 - Postretirement benefit plan

The Corporation has a postretirement benefit plan (the "Plan") which provides retirement benefits. Employees are eligible if they are either age 65 with 10 years of qualifying service, age 62 with 15 years of qualifying service or age 60 with 20 years of qualifying service. The Corporation currently pays 85% of the cost up to a maximum level. The current maximum is \$725 per month for retiree coverage and up to an additional \$652 per month for dependent coverage.

Retirees over age 65 may opt for the Medicare Risk Program. Under this option, the Corporation pays only the Medicare Part B premium. Any cost associated in the future with the Medicare Risk Program will be paid by the retiree. Retiree contributions fund the cost of coverage exceeding these amounts.

For the year ended June 30, 2018, the Corporation's postretirement benefits include the effects of the Affordable Care Act (the "Act"). The Act provides health care benefits for individuals who previously were not eligible for health care. The Corporation's Plan now takes into account the effects of the Act, which resulted in additional participants in the Plan for the year ended June 30, 2018.

The following tables provide further information about the Plan:

Obligations and funding status	
Benefit obligation at June 30, 2018	\$ (3,388,726)
Employer contributions	87,292
Participant contributions	-
Benefit payments	(87,292)
	(3,388,726)
Fair value of Plan assets at June 30, 2018	<u> </u>
Net unfunded status of the Plan	\$ (3,388,726)
	 (-,)

Amounts recognized in the statement of financial position consist of the following:

Current liabilities	\$ 78,205
Noncurrent liabilities	 3,310,521
Total recognized in the statement of financial position	\$ 3,388,726

Amounts recognized in the statement of activities consist of the following:

Service cost Interest cost Amortization of transition obligation Amortization of unrecognized prior service cost Amortization of unrecognized gain		348,041 159,926 9,153 100,537
Net postretirement benefit cost ("NPBC")	\$	617,657

## Notes to Financial Statements June 30, 2018

Other changes recognized in changes in unrestricted net assets ("CUNA") are as follows:

Prior service cost for period	\$ (814,298)
Net gain for period	(525,585)
Amortization of transition obligation	(9,153)
Amortization of prior service cost	(100,537)
Amortization of net gain	
Total changes recognized in CUNA	\$ (1,449,573)
Total changes recognized in NPBC and CUNA	\$ (831,916)

## **Assumptions**

Weighted average assumptions used in accounting for the Plan were as follows:

Benefit obligations at June 30, 2018	
Discount rate	3.75%
Rate of return on Plan assets	N/A
Rate of compensation increase	N/A
Medical trend	
Initial	7.00%
Ultimate	5.00%
Number of years to ultimate	1 year

## Cash flows

The following benefit payments, subsequent to June 30, are expected to be paid as follows:

Years beginning July 1,	
2018	\$ 78,205
2019	84,200
2020	96,768
2021	111,418
2022	128,888
2023 - 2027	892,172

The Corporation expects to contribute the pay-as-you-go cost of \$78,205 during the next fiscal year.

The following table includes the amounts in unrestricted net assets expected to be recognized as components of net periodic benefit cost over the 2018 - 2019 fiscal year:

Net actuarial gain (loss)	\$ 36,698
Net prior service (cost)	57,742

## Notes to Financial Statements June 30, 2018

## Note 9 - Employee retirement plan

The employee retirement plan, administered through The Principal Financial Group, is a defined contribution plan that received a favorable determination from the Internal Revenue Service in 1994. All eligible employees that complete over 1,000 hours of service in the plan year, complete two consecutive years of employment, and are age 21 or older are eligible for the plan. The employee retirement plan has four levels of employer matching with a maximum match of 10% of the employee's salary. Under the terms of the plan, the Corporation and its eligible employees make contributions which the Corporation deposits monthly with a trustee. Employees are 100% vested upon eligibility. Contributions payable at June 30, 2018 totaled \$41,748. Pension expense for the year ended June 30, 2018 totaled \$542,799.

## Note 10 - Commitments and contingencies

The Corporation participates in a number of federal, state, and local grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Corporation expects such amounts, if any, to be immaterial to the Corporation's financial statements.

From time to time, the Corporation is named as a defendant in legal actions arising from its normal operations and is presented with claims for damages arising out of its actions. However, the Corporation is not currently named in any litigation.

## Note 11 - Related party transactions

The Corporation provides and receives services from the University, Associated Students, California State University, Northridge, Inc. ("ASI"), California State University, Northridge Foundation ("CSUN Foundation"), University Student Union, California State University, Northridge ("USU"), and North Campus - University Park Development Corporation ("NCDC").

#### Related party detail

At June 30, 2018, accounts receivable and accounts payable relating to these organizations are as follows:

Receivables University ASI USU NCDC	\$ 220,333 13,939 28,034 3,877
	\$ 266,183
Payables University ASI USU	\$ 167,734 19,177 2,124
	\$ 189,035

## Notes to Financial Statements June 30, 2018

During the year ended June 30, 2018, the Corporation received \$10,338,285 from the University for catering provided to the University, rental income for the Corporation's properties, cash receipts related to the Corporation's meal plan, payroll services, licensing, workshops and conferences.

During the year ended June 30, 2018, amounts paid to the University were as follows:

Salaries and benefits	\$ 3,053,018
Chargebacks from University for requested projects	1,378,022
Debt service payments pass-through	1,396,916
Services provided by campus	1,614,147
Scholarships	350,000
	_
	\$ 7,792,103

During the year ended June 30, 2018, amounts received from other University auxiliary organizations were \$592,192. Amounts received relate to catering services, food service management fees and payroll services. During the year ended June 30, 2018, the Corporation paid \$254,390 to CSUN Foundation, \$145,143 to USU, and \$54,459 to ASI.



# Schedule of Net Position June 30, 2018 (For inclusion in the California State University)

Assets:	
Current assets: Cash and cash equivalents	\$ 3,617,689
Short-term investments	5,849,494
Accounts receivable, net	8,381,476
Capital lease receivable, current portion	
Notes receivable, current portion Pledges receivable, net	3,749
Prepaid expenses and other current assets	341,895
Total current assets	18,194,303
Noncurrent assets:	
Restricted cash and cash equivalents	_
Accounts receivable, net Capital lease receivable, net of current portion	_
Notes receivable, net of current portion	45,145
Student loans receivable, net	_
Pledges receivable, net	2 002 702
Endowment investments Other long-term investments	3,863,793 16,782,763
Capital assets, net	23,086,535
Other assets	<u> </u>
Total noncurrent assets	43,778,236
Total assets	61,972,539
Deferred outflows of resources: Unamortized loss on debt refunding	_
Net pension liability	_
Net OPEB liability	_
Others	
Total deferred outflows of resources Liabilities:	
Current liabilities:	
Accounts payable	1,210,826
Accrued salaries and benefits	1,918,281
Accrued compensated absences, current portion	356,802
Unearned revenues Capital lease obligations, current portion	2,208,977 400,000
Long-term debt obligations, current portion	525,459
Claims liability for losses and loss adjustment expenses, current portion	_
Depository accounts	2,935,993
Other liabilities	78,205
Total current liabilities  Noncurrent liabilities:	9,634,543
Accrued compensated absences, net of current portion	177,915
Unearned revenues	_
Grants refundable	<del></del>
Capital lease obligations, net of current portion	6,878,680
Long-term debt obligations, net of current portion  Claims liability for losses and loss adjustment expenses, net of current portion	5,095,958
Depository accounts	_
Net other postemployment benefits liability	3,310,521
Net pension liability	_
Other liabilities Total noncurrent liabilities	15 462 074
Total liabilities	15,463,074 25,097,617
Deferred inflows of resources:	
Service concession arrangements	_
Net pension liability	_
Net OPEB liability Unamortized gain on debt refunding	_
Nonexchange transactions	_
Others	
Total deferred inflows of resources	
Net Position:	10,186,438
Net investment in capital assets Restricted for:	10,100,430
Nonexpendable – endowments	3,863,793
Expendable:	· · · —
Scholarships and fellowships	_
Research Loans	 1,318,013
Capital projects	1,310,013
Debt service	_
Others	_
Unrestricted Total not position	\$\frac{21,506,678}{36,874,922}
Total net position	\$ 36,874,922

## Schedule of Revenues, Expenses and Changes in Net Position Year Ended June 30, 2018 (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		27,711,869
State		2,043,269
Local		863,688
Nongovernmental		2,034,362
Sales and services of educational activities		
Sales and services of auxiliary enterprises, gross		20,505,979
Scholarship allowances (enter as negative)		
Other operating revenues		1,232,720
Total operating revenues		54,391,887
Expenses:	-	
Operating expenses:		
Instruction		_
Research		29,044,293
Public service		_
Academic support		
Student services		
Institutional support		3,525,822
Operation and maintenance of plant		366,944
Student grants and scholarships		192,848
Auxiliary enterprise expenses		15,558,105
Depreciation and amortization		2,399,251
Total operating expenses		51,087,263
Operating income (loss)		3,304,624
Nonoperating revenues (expenses):		5,50.,02.
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		1,076,972
Endowment income (loss), net		777,088
Interest expense		(425,362)
Other nonoperating revenues (expenses) - excl. interagency transfers		(1,773,017)
Other nonoperating revenues (expenses) - interagency transfers		(1,773,017)
Net nonoperating revenues (expenses)		(344,319)
Income (loss) before other revenues (expenses)		2,960,305
State appropriations, capital		2,900,303
Grants and gifts, capital		
Additions (reductions) to permanent endowments		2.060.205
Increase (decrease) in net position		2,960,305
Net position:		22 014 617
Net position at beginning of year, as previously reported		33,914,617
Restatements  Not resisting at beginning of year as restated.		22.014.617
Net position at beginning of year, as restated	<u>_</u>	33,914,617
Net position at end of year	\$	36,874,922

## Other Information Year Ended June 30, 2018 (For inclusion in the California State University)

l	Restricted cash and cash equivalents at June 30, 2018:  Portion of restricted cash and cash equivalents related to endowments  All other restricted cash and cash equivalents	\$	_						
	Total restricted cash and cash equivalents	\$	_						
2.1	Composition of investments at June 30, 2018:		Current Unrestricted	Current Restricted	Total Current	Noncurrent Unrestricted	Noncurrent Restricted	Total Noncurrent	Total
	State of California Surplus Money Investment Fund (SMIF)	\$							
	State of California Local Agency Investment Fund (LAIF)	Ψ	_	=	_	=	_	_	=
	Corporate bonds		1,206,930	_	1,206,930	_	_	_	1,206,930
	Certificates of deposit Mutual funds		213,190 1,744,403	_	213,190	2 205 210	1.050.517	4 225 926	213,190 5,980,239
	Money Market funds		1,744,403	_	1,744,403 10,298	2,285,319	1,950,517	4,235,836	5,980,239 10,298
	Repurchase agreements		10,784	_	10,784	_	_	_	10,784
	Commercial paper			_		_	_	_	
	Asset backed securities		308,738	_	308,738	_	_	_	308,738
	Mortgage backed securities Municipal bonds		284 54,675	_	284 54,675	_	_	_	284 54,675
	U.S. agency securities		1,246,146	_	1,246,146	_	_	_	1,246,146
	U.S. treasury securities		1,054,046	_	1,054,046	_	_	_	1,054,046
	Equity securities		_	_	_	7,896,217	1,913,276	9,809,493	9,809,493
	Exchange traded funds (ETFs) Alternative investments:		_	_	_		_	_	_
	Private equity (including limited partnerships)		_	_	_	508,916	_	508,916	508,916
	Hedge funds		_	_	_	981,155	_	981,155	981,155
	Managed futures		_	_	_		_		
	Real estate investments (including REITs) Commodities		_		_	724,621 754,663	_	724,621 754,663	724,621 754,663
	Derivatives		_	_	_	754,005	_		754,005
	Other alternative investment types		_	_	_	3,625,872	_	3,625,872	3,625,872
	Other external investment pools (excluding SWIFT)								
	Add description Add description		_					_	
	Add description		_	_	_	_	_	_	_
	Add description		_	_	_	_	_	_	_
	Add description		_	_	_	_	_	_	_
	Add description Other major investments:		_	_	_	_	_	_	_
	Land in Lancaster, CA		_	_	_	6,000	_	6,000	6,000
	Add description		_	_	_		_	· —	
	Add description		_	_	_	_	_	_	_
	Add description Add description		_	_	_	_	_	_	_
	Add description Add description		_	_	_	_	_	_	_
	Total investments	-	5,849,494		5,849,494	16,782,763	3,863,793	20,646,556	26,496,050
	Less endowment investments (enter as negative number)		_	_	_	_	(3,863,793)	(3,863,793)	(3,863,793)
	Total investments	\$	5,849,494		5,849,494	16,782,763		16,782,763	22,632,257
		=		· <del></del>					
2.2	Investments held by the University under contractual agreements at J Portion of investments in note 2.1 held by the University under contractual								
	agreements at June 30, 2018 :		4,239,957	_	4,239,957	_	_	_	4,239,957
2.3	Restricted current investments at June 30, 2018 related to:		Amount						
	Add description Add description	\$	_						
	Add description		_						
	Add description		_						
	Add description		_						
	Add description		_						
	Add description	-		•					
	Total restricted current investments at June 30, 2018	\$_		i					

## Other Information Year Ended June 30, 2018 (For inclusion in the California State University)

2.4	Restricted noncurrent investments at June 30, 2018 related to:	Amount
	Endowment investment	\$ 3,863,793
	Scholarships	
	Inflation reserves	
	University projects	
	Add description	_
	Add description	_
	Add description	_
	Add description	 _
Te	otal restricted noncurrent investments at June 30, 2018	\$ 3,863,793

#### 2.5 Fair value hierarchy in investments at June 30, 2018:

Fair value merarchy in investments at June 30, 2018:			Fair Value Measurements Using						
		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)			
State of California Surplus Money Investment Fund (SMIF)	\$	_	_	_	_	_			
State of California Local Agency Investment Fund (LAIF)		_	_	_	_	_			
Corporate bonds		1,206,930	_	1,206,930	_	_			
Certificates of deposit		213,190	_	213,190	_	_			
Mutual funds		5,980,239	5,980,239	_	_	_			
Money Market funds		10,298	10,298	_	_	_			
Repurchase agreements		10,784	_	10,784	_	_			
Commercial paper		_	_	_	_	_			
Asset backed securities		308,738	_	308,738	_	_			
Mortgage backed securities		284	_	284	_	_			
Municipal bonds		54,675	_	54,675	_	_			
U.S. agency securities		1,246,146	_	1,246,146	_	_			
U.S. treasury securities		1,054,046	1,054,046	_	_	_			
Equity securities		9,809,493	9,809,493	_	_	_			
Exchange traded funds (ETFs)		_	_	_	_	_			
Alternative investments:									
Private equity (including limited partnerships)		508,916	_	_	_	508,916			
Hedge funds		981,155	_	_	_	981,155			
Managed futures		_	_	_	_	_			
Real estate investments (including REITs)		724,621	724,621	_	_	_			
Commodities		754,663	754,663	_	_	_			
Derivatives		_	_	_	_	_			
Other alternative investment types		3,625,872	_	_	_	3,625,872			
Other external investment pools (excluding SWIFT)									
Add description		_	_	_	_	_			
Add description		_	_	_	_	_			
Add description		_	_	_	_	_			
Add description		_	_	_	_	_			
Add description		_	_	_	_	_			
Add description		_	_	_	_	_			
Other major investments:									
Land in Lancaster, CA		6,000	_	6,000	_	_			
Add description		_	_	_	_	_			
Add description		_	_	_	_	_			
Add description		_		_	_	_			
Add description		_	_	_	_	_			
Add description	_								
Total investments	\$	26,496,050	18,333,360	3,046,747		5,115,943			

## Other Information Year Ended June 30, 2018 (For inclusion in the California State University)

#### 3.1 Composition of capital assets at June 30, 2018:

···	_	Balance June 30, 2017	Prior period Adjustments	Reclassifications	Balance June 30, 2017 (restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2018
Nondepreciable/nonamortizable capital assets:									
Land and land improvements	\$	1,346,437	_	_	1,346,437	_	_	436,731	1,783,168
Works of art and historical treasures Construction work in progress (CWIP)		989,370	_	_	989,370	982,509	(85,987)	(1,868,855)	17,037
Intangible assets:		909,370	_	_	909,370	982,309	(63,567)	(1,000,055)	17,037
Rights and easements		_	_	_	_	_	_	_	_
Patents, copyrights and trademarks		_	_	_	_	_	_	_	_
Internally generated intangible assets in progress		_	_	_	_	_	_	_	_
Licenses and permits		_	_	_	_	_	_	_	_
Other intangible assets:									
Add description Add description		_	_	_	_	_	_	_	_
Add description Add description		_	_	_	_		_		_
Add description									
Add description			_	_		_			_
Total intangible assets		_	_	_	_	_	_	_	_
Total nondepreciable/nonamortizable capital assets	_	2,335,807	_		2,335,807	982,509	(85,987)	(1,432,124)	1,800,205
Depreciable/amortizable capital assets:	_	,,,,,,,,,,,					(,,		,,,,,,,
Buildings and building improvements		27,873,458	_	_	27,873,458	_	_	185,680	28,059,138
Improvements, other than buildings		_	_	_	_	_	_	_	_
Infrastructure		_	_	_	_	_	_	_	_
Leasehold improvements		12,829,202	_	_	12,829,202	_	(696,020)	1,049,797	13,182,979
Personal property:		C 404 140			C 404 140	25 120	(505.626)	100 527	6.014.170
Equipment Library books and materials		6,404,148	_	_	6,404,148	25,129	(595,626)	180,527	6,014,178
Intangible assets:		_	_	_	_	_	_	_	_
Software and websites		981,105	_	_	981,105	_	_	16,120	997,225
Rights and easements		701,105	_	_	701,100	_	_		
Patents, copyright and trademarks		_	_	_	_	_	_	_	_
Licenses and permits		_	_	_	_	_	_	_	_
Other intangible assets:									
Add description		_	_	_	_	_	_	_	_
Add description		_	_	_	_	_	_	_	_
Add description		_	_	_	_	_	_	_	_
Add description Add description		_	_	_	_	_	_	_	_
Total intangible assets		981,105	_	_	981,105	_	_	16,120	997,225
Total depreciable/amortizable capital assets	_	48,087,913	_		48,087,913	25,129	(1,291,646)	1,432,124	48,253,520
Total capital assets	_	50,423,720	_		50,423,720	1,007,638	(1,377,633)		50,053,725
Less accumulated depreciation/amortization:	_								
Buildings and building improvements		(12,954,304)	_	_	(12,954,304)	(869,443)	_	_	(13,823,747)
Improvements, other than buildings		(12,751,501)	_	_	(12,751,501)	(00),113)	_	_	(15,025,717)
Infrastructure		_	_	_	_	_	_	_	_
Leasehold improvements		(5,962,793)	_	_	(5,962,793)	(1,075,938)	68,022	_	(6,970,709)
Personal property:									
Equipment		(5,398,554)	_	_	(5,398,554)	(412,877)	198,669	_	(5,612,762)
Library books and materials		_	_	_	_	_	_	_	_
Intangible assets: Software and websites		(915,936)			(915,936)	(40,993)	396,957		(559,972)
Rights and easements		(915,950)	_	_	(913,930)	(40,993)	390,937		(339,972)
Patents, copyright and trademarks			_	_		_	_		_
Licenses and permits		_	_	_	_	_	_	_	_
Other intangible assets:									
Add description		_	_	_	_	_	_	_	_
Add description		_	_	_	_	_	_	_	_
Add description		_	_	_	_	_	_	_	_
Add description		_	_	_	_	_	_	_	_
Add description		(915,936)	_	_	(915,936)	(40,993)	396,957	_	(559,972)
Total intangible assets	_								
Total accumulated depreciation/amortization	_	(25,231,587)			(25,231,587)	(2,399,251)	663,648		(26,967,190)
Total capital assets, net	\$	25,192,133			25,192,133	(1,391,613)	(713,985)		23,086,535

#### 3.2 Detail of depreciation and amortization expense for the year ended June 30, 2018:

Depreciation and amortization expense related to capital assets	\$	2,399,251
Amortization expense related to other assets	_	
Total depreciation and amortization	\$	2,399,251

## Other Information Year Ended June 30, 2018 (For inclusion in the California State University)

#### 4 Long-term liabilities activity schedule:

		Balance June 30, 2017	Prior period adjustments	Reclassifications	Balance June 30, 2017 (restated)	Additions	Reductions	Balance June 30, 2018	Current portion	Long-term portion
Accrued compensated absences	\$	523,066	_	_	523,066	11,651	_	534,717	356,802	177,915
Claims liability for losses and loss adjustment expenses		_	_	_	_	_	_	_	_	_
Capital lease obligations: Gross balance Unamortized premium / (discount) on capital lease obligations	_	6,870,000 870,838			6,870,000 870,838		(365,000) (97,158)	6,505,000 773,680	400,000	6,105,000 773,680
Total capitalized lease obligations		7,740,838			7,740,838		(462,158)	7,278,680	400,000	6,878,680
Long-term debt obligations: Auxiliary revenue bonds Commercial paper Notes payable related to SRB Others: (list by type) Mortgage payment on College Court Add description	_	5,615,000 67,617 — — —	=======================================	= = = = = = = = = = = = = = = = = = = =	5,615,000 67,617 — — —	= = = = = = = = = = = = = = = = = = = =	(470,000) (24,161) — — — —	5,145,000 43,456 ————————————————————————————————————	500,000 25,459 — — —	4,645,000 17,997 — — —
Total long-term debt obligations		5,682,617			5,682,617		(494,161)	5,188,456	525,459	4,662,997
Unamortized bond premium / (discount)  Total long-term debt obligations, net	<u>-</u>	482,454 6,165,071			482,454 6,165,071		(49,493) (543,654)	432,961 5,621,417	525,459	432,961 5,095,958
Total long-term liabilities	\$	14,428,975			14,428,975	11,651	(1,005,812)	13,434,814	1,282,261	12,152,553

#### 5 Future minimum lease payments - Capital lease obligations:

	Capital 1	ease obligations related	to SRB	All	other capital lease oblig	ations	Total capital lease obligations			
	-		Principal and			Principal and			Principal and	
	Principal Only	Interest Only	Interest	Principal Only	Interest Only	Interest	Principal Only	Interest Only	Interest	
Year ending June 30:										
2019	\$ 400,000	295,513	695,513	_	_	_	400,000	295,513	695,513	
2020	415,000	277,575	692,575	_	_	_	415,000	277,575	692,575	
2021	440,000	256,200	696,200	_	_	_	440,000	256,200	696,200	
2022	455,000	233,825	688,825	_	_	_	455,000	233,825	688,825	
2023	480,000	210,450	690,450	_	_	_	480,000	210,450	690,450	
2024 - 2028	2,190,000	686,000	2,876,000	_	_	_	2,190,000	686,000	2,876,000	
2029 - 2033	1,730,000	277,350	2,007,350	_	_	_	1,730,000	277,350	2,007,350	
2034 - 2038	395,000	9,875	404,875	_	_	_	395,000	9,875	404,875	
2039 - 2043	_	_	_	_	_	_	_	_	_	
2044 - 2048	_	_	_	_	_	_	_	_	_	
2049 - 2053	_	_	_	_	_	_	_	_	_	
2054 - 2058	_	_	_	_	_	_	_	_	_	
2059 - 2063	_	_	_	_	_	_	_	_	_	
2064 - thereafter										
Total minimum lease payments	\$ 6,505,000	2,246,788	8,751,788				6,505,000	2,246,788	8,751,788	
Less amounts representing interest									(2,246,788)	
Present value of future minimum lease payments									6,505,000	
Unamortized net premium (discount)									773,680	
Total capital lease obligations									7,278,680	

Less: current portion

Capital lease obligation, net of current portion

(400,000) 6,878,680

## Other Information Year Ended June 30, 2018 (For inclusion in the California State University)

#### 6 Long-term debt obligations schedule

Long-term debt obligations schedule						All other long-term				
		Au	xiliary revenue bonds			debt obligations		Total le	ong-term debt obliga	tions
				Principal and		-	Principal and			Principal and
	1	Principal Only	Interest Only	Interest	Principal Only	Interest Only	Interest	Principal Only	Interest Only	Interest
Year ending June 30:										
2019	\$	_	_	_	525,459	237,724	763,183	525,459	237,724	763,183
2020		_	_	_	532,997	213,150	746,147	532,997	213,150	746,147
2021		_	_	_	245,000	195,100	440,100	245,000	195,100	440,100
2022		_	_	_	260,000	183,225	443,225	260,000	183,225	443,225
2023		_	_	_	270,000	170,250	440,250	270,000	170,250	440,250
2024 - 2028		_	_	_	975,000	662,013	1,637,013	975,000	662,013	1,637,013
2029 - 2033		_	_	_	430,000	509,750	939,750	430,000	509,750	939,750
2034 - 2038 2039 - 2043		_	_	_	550,000	355,775	905,775	550,000 700,000	355,775	905,775 930,125
2039 - 2043 2044 - 2048			_	_	700,000 700,000	230,125 41,500	930,125 741,500	700,000	230,125 41,500	741,500
2044 - 2048 2049 - 2053		_	_		700,000	41,300	741,500	700,000	41,300	741,300
2054 - 2058										
2059 - 2063		_	_	_	_	_	_	_	_	_
2064 - thereafter		_	_	_	_	_	_	_	_	_
Total minimum payments				_	5,188,456	2,798,612	7,987,068	5,188,456	2,798,612	7,987,068
Less amounts representing interest				_						(2,798,612)
Present value of future minimum payments										5,188,456
Unamortized net premium (discount)										432,961
Total long-term debt obligations										5,621,417
Less: current portion										(525,459)
Long-term debt obligations, net of current portion										\$ 5,095,958

#### 7 Calculation of net position

#### 7.1 Calculation of net position - Net investment in capital assets

Capital assets, net of accumulated depreciation	\$	23,086,535
Capital lease obligations, current portion		(400,000)
Capital lease obligations, net of current portion		(6,878,680)
Long-term debt obligations, current portion		(525,459)
Long-term debt obligations, net of current portion		(5,095,958)
Portion of outstanding debt that is unspent at year-end (enter as positive num	ber)	_
Other adjustments: (please list)		
Add description		_
Net position - Net investment in capital assets	\$	10,186,438

#### 7.2 Calculation of net position - Restricted for nonexpendable - endowments

Portion of restricted cash and cash equivalents related to endowments	\$ _
Endowment investments	3,863,793
Other adjustments: (please list)	
Restricted expendable endowments	
Add description	_
Add description	
Net position - Restricted for nonexpendable - endowments	\$ 3,863,793

## Other Information Year Ended June 30, 2018 (For inclusion in the California State University)

#### 8 Transactions with related entities

1 ransactions with related entities	
	Amount
Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$ 3,053,018
Payments to University for other than salaries of University personnel	3,361,063
Payments received from University for services, space, and programs	10,338,285
Gifts-in-kind to the University from discretely presented component units	_
Gifts (cash or assets) to the University from discretely presented component units	1,378,022
Accounts (payable to) University (enter as negative number)	(117,221)
Other amounts (payable to) University (enter as negative number)	(50,513)
Accounts receivable from University (enter as positive number)	220,333
Other amounts receivable from University	

#### 9 Other postemployment benefits (OPEB) liability

Annual required contribution (ARC) Contributions during the year (enter as negative number)	\$ (919,208)
Increase (decrease) in net OPEB liability (NOO)	(919,208)
Other adjustments	_
NOO - beginning of year	4,307,934
NOO - end of year	\$ 3,388,726
Percentage of annual OPEB cost contributed during the year ended	0%

#### 10 Pollution remediation liabilities under GASB Statement No. 49:

Description	Amount
Add description	\$ 
Add description	_
Add description	 
Total pollution remediation liabilities	\$ _
Less: current portion	 
Pollution remedition liabilities, net of current portion	\$ 

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

	Class		Amount
			Dr. (Cr.)
Net position as of June 30, 2017, as previously reported	:	\$	33,914,617
Prior period adjustments:			
(list description of each adjustment)			_
<ol><li>(list description of each adjustment)</li></ol>			_
3 (list description of each adjustment)			_
4 (list description of each adjustment)			_
5 (list description of each adjustment)			_
6 (list description of each adjustment)			_
7 (list description of each adjustment)			_
8 (list description of each adjustment)			_
9 (list description of each adjustment)			_
10 (list description of each adjustment)		_	
Net position as of June 30, 2017, as restated		\$	33,914,617

## Other Information Year Ended June 30, 2018 (For inclusion in the California State University)

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

		Debit	Credit	
Net position class:	· <u></u>			
1 (breakdown of adjusting journal entry)	\$			
	\$	_	_	
Net position class:				
Net position class:2 (breakdown of adjusting journal entry)				
		_	_	
Net position class:				
3 (breakdown of adjusting journal entry)				
		_		
Net position class:			_	
Net position class: 4 (breakdown of adjusting journal entry)				
		_		
Net position class:			_	
Net position class:  5 (breakdown of adjusting journal entry)				
		_		
Net position class:			_	
6 (breakdown of adjusting journal entry)				
		_		
Not mosition along			_	
7 (breakdown of adjusting journal entry)				
- (		_		
Not a serition of seri			_	
8 (breakdown of adjusting journal entry)				
- ()/		_		
			_	
(oreardown of adjusting journal entry)		_		
			_	
Net position class:				
10 (oreardown or augusting journal chu y)		_		
			_	
Net position class: 7 (breakdown of adjusting journal entry)  Net position class: 8 (breakdown of adjusting journal entry)  Net position class: 9 (breakdown of adjusting journal entry)  Net position class: 10 (breakdown of adjusting journal entry)		- - -	- - -	

#### 12 Natural Classifications of Operating Expenses

		Salaries	Benefits	Scholarships and fellowships	Supplies and other services	Depreciation and amortization	Total operating expenses
Instruction	\$	_	_	_	_	_	_
Research		13,769,599	2,335,147	_	12,939,547	_	29,044,293
Public service		_	_	_	_	_	_
Academic support		_	_	_	_	_	_
Student services		_	_	_	_	_	_
Institutional support		_	_	_	3,525,822	_	3,525,822
Operation and maintenance of plant		_	_	_	366,944	_	366,944
Student grants and scholarships		_	_	192,848	_	_	192,848
Auxiliary enterprise expenses		6,870,881	720,566	_	7,966,658	_	15,558,105
Depreciation and amortization		_	_	_	_	2,399,251	2,399,251
Total	\$	20,640,480	3,055,713	192,848	24,798,971	2,399,251	51,087,263
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