

The University Corporation

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

June 30, 2021

The University Corporation

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of The University Corporation, which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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, 2021, 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 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 18, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information on pages 26-33 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 16, 2021 on our consideration of The University 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 The University 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 The University Corporation's internal control over financial reporting and compliance.



Los Angeles, California
September 16, 2021

The University Corporation
Statement of Financial Position
June 30, 2021
With Summarized Totals at June 30, 2020

Assets

| | <u>2021</u> | <u>2020</u> |
|---|---------------|---------------|
| Current assets | | |
| Cash and cash equivalents | \$ 8,328,119 | \$ 10,179,419 |
| Short-term investments | 7,980,474 | 4,364,711 |
| Grants and contracts receivable | 6,166,905 | 6,688,904 |
| Accounts receivable, net | 504,691 | 379,635 |
| Accounts receivable from the University | 64,446 | 201,078 |
| Accounts receivable from other University auxiliary organizations | 9,075 | 20,867 |
| Current portion of note receivable | 4,486 | 4,226 |
| Inventory | - | 117,779 |
| Prepaid expenses and deposits | 41 | 14,015 |
| | <hr/> | <hr/> |
| Total current assets | 23,058,237 | 21,970,634 |
| Advance to University for capital projects | 38,959 | 3,516,150 |
| Note receivable, net of current portion | 32,548 | 37,076 |
| Investments | 29,936,042 | 20,796,844 |
| Capital assets, net | 21,803,341 | 20,454,945 |
| | <hr/> | <hr/> |
| Total | \$ 74,869,127 | \$ 66,775,649 |

Liabilities and Net Assets

| | | |
|--|---------------|---------------|
| Current liabilities | | |
| Accounts payable | \$ 1,371,744 | \$ 1,274,774 |
| Other accrued liabilities | 2,063,473 | 2,604,700 |
| Current portion of accrued compensated absences | 501,308 | 422,977 |
| Current portion of postretirement benefit payable | 137,631 | 73,944 |
| Deposits held in custody for others | 3,876,830 | 3,607,999 |
| Deferred revenue | 3,925,485 | 2,598,166 |
| Current portion of long-term debt | 695,000 | 801,129 |
| | <hr/> | <hr/> |
| Total current liabilities | 12,571,471 | 11,383,689 |
| Accrued compensated absences, net of current portion | 214,846 | 181,276 |
| Postretirement benefit payable, net of current portion | 2,395,401 | 2,551,969 |
| Long-term debt, net of current portion | 9,339,982 | 9,965,061 |
| | <hr/> | <hr/> |
| Total liabilities | 24,521,700 | 24,081,995 |
| Commitments and contingencies | | |
| Net assets | | |
| Without donor restrictions | 46,061,364 | 38,301,471 |
| With donor restrictions | 4,286,063 | 4,392,183 |
| | <hr/> | <hr/> |
| Total net assets | 50,347,427 | 42,693,654 |
| | <hr/> | <hr/> |
| Total liabilities and net assets | \$ 74,869,127 | \$ 66,775,649 |

See Notes to Financial Statements.

The University Corporation

Statement of Activities Year Ended June 30, 2021 With Summarized Totals for the Year Ended June 30, 2020

| | 2021 | | | 2020 |
|---|-------------------------------|----------------------------|---------------|---------------|
| | Without donor restrictions | With donor restrictions | Total | Total |
| Operating revenues and support | | | | |
| Auxiliary services | | | | |
| Food service sales | \$ 902,199 | \$ - | \$ 902,199 | \$ 13,461,527 |
| Bookstore sales and commissions | 609,176 | - | 609,176 | 843,291 |
| Real estate rentals | 1,660,406 | - | 1,660,406 | 1,648,796 |
| University provided support | 2,358,669 | - | 2,358,669 | - |
| Total auxiliary services | 5,530,450 | - | 5,530,450 | 15,953,614 |
| Grants and contracts | 29,140,052 | - | 29,140,052 | 34,410,778 |
| Investment income, net | 4,901,483 | 141,021 | 5,042,504 | 645,786 |
| Gain on sale of property | 1,009,908 | - | 1,009,908 | - |
| Other revenue | 892,188 | - | 892,188 | 1,288,086 |
| Net assets released from restrictions | 247,141 | (247,141) | - | - |
| Total operating revenues and support | 41,721,222 | (106,120) | 41,615,102 | 52,298,264 |
| Operating expenses | | | | |
| Auxiliary services | 4,710,339 | - | 4,710,339 | 14,986,589 |
| Program services | | | | |
| Grants and contracts | 25,382,046 | - | 25,382,046 | 29,669,093 |
| Student grants and scholarships | 580,597 | - | 580,597 | 502,369 |
| University support | 569,860 | - | 569,860 | 1,910,699 |
| Total program services | 26,532,503 | - | 26,532,503 | 32,082,161 |
| Supporting services | | | | |
| General and administrative | 2,808,801 | - | 2,808,801 | 3,897,104 |
| Total operating expenses | 34,051,643 | - | 34,051,643 | 50,965,854 |
| Change in net assets from operating activities | 7,669,579 | (106,120) | 7,563,459 | 1,332,410 |
| Nonoperating expenses (income) | | | | |
| Other components of net postretirement benefit cost | (163,212) | - | (163,212) | 81,506 |
| Pension related changes other than pension cost | 72,898 | - | 72,898 | (1,628,385) |
| Net nonoperating expenses (income) | (90,314) | - | (90,314) | (1,546,879) |
| Change in net assets | 7,759,893 | (106,120) | 7,653,773 | 2,879,289 |
| Net assets, beginning | 38,301,471 | 4,392,183 | 42,693,654 | 39,814,365 |
| Net assets, end | \$ 46,061,364 | \$ 4,286,063 | \$ 50,347,427 | \$ 42,693,654 |

See Notes to Financial Statements.

The University Corporation
Statement of Functional Expenses
Year Ended June 30, 2021
With Summarized Totals for the Year Ended June 30, 2020

| | 2021 | | | | | | 2020 | |
|---|---------------------|----------------------|---|--------------------|----------------------|----------------------------|----------------------|----------------------|
| | Auxiliary services | Program services | | | Supporting services | | | |
| | | Grants and contracts | Student grants, scholarships and faculty awards | University support | Total | General and administrative | Total | Total |
| Auxiliary services | | | | | | | | |
| Compensation and benefits | \$ 1,037,646 | \$ 18,900,843 | \$ 349,346 | \$ - | \$ 19,250,189 | \$ 1,431,295 | \$ 21,719,130 | \$ 30,218,314 |
| University projects | - | - | - | 569,860 | 569,860 | - | 569,860 | 1,910,699 |
| Cost of goods sold | 533,706 | - | - | - | - | - | 533,706 | 4,772,041 |
| Depreciation and amortization | 1,437,372 | - | - | - | - | 375,028 | 1,812,400 | 1,928,549 |
| Interest expense | 315,059 | - | - | - | - | 61,542 | 376,601 | 326,933 |
| Professional services | 502,968 | 2,515,660 | 42,136 | - | 2,557,796 | 475,692 | 3,536,456 | 4,442,275 |
| Insurance | 121,220 | 56,828 | - | - | 56,828 | 168,149 | 346,197 | 264,384 |
| Supplies | 31,272 | 1,851,094 | 15,278 | - | 1,866,372 | 8,614 | 1,906,258 | 1,837,007 |
| Scholarships and program costs | - | 695,670 | 151,058 | - | 846,728 | - | 846,728 | 933,736 |
| Fees and charges | 167,559 | 365 | - | - | 365 | 12,947 | 180,871 | 153,451 |
| Utilities | 102,576 | 219,048 | 8,180 | - | 227,228 | 126,716 | 456,520 | 727,715 |
| Marketing and advertising | 15,798 | 885 | - | - | 885 | - | 16,683 | 242,816 |
| Repairs and maintenance | 400,849 | 51,328 | - | - | 51,328 | 112,874 | 565,051 | 943,369 |
| Other expenses | 44,314 | 1,090,325 | 14,599 | - | 1,104,924 | 35,944 | 1,185,182 | 2,264,565 |
| Total operating expenses | 4,710,339 | 25,382,046 | 580,597 | 569,860 | 26,532,503 | 2,808,801 | 34,051,643 | 50,965,854 |
| Other components of net postretirement benefit cost | (40,803) | (48,964) | - | - | (48,964) | (73,445) | (163,212) | 81,506 |
| | <u>\$ 4,669,536</u> | <u>\$ 25,333,082</u> | <u>\$ 580,597</u> | <u>\$ 569,860</u> | <u>\$ 26,483,539</u> | <u>\$ 2,735,356</u> | <u>\$ 33,888,431</u> | <u>\$ 51,047,360</u> |

See Notes to Financial Statements.

The University Corporation

Statement of Cash Flows
Year Ended June 30, 2021
With Summarized Totals for the Year Ended June 30, 2020

| | <u>2021</u> | <u>2020</u> |
|--|----------------------------|-----------------------------|
| Cash flows from operating activities | | |
| Change in net assets | \$ 7,653,773 | \$ 2,879,289 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities | | |
| Gain on sale of property and equipment | (1,009,908) | - |
| Depreciation and amortization | 1,812,400 | 1,928,549 |
| Net realized and unrealized (gains) losses on investments | (4,199,749) | 126,478 |
| Postretirement benefits | 72,898 | (1,628,385) |
| Amortization of bond premiums | (103,360) | (144,638) |
| Bad debt expense | - | 39,387 |
| Changes in operating assets and liabilities | | |
| Grants and contracts receivable | 521,999 | 2,494,448 |
| Accounts receivable | (125,056) | 389,613 |
| Accounts receivable from the University | 136,632 | (24,838) |
| Accounts receivable from other University auxiliary organizations | 11,792 | 91,784 |
| Inventory | 117,779 | 206,763 |
| Prepaid expenses and deposits | 13,974 | 10,481 |
| Accounts payable | 96,970 | (550,395) |
| Other accrued liabilities | (429,326) | 110,562 |
| Deposits held in custody for others | 268,831 | 841,407 |
| Postretirement benefit payable | (165,779) | 237,919 |
| Deferred revenue | <u>1,327,319</u> | <u>(188,304)</u> |
| Net cash provided by operating activities | <u>6,001,189</u> | <u>6,820,120</u> |
| Cash flows from investing activities | | |
| Purchase of capital assets | (399,507) | (983,090) |
| Proceeds from sale of property and equipment | 1,364,908 | - |
| Refund from (advance to) University for capital projects | 360,902 | (3,516,150) |
| Payments from note receivable | 4,268 | 3,708 |
| Purchases of investments | (25,400,250) | (260,258) |
| Proceeds from sales of investments | <u>16,845,038</u> | <u>2,407,679</u> |
| Net cash used in investing activities | <u>(7,224,641)</u> | <u>(2,348,111)</u> |
| Cash flows from financing activities | | |
| Payments on long-term debt | <u>(627,848)</u> | <u>(927,997)</u> |
| Net increase (decrease) in cash and cash equivalents | (1,851,300) | 3,544,012 |
| Cash and cash equivalents, beginning | <u>10,179,419</u> | <u>6,635,407</u> |
| Cash and cash equivalents, end | <u><u>\$ 8,328,119</u></u> | <u><u>\$ 10,179,419</u></u> |

See Notes to Financial Statements.

The University Corporation

Statement of Cash Flows
Year Ended June 30, 2021
With Summarized Totals for the Year Ended June 30, 2020

| | <u>2021</u> | <u>2020</u> |
|---|---------------------|-------------------|
| Supplemental disclosure of noncash investing and financing activities | | |
| Advances to University applied to capital projects | <u>\$ 3,116,289</u> | <u>\$ -</u> |
| Supplemental disclosure of cash flow information | | |
| Interest paid during the year | <u>\$ 446,409</u> | <u>\$ 484,025</u> |

See Notes to Financial Statements.

The University Corporation
Notes to Financial Statements
June 30, 2021

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 food services and vending operations; administers various funds and grants; owns and manages faculty and staff housing; is responsible for the bookstore operations through a third-party operator; 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 Accounting Standards Codification Topic 958. Under this standard, 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:

Net assets without donor restrictions - These generally result from revenues generated by receiving contributions without donor restrictions, providing services, and receiving income from investments less expenses incurred in providing program related services, raising contributions and performing administrative functions. Of the total net assets without donor restrictions of \$46,061,350 at June 30, 2021, \$6,473,774 represents board designated endowments and \$5,834,894 is reserved for University support.

Net assets with donor restrictions - The Corporation reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time, purpose, or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature where the donor stipulates that resources be maintained in perpetuity. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from purpose or time restrictions. At June 30, 2021 the Corporation has \$4,286,063 of net assets with donor restrictions.

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 \$4,939 in allowance for doubtful accounts at June 30, 2021.

The University Corporation
Notes to Financial Statements
June 30, 2021

Grants and contracts

Grants and contracts revenue are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when we have incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position. At June 30, 2021, the Corporation has received grant advances of \$1,789,805 which is included in deferred revenue because qualifying expenditures have not yet been incurred. 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.

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.

The University Corporation
Notes to Financial Statements
June 30, 2021

Revenue recognition

The Corporation recognizes revenues from auxiliary services when earned. Revenues from food service sales are recognized when sold. Revenues from the third party operated bookstore are recognized when sold by the third party operator in accordance with the revenue sharing agreement. The Corporation is entitled to a percentage of certain bookstore sales. 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. There was no advertising expense for the year ended June 30, 2021.

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 between functional services based on personnel time and space utilized for activities.

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, 2021. The Corporation's federal income tax returns for fiscal years 2020, 2019 and 2018 remain open. The Corporation's state income tax returns for fiscal years 2020, 2019, 2018 and 2017 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, 2020, from which the summarized information was derived.

The University Corporation
Notes to Financial Statements
June 30, 2021

Recent accounting pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 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, 2021. The Corporation is currently evaluating the impact of this ASU, and has not determined the impact.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses*. The new standard changes the accounting for the allowance for credit losses from a historical loss model to an estimate of current expected credit loss ("CECL") model. Under the historic loss model, losses were recognized as they were incurred. The CECL model is applicable to all financial instruments that are not accounted for at fair value through net income. ASU 2016-13 will be effective for the Corporation for the year beginning July 1, 2021. The Corporation has yet to determine the potential impact, if any.

Adoption of new accounting pronouncement

The FASB issued ASU 2014-09, *Revenue from Contracts with Customers* ("*Topic 606*") in May 2014, providing new revenue recognition guidance that superseded existing revenue recognition guidance. The update, as amended, requires the recognition of revenue related to the transfer of goods or services to customers reflects the consideration to which the entity expects to be entitled in exchange for those goods or services, as well as additional qualitative and quantitative disclosures about revenues. The Corporation adopted ASU 2014-09 on July 1, 2020 using the modified retrospective method of transition for all contracts that were not completed as of the date.

The Corporation's revenue for reporting periods ended after June 30, 2020 is presented under the new guidance, while the financial results for prior periods will continue to be reported in accordance with the prior guidance and the Corporation's historical accounting policy. The Corporation has not experienced changes to the pattern of revenue recognition for its contracts, the identification of contracts and performance obligations or the measurement of variable consideration.

Subsequent events

The Corporation has evaluated subsequent events through September 16, 2021, which is the date these financial statements were available to be issued.

The University Corporation
Notes to Financial Statements
June 30, 2021

Note 2 - Liquidity and availability

The Corporation regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Corporation has various sources of liquidity at its disposal, including cash and cash equivalents, receivables, and marketable equity securities. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Corporation considers all expenditures related to its ongoing activities as well as the conduct of services undertaken to support those activities to be general expenditures.

The emergence of COVID-19 may impact the Corporation's liquidity (see Note 12). Management continues to regularly monitor liquidity and has reduced expenditures as a result of reduced revenue streams.

At June 30, 2021, the Corporation had the following financial assets and liquidity resources available over the next 12 months:

| | |
|------------------------------------|-----------------------------|
| Cash and cash equivalents | \$ 8,328,119 |
| Short-term investments | 7,980,474 |
| Grants and contracts receivable | 6,166,905 |
| Accounts receivable, net | 578,212 |
| Current portion of note receivable | <u>4,486</u> |
| | <u><u>\$ 23,058,196</u></u> |

Note 3 - 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.

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.

The University Corporation
Notes to Financial Statements
June 30, 2021

Note 4 - Investments

At June 30, 2021, investments consist of the following:

| | |
|---------------------------------------|-----------------------------|
| Equities | \$ 13,063,280 |
| Mutual funds | 9,161,951 |
| Debt securities | 7,406,637 |
| Pooled investment with the University | 4,438,207 |
| Certificates of deposit | 1,605,930 |
| Other | <u>6,000</u> |
| | 35,682,005 |
| Public safety building | <u>2,234,511</u> |
| Total | <u><u>\$ 37,916,516</u></u> |

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

| | |
|------------------------|-----------------------------|
| Short-term investments | \$ 7,980,474 |
| Long-term investments | <u>29,936,042</u> |
| | <u><u>\$ 37,916,516</u></u> |

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 \$2,234,511 by June 30, 2025. During the year ended June 30, 2021, the Corporation received payments of \$489,036 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.

The Corporation established equity investment funds to be managed by graduate and undergraduate University finance students and faculty. At June 30, 2021, the amount of student managed funds was \$3,369,212.

Note 5 - Fair value measurements

At June 30, 2021, 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 | \$ 13,063,280 | \$ - | \$ - | \$ - | \$ 13,063,280 |
| Mutual funds | 9,161,951 | - | - | - | 9,161,951 |
| Debt securities | - | 7,406,637 | - | - | 7,406,637 |
| Pooled investment | - | - | - | 4,438,207 | 4,438,207 |
| Certificates of deposit | - | 1,605,930 | - | - | 1,605,930 |
| Other | 6,000 | - | - | - | 6,000 |
| | <u>\$ 22,231,231</u> | <u>\$ 9,012,567</u> | <u>\$ -</u> | <u>\$ 4,438,207</u> | <u>\$ 35,682,005</u> |

The University Corporation
Notes to Financial Statements
June 30, 2021

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 and classified as investments measured at net asset value ("NAV") in the table above. 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.

The Corporation's policy is to recognize transfers in and transfers out as of the actual date of the event or change in circumstance that caused the transfer.

Note 6 - 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 perpetually restricted net assets (a) the original value of gifts donated to the perpetually restricted endowment, (b) the original value of subsequent gifts to the perpetually restricted endowment, and (c) accumulations to the perpetually restricted 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 perpetually restricted net assets is classified as net assets with time or purpose restrictions 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. 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 University Corporation

Notes to Financial Statements June 30, 2021

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:

1. *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.
3. *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, 2021 is as follows:

| | Without donor restrictions | With donor restrictions | | Total |
|------------------|-------------------------------|-------------------------------|---------------------------|----------------------|
| | | Time or purpose restricted | Perpetually restricted | |
| Donor restricted | \$ - | \$ 422,270 | \$ 3,860,793 | \$ 4,283,063 |
| Board designated | 6,473,774 | - | - | 6,473,774 |
| Total funds | <u>\$ 6,473,774</u> | <u>\$ 422,270</u> | <u>\$ 3,860,793</u> | <u>\$ 10,756,837</u> |

The University Corporation
Notes to Financial Statements
June 30, 2021

Changes in endowment net assets for the year ended June 30, 2021 are as follows:

| | Without donor restrictions | With donor restrictions | | Total |
|------------------------------------|-------------------------------|-------------------------------|---------------------------|----------------------|
| | | Time or purpose restricted | Perpetually restricted | |
| Endowment net assets, beginning | \$ 5,270,147 | \$ 528,390 | \$ 3,863,793 | \$ 9,662,330 |
| Investment income | 175,183 | 17,564 | - | 192,747 |
| Net realized and unrealized gains | 1,231,353 | 123,457 | - | 1,354,810 |
| Redesignation | - | - | (3,000) | (3,000) |
| Appropriated for expenditure | (202,909) | (247,141) | - | (450,050) |
| Endowment net assets, end | <u>\$ 6,473,774</u> | <u>\$ 422,270</u> | <u>\$ 3,860,793</u> | <u>\$ 10,756,837</u> |

As of June 30, 2021, there were no deficiencies of donor-restricted endowment funds.

Note 7 - Capital assets

At June 30, 2021, capital assets consist of the following:

| | |
|--|----------------------|
| Capital leases | \$ 12,914,389 |
| Buildings | 11,572,675 |
| Building improvements | 13,176,247 |
| Furniture, fixtures, and equipment | 6,155,698 |
| Computers and software | 900,850 |
| Land | |
| Land component from acquired single family homes | 1,303,281 |
| Empty lots | 479,887 |
| College court | 938,619 |
| Reseda building | 2,000,000 |
| Construction in progress | 4,289,170 |
| Construction in progress - software | 124,624 |
| Solar observatory | 1 |
| | <u>53,855,441</u> |
| Less accumulated depreciation and amortization | <u>(32,052,100)</u> |
| | <u>\$ 21,803,341</u> |

Depreciation and amortization expense for the year ended June 30, 2021 was \$1,812,400.

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.

The University Corporation
Notes to Financial Statements
June 30, 2021

Note 8 - Long-term debt

At June 30, 2021, long-term debt consists of the following bonds and mortgage payable and capital leases:

Bonds and mortgage payable

On August 1, 2018, the California State University ("CSU") System issued \$1,500,000 in System Wide Revenue Bonds ("SRB") to refund 2008 SRB used to acquire 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 4.00% to 5.00%. The bond includes a net bond premium of \$134,953 which is being amortized over the life of the bond.

\$ 1,129,953

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 \$308,366 which is being amortized over the life of the bond.

3,088,366

Total bonds and mortgage payable

4,218,319

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. On September 1, 2020, the CSU completed a partial refinancing of the 2012 SRB connected with the Sierra Center Building capital lease. The face amount of the bonds refinanced was \$3,730,000. 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 bond includes a net bond discount of \$36,441 which is being amortized over the life of the bond.

4,298,557

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 \$218,105 which is being amortized over the life of the bond.

1,518,106

Total capital leases

5,816,663

Total long-term debt

10,034,982

Less current portion

(695,000)

Total

\$ 9,339,982

The University Corporation
Notes to Financial Statements
June 30, 2021

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, 2021 are as follows:

| | CSU SRB College Court | CSU SRB Reseda | Total |
|--------------|--------------------------|---------------------|---------------------|
| 2022 | \$ 180,000 | \$ 60,000 | \$ 240,000 |
| 2023 | 190,000 | 60,000 | 250,000 |
| 2024 | 200,000 | 65,000 | 265,000 |
| 2025 | 205,000 | 70,000 | 275,000 |
| 2026 | 220,000 | 70,000 | 290,000 |
| Thereafter | - | 2,455,000 | 2,455,000 |
| | 995,000 | 2,780,000 | 3,775,000 |
| Bond premium | 134,953 | 308,366 | 443,319 |
| Total | <u>\$ 1,129,953</u> | <u>\$ 3,088,366</u> | <u>\$ 4,218,319</u> |

The estimated future minimum lease payments for each of the next five years and thereafter subsequent to June 30, 2021 under the capital leases are included in the above long-term debt schedule as follows:

| | Sierra Center Building | Matador Bookstore Complex | Total |
|------------------------------------|---------------------------|---------------------------------|---------------------|
| 2022 | \$ 276,244 | \$ 294,125 | \$ 570,369 |
| 2023 | 345,738 | 292,125 | 637,863 |
| 2024 | 394,425 | 294,500 | 688,925 |
| 2025 | 387,470 | 296,125 | 683,595 |
| 2026 | 384,840 | 292,125 | 676,965 |
| Thereafter | 3,035,646 | - | 3,035,646 |
| | 4,824,363 | 1,469,000 | 6,293,363 |
| Bond (discount) premium | (36,442) | 218,106 | 181,664 |
| Less amounts representing interest | (489,364) | (169,000) | (658,364) |
| | <u>\$ 4,298,557</u> | <u>\$ 1,518,106</u> | <u>\$ 5,816,663</u> |

At June 30, 2021, 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 | (9,989,315) |
| | <u>\$ 2,925,074</u> |

The University Corporation
Notes to Financial Statements
June 30, 2021

Note 9 - Postretirement benefit plan

The Corporation has a postretirement benefit plan (the "Plan") which provides postretirement medical 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.

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 takes into account the effects of the Act, which resulted in additional participants in the Plan.

The following tables provide further information about the Plan:

| | |
|--|------------------------------|
| Obligations and funding status | |
| Benefit obligation at June 30, 2021 | \$ (2,533,032) |
| Employer contributions | 94,843 |
| Participant contributions | - |
| Benefit payments | <u>(94,843)</u> |
| | (2,533,032) |
| Fair value of Plan assets at June 30, 2021 | <u>-</u> |
| Net unfunded status of the Plan | <u><u>\$ (2,533,032)</u></u> |

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

| | |
|---|----------------------------|
| Current liabilities | \$ 137,631 |
| Noncurrent liabilities | <u>2,395,401</u> |
| Total recognized in the statement of financial position | <u><u>\$ 2,533,032</u></u> |

The University Corporation
Notes to Financial Statements
June 30, 2021

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

| | |
|---|--------------------|
| Service cost | \$ 92,276 |
| Other components of net postretirement benefit cost | |
| Interest cost | 65,501 |
| Amortization of transition obligation | - |
| Amortization of unrecognized prior service cost | (57,743) |
| Amortization of unrecognized gain | (170,970) |
| | <u>(163,212)</u> |
| Total other components of net postretirement benefit cost | |
| Total net postretirement benefit cost ("NPBC") | <u>\$ (70,936)</u> |

Other changes recognized in changes in net assets without donor restrictions are as follows:

| | |
|---|------------------|
| Prior service cost for period | \$ - |
| Net gain for period | (155,815) |
| Amortization of transition obligation | - |
| Amortization of prior service cost | 57,743 |
| Amortization of net gain | 170,970 |
| | <u>170,970</u> |
| Total changes recognized in changes in net assets without donor restrictions | <u>\$ 72,898</u> |
| Total changes recognized in NPBC and changes in net assets without donor restrictions | <u>\$ 1,962</u> |

Assumptions

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

| | |
|--------------------------------------|---------|
| Benefit obligations at June 30, 2021 | |
| Discount rate | 2.66% |
| Rate of return on Plan assets | N/A |
| Rate of compensation increase | N/A |
| Medical trend | |
| Initial | 5.90% |
| Ultimate | 5.00% |
| Number of years to ultimate | 8 years |

The University Corporation
Notes to Financial Statements
June 30, 2021

Cash flows

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

| | |
|-------------------------|----------------------------|
| Years beginning July 1, | |
| 2021 | \$ 137,631 |
| 2022 | 123,758 |
| 2023 | 107,029 |
| 2024 | 107,915 |
| 2025 | 116,192 |
| 2026 - 2030 | <u>548,127</u> |
| | <u><u>\$ 1,140,652</u></u> |

The Corporation expects to contribute the pay-as-you-go cost of \$137,631 during the next fiscal year.

The following table includes the amounts in net assets without donor restrictions expected to be recognized as components of net periodic benefit cost over the 2021 - 2022 fiscal year:

| | |
|---------------------------|--------------|
| Net actuarial gain (loss) | \$ (157,690) |
| Net prior service (cost) | (57,743) |

Note 10 - Net assets

Net assets with donor restrictions are restricted for the following purposes or periods.

| | |
|-----------------|----------------------------|
| Time or purpose | |
| Endowment | \$ 422,270 |
| Perpetual | |
| Endowment | <u>3,860,793</u> |
| | <u><u>\$ 4,283,063</u></u> |

Note 11 - 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, The Principal Financial Group. Employees are 100% vested upon eligibility. Contributions payable at June 30, 2021 totaled \$24,087. Pension expense for the year ended June 30, 2021 totaled \$92,881, which is included in compensation and benefits in the accompanying statement of functional expenses.

The University Corporation

Notes to Financial Statements June 30, 2021

Note 12 - 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.

Coronavirus

In December 2019, a novel strain of the coronavirus ("COVID-19") was reported. On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closures. As a result of mandates issued by government officials, the campus of California State University Northridge transitioned to virtual learning and programming in late March 2020. For the fall semester of 2021 the campus returned to in-person and online instruction, following LA County guidelines and public health protocols. This has had a significant effect on the Corporation's results of operations, cash flows, and business activities. While the disruption is expected to be temporary, there is considerable uncertainty around the duration of this disruption. Therefore, while the Corporation expects this matter to continue to temporarily impact the Corporation's financial condition, the extent of the financial impact and duration cannot be reasonably estimated at this time.

Note 13 - 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, 2021, accounts receivable and accounts payable relating to these organizations are as follows:

| | |
|--|-----------|
| Receivables | |
| University | \$ 64,446 |
| NCDC | 9,075 |
| | <hr/> |
| | \$ 73,521 |
| | <hr/> |
| Other receivables | |
| Advance to University for capital projects | \$ 38,959 |
| | <hr/> |
| Payables | |
| University | \$ 22,040 |
| | <hr/> |

The University Corporation
Notes to Financial Statements
June 30, 2021

Accounts payable to related parties are included in accounts payable in the statement of financial position.

During the year ended June 30, 2021, the Corporation received \$6,769,411 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. Of this total, \$2,358,669 was provided to reimburse the Corporation for lost meal plan revenue due to COVID-19.

During the year ended June 30, 2021, amounts paid to the University were as follows:

| | |
|------------------------------------|---------------------|
| Salaries and benefits | \$ 3,718,756 |
| Debt service payments pass-through | 1,023,539 |
| Services provided by campus | 1,027,109 |
| Other | <u>15,216</u> |
| | <u>\$ 5,784,620</u> |

As of June 30, 2021, the Corporation had an advance of \$38,959 to the University and construction in progress of \$4,289,170 for a catering and conference center construction project. The total cost of the project is expected to be approximately \$9,200,000 and the Corporation expects to contribute approximately \$4,600,000. The Corporation expects the remainder of the costs to be paid out within the next twelve months and construction of the catering and conference center is expected to be completed in late 2021. Upon completion of project, the Corporation expects to contribute its share of the cost of the catering and conference center to the University.

During the year ended June 30, 2021, amounts received from other University auxiliary organizations were \$160,007. Amounts received relate to catering services, food service management fees and payroll services. During the year ended June 30, 2021, the Corporation paid \$64,450 to CSUN Foundation, \$8,035 to USU, and \$6,200 to ASI.

Supplementary Information

The University Corporation
Schedule of Net Position
June 30, 2021
(For inclusion in the California State University)

| | |
|--|----------------------|
| Assets: | |
| Current assets: | |
| Cash and cash equivalents | \$ 8,328,119 |
| Short-term investments | 7,980,474 |
| Accounts receivable, net | 6,745,117 |
| Capital lease receivable, current portion | - |
| Notes receivable, current portion | 4,486 |
| Pledges receivable, net | - |
| Prepaid expenses and other current assets | 41 |
| Total current assets | 23,058,237 |
| Noncurrent assets: | |
| Restricted cash and cash equivalents | - |
| Accounts receivable, net | 38,959 |
| Capital lease receivable, net of current portion | - |
| Notes receivable, net of current portion | 32,548 |
| Student loans receivable, net | - |
| Pledges receivable, net | - |
| Endowment investments | - |
| Other long-term investments | 29,936,042 |
| Capital assets, net | 21,803,341 |
| Other assets | - |
| Total noncurrent assets | 51,810,890 |
| Total assets | 74,869,127 |
| 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 | 1,371,744 |
| Accrued salaries and benefits | 1,752,354 |
| Accrued compensated absences, current portion | 501,308 |
| Unearned revenues | 3,925,485 |
| Capital lease obligations, current portion | 455,000 |
| Long-term debt obligations, current portion | 240,000 |
| Claims liability for losses and loss adjustment expenses, current portion | - |
| Depository accounts | 3,876,830 |
| Other liabilities | 448,750 |
| Total current liabilities | 12,571,471 |
| Noncurrent liabilities: | |
| Accrued compensated absences, net of current portion | 214,846 |
| Unearned revenues | - |
| Grants refundable | - |
| Capital lease obligations, net of current portion | 5,361,662 |
| Long-term debt obligations, net of current portion | 3,978,320 |
| Claims liability for losses and loss adjustment expenses, net of current portion | - |
| Depository accounts | - |
| Net other postemployment benefits liability | 2,395,401 |
| Net pension liability | - |
| Other liabilities | - |
| Total noncurrent liabilities | 11,950,229 |
| Total liabilities | 24,521,700 |
| 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: | |
| Net investment in capital assets | 11,768,358 |
| Restricted for: | |
| Nonexpendable – endowments | 3,860,793 |
| Expendable: | |
| Scholarships and fellowships | - |
| Research | - |
| Loans | 422,270 |
| Capital projects | - |
| Debt service | - |
| Others | - |
| Unrestricted | 34,296,006 |
| Total net position | \$ 50,347,427 |

See Independent Auditor's Report.

The University 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 | 24,260,008 |
| State | 2,117,860 |
| Local | 831,514 |
| Nongovernmental | 1,930,670 |
| Sales and services of educational activities | - |
| Sales and services of auxiliary enterprises, gross | 5,530,450 |
| Scholarship allowances (enter as negative) | - |
| Other operating revenues | 1,902,096 |
| Total operating revenues | 36,572,598 |
| Expenses: | |
| Operating expenses: | |
| Instruction | - |
| Research | 25,382,046 |
| Public service | - |
| Academic support | 349,347 |
| Student services | 231,250 |
| Institutional support | 569,860 |
| Operation and maintenance of plant | - |
| Student grants and scholarships | - |
| Auxiliary enterprise expenses | 5,706,740 |
| Depreciation and amortization | 1,812,400 |
| Total operating expenses | 34,051,643 |
| Operating income (loss) | 2,520,955 |
| 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 | 5,042,504 |
| Endowment income (loss), net | - |
| Interest expense | - |
| Other nonoperating revenues (expenses) - excl. interagency transfers | 90,314 |
| Net nonoperating revenues (expenses) | 5,132,818 |
| Income (loss) before other revenues (expenses) | 7,653,773 |
| | |
| State appropriations, capital | - |
| Grants and gifts, capital | - |
| Additions (reductions) to permanent endowments | - |
| Increase (decrease) in net position | 7,653,773 |
| Net position: | |
| Net position at beginning of year, as previously reported | 42,693,654 |
| Restatements | - |
| Net position at beginning of year, as restated | 42,693,654 |
| Net position at end of year | \$ 50,347,427 |

See Independent Auditor's Report.

The University Corporation
Other Information
Year Ended 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 | | - |
| Noncurrent restricted cash and cash equivalents | | - |
| Current cash and cash equivalents | | 8,328,119 |
| Total | \$ | 8,328,119 |

2.1 Composition of investments:

| Investment Type | Current | | Noncurrent | | Total |
|--|----------------|------------------|-------------------|-------------------|----------------------|
| Money market funds | \$ | - | \$ | - | \$ - |
| Repurchase agreements | | - | | - | - |
| Certificates of deposit | | 1,605,930 | | - | 1,605,930 |
| U.S. agency securities | | - | | - | - |
| U.S. treasury securities | | - | | 2,217,543 | 2,217,543 |
| Municipal bonds | | - | | - | - |
| Corporate bonds | | 436,500 | | 4,752,594 | 5,189,094 |
| Asset backed securities | | - | | - | - |
| Mortgage backed securities | | - | | - | - |
| Commercial paper | | - | | - | - |
| Mutual funds | | 1,499,837 | | 7,662,114 | 9,161,951 |
| Exchange traded funds | | - | | - | - |
| Equity securities | | - | | 13,063,280 | 13,063,280 |
| Alternative investments: | | | | | |
| Private equity (including limited partnerships) | | - | | - | - |
| Hedge funds | | - | | - | - |
| Managed futures | | - | | - | - |
| Real estate investments (including REITs) | | - | | - | - |
| Commodities | | - | | - | - |
| Derivatives | | - | | - | - |
| Other alternative investment | | - | | 2,240,511 | 2,240,511 |
| Other external investment pools | | - | | - | - |
| CSU Consolidated Investment Pool (formerly SWIFT) | | 4,438,207 | | - | 4,438,207 |
| State of California Local Agency Investment Fund (LAIF) | | - | | - | - |
| State of California Surplus Money Investment Fund (SMIF) | | - | | - | - |
| | | - | | - | - |
| | | - | | - | - |
| | | - | | - | - |
| | | - | | - | - |
| | | - | | - | - |
| | | - | | - | - |
| Total Other investments | | - | | - | - |
| Total investments | | 7,980,474 | | 29,936,042 | 37,916,516 |
| Less endowment investments (enter as negative number) | | - | | - | - |
| Total investments, net of endowments | \$ | 7,980,474 | \$ | 29,936,042 | \$ 37,916,516 |

See Independent Auditor's Report.

The University Corporation
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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 | 1,605,930 | - | 1,605,930 | - | - |
| U.S. agency securities | - | - | - | - | - |
| U.S. treasury securities | 2,217,543 | - | 2,217,543 | - | - |
| Municipal bonds | - | - | - | - | - |
| Corporate bonds | 5,189,094 | - | 5,189,094 | - | - |
| Asset backed securities | - | - | - | - | - |
| Mortgage backed securities | - | - | - | - | - |
| Commercial paper | - | - | - | - | - |
| Mutual funds | 9,161,951 | 9,161,951 | - | - | - |
| Exchange traded funds | - | - | - | - | - |
| Equity securities | 13,063,280 | 13,063,280 | - | - | - |
| Alternative investments: | | | | | |
| Private equity (including limited partnerships) | - | - | - | - | - |
| Hedge funds | - | - | - | - | - |
| Managed futures | - | - | - | - | - |
| Real estate investments (including REITs) | - | - | - | - | - |
| Commodities | - | - | - | - | - |
| Derivatives | - | - | - | - | - |
| Other alternative investment | 2,240,511 | 6,000 | - | - | 2,234,511 |
| Other external investment pools | - | - | - | - | - |
| CSU Consolidated Investment Pool (formerly SWIFT) | 4,438,207 | - | - | - | 4,438,207 |
| State of California Local Agency Investment Fund (LAIF) | - | - | - | - | - |
| State of California Surplus Money Investment Fund (SMIF) | - | - | - | - | - |
| Other investments: | | | | | |
| | - | - | - | - | - |
| | - | - | - | - | - |
| | - | - | - | - | - |
| | - | - | - | - | - |
| | - | - | - | - | - |
| Total Other investments | - | - | - | - | - |
| Total investments | \$ 37,916,516 | \$ 22,231,231 | \$ 9,012,567 | \$ - | \$ 6,672,718 |

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): | \$ - | \$ 4,438,207 | \$ 4,438,207 |

See Independent Auditor's Report.

The University Corporation
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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 |
|---|--------------------------|-------------------|------------------------|--------------------------|--|---------------------|---------------------|------------------------------------|--------------------------|
| Non-depreciable/Non-amortizable capital assets: | | | | | | | | | |
| Land and land improvements | \$ 4,917,681 | \$ - | \$ - | \$ - | \$ 4,917,681 | \$ - | \$ (195,894) | \$ - | \$ 4,721,787 |
| Works of art and historical treasures | - | - | - | - | - | - | - | - | - |
| Construction work in progress (CWIP) | 1,043,730 | (6,166) | - | - | 1,037,564 | 3,437,636 | - | (61,406) | 4,413,794 |
| Intangible assets: | | | | | | | | | |
| Rights and easements | - | - | - | - | - | - | - | - | - |
| Patents, copyrights and trademarks | - | - | - | - | - | - | - | - | - |
| Intangible assets in progress (PWIP) | - | 6,166 | - | - | 6,166 | - | - | (6,166) | - |
| Licenses and permits | - | - | - | - | - | - | - | - | - |
| Other intangible assets: | | | | | | | | | |
| - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - |
| Total Other intangible assets | - | - | - | - | - | - | - | - | - |
| Total intangible assets | - | 6,166 | - | - | 6,166 | - | - | (6,166) | - |
| Total non-depreciable/non-amortizable capital assets | 5,961,411 | - | - | - | 5,961,411 | 3,437,636 | (195,894) | (67,572) | 9,135,581 |
| Depreciable/Amortizable capital assets: | | | | | | | | | |
| Buildings and building improvements | 24,924,625 | - | - | - | 24,924,625 | - | (437,561) | - | 24,487,064 |
| Improvements, other than buildings | - | - | - | - | - | - | - | - | - |
| Infrastructure | - | - | - | - | - | - | - | - | - |
| Leasehold improvements | 13,366,467 | - | - | - | 13,366,467 | - | (251,627) | 61,406 | 13,176,246 |
| Personal property: | | | | | | | | | |
| Equipment | 6,293,890 | - | - | - | 6,293,890 | 20,194 | (158,382) | - | 6,155,702 |
| Library books and materials | - | - | - | - | - | - | - | - | - |
| Intangible assets: | | | | | | | | | |
| Software and websites | 1,076,046 | - | - | - | 1,076,046 | - | (181,362) | 6,166 | 900,850 |
| Rights and easements | - | - | - | - | - | - | - | - | - |
| Patents, copyrights and trademarks | - | - | - | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - | - | - | - |
| Other intangible assets: | | | | | | | | | |
| - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - |
| Total Other intangible assets: | - | - | - | - | - | - | - | - | - |
| Total intangible assets | 1,076,046 | - | - | - | 1,076,046 | - | (181,362) | 6,166 | 900,850 |
| Total depreciable/amortizable capital assets | 45,661,028 | - | - | - | 45,661,028 | 20,194 | (1,028,932) | 67,572 | 44,719,862 |
| Total capital assets | \$ 51,622,439 | - | - | - | \$ 51,622,439 | 3,457,830 | (1,224,826) | - | \$ 53,855,443 |
| Less accumulated depreciation/amortization: (enter as negative number, except for reductions enter as positive number) | | | | | | | | | |
| Buildings and building improvements | (15,379,519) | (377,931) | - | - | (15,757,450) | (682,531) | 437,562 | - | (16,002,419) |
| Improvements, other than buildings | - | - | - | - | - | - | - | - | - |
| Infrastructure | - | - | - | - | - | - | - | - | - |
| Leasehold improvements | (8,873,533) | (15,853) | - | - | (8,889,386) | (797,084) | 147,735 | - | (9,538,735) |
| Personal property: | | | | | | | | | |
| Equipment | (6,308,021) | 848,413 | - | - | (5,459,608) | (322,955) | 161,133 | - | (5,621,430) |
| Library books and materials | - | - | - | - | - | - | - | - | - |
| Intangible assets: | | | | | | | | | |
| Software and websites | (606,421) | (454,629) | - | - | (1,061,050) | (9,830) | 181,362 | - | (889,518) |
| Rights and easements | - | - | - | - | - | - | - | - | - |
| Patents, copyrights and trademarks | - | - | - | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - | - | - | - |
| Other intangible assets: | | | | | | | | | |
| - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - |
| Total Other intangible assets: | - | - | - | - | - | - | - | - | - |
| Total intangible assets | (606,421) | (454,629) | - | - | (1,061,050) | (9,830) | 181,362 | - | (889,518) |
| Total accumulated depreciation/amortization | (31,167,494) | - | - | - | (31,167,494) | (1,812,400) | 927,792 | - | (32,052,102) |
| Total capital assets, net | \$ 20,454,945 | \$ - | \$ - | \$ - | \$ 20,454,945 | \$ 1,645,430 | \$ (297,034) | \$ - | \$ 21,803,341 |

3.2 Detail of depreciation and amortization expense:

| | |
|---|---------------------|
| Depreciation and amortization expense related to capital assets | \$ 1,812,400 |
| Amortization expense related to other assets | - |
| Total depreciation and amortization | \$ 1,812,400 |

See Independent Auditor's Report.

The University Corporation
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4 Long-term liabilities:

| | Balance June 30, 2020 | Prior Period Adjustments / Reclassifications | Balance June 30, 2020 (Restated) | Additions | Reductions | Balance June 30, 2021 | Current Portion | Noncurrent Portion |
|---|--------------------------|---|-------------------------------------|-------------------|-----------------------|--------------------------|---------------------|---------------------|
| 1. Accrued compensated absences | \$ 604,253 | \$ - | \$ 604,253 | \$ 111,901 | \$ - | \$ 716,154 | \$ 501,308 | \$ 214,846 |
| 2. Claims liability for losses and loss adjustment expenses | - | - | - | - | - | - | - | - |
| 3. Capital lease obligations: | | | | | | | | |
| Gross balance | 5,690,000 | - | 5,690,000 | 385,000 | (440,000) | 5,635,000 | 455,000 | 5,180,000 |
| Unamortized net premium/(discount) | 589,055 | - | 589,055 | - | (145,735) | 443,320 | - | 443,320 |
| Total capital lease obligations | 6,279,055 | - | 6,279,055 | 385,000 | (585,735) | 6,078,320 | 455,000 | 5,623,320 |
| 4. Long-term debt obligations: | | | | | | | | |
| 4.1 Auxiliary revenue bonds (non-SRB related) | - | - | - | - | - | - | - | - |
| 4.2 Commercial paper | - | - | - | - | - | - | - | - |
| 4.3 Notes payable (SRB related) | 4,000,000 | - | 4,000,000 | - | (225,000) | 3,775,000 | 240,000 | 3,535,000 |
| 4.4 Others: | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - |
| Total others | - | - | - | - | - | - | - | - |
| Sub-total long-term debt | 4,000,000 | - | 4,000,000 | - | (225,000) | 3,775,000 | 240,000 | 3,535,000 |
| 4.5 Unamortized net bond premium/(discount) | 487,135 | - | 487,135 | - | (305,473) | 181,662 | - | 181,662 |
| Total long-term debt obligations | 4,487,135 | - | 4,487,135 | - | (530,473) | 3,956,662 | 240,000 | 3,716,662 |
| Total long-term liabilities | \$ 11,370,443 | \$ - | \$ 11,370,443 | \$ 496,901 | \$ (1,116,208) | \$ 10,751,136 | \$ 1,196,308 | \$ 9,554,828 |

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 |
| Year ending June 30: | | | | | | | | | |
| 2022 | 455,000 | 120,870 | 575,870 | - | - | - | 455,000 | 120,870 | 575,870 |
| 2023 | 535,000 | 102,863 | 637,863 | - | - | - | 535,000 | 102,863 | 637,863 |
| 2024 | 600,000 | 88,925 | 688,925 | - | - | - | 600,000 | 88,925 | 688,925 |
| 2025 | 610,000 | 73,595 | 683,595 | - | - | - | 610,000 | 73,595 | 683,595 |
| 2026 | 620,000 | 56,965 | 676,965 | - | - | - | 620,000 | 56,965 | 676,965 |
| 2027 - 2031 | 1,705,000 | 184,750 | 1,889,750 | - | - | - | 1,705,000 | 184,750 | 1,889,750 |
| 2032 - 2036 | 1,110,000 | 35,897 | 1,145,897 | - | - | - | 1,110,000 | 35,897 | 1,145,897 |
| 2037 - 2041 | - | - | - | - | - | - | - | - | - |
| 2042 - 2046 | - | - | - | - | - | - | - | - | - |
| 2047 - 2051 | - | - | - | - | - | - | - | - | - |
| Thereafter | - | - | - | - | - | - | - | - | - |
| Total minimum lease payments | 5,635,000 | 663,865 | 6,298,865 | - | - | - | 5,635,000 | 663,865 | 6,298,865 |
| Less: amounts representing interest | | | | | | | | | (663,865) |
| Present value of future minimum lease payments | | | | | | | | | 5,635,000 |
| Unamortized net premium/(discount) | | | | | | | | | 443,320 |
| Total capital lease obligations | | | | | | | | | 6,078,320 |
| Less: current portion | | | | | | | | | (455,000) |
| Capital lease obligations, net of current portion | | | | | | | | | \$ 5,623,320 |

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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 |
| Year ending June 30: | | | | | | | | | |
| 2022 | - | - | - | 240,000 | 179,325 | 419,325 | 240,000 | 179,325 | 419,325 |
| 2023 | - | - | - | 250,000 | 167,350 | 417,350 | 250,000 | 167,350 | 417,350 |
| 2024 | - | - | - | 265,000 | 154,738 | 419,738 | 265,000 | 154,738 | 419,738 |
| 2025 | - | - | - | 275,000 | 141,475 | 416,475 | 275,000 | 141,475 | 416,475 |
| 2026 | - | - | - | 290,000 | 127,575 | 417,575 | 290,000 | 127,575 | 417,575 |
| 2027 - 2031 | - | - | - | 410,000 | 552,750 | 962,750 | 410,000 | 552,750 | 962,750 |
| 2032 - 2036 | - | - | - | 525,000 | 438,275 | 963,275 | 525,000 | 438,275 | 963,275 |
| 2037 - 2041 | - | - | - | 665,000 | 299,525 | 964,525 | 665,000 | 299,525 | 964,525 |
| 2042 - 2046 | - | - | - | 855,000 | 111,375 | 966,375 | 855,000 | 111,375 | 966,375 |
| 2047 - 2051 | - | - | - | - | - | - | - | - | - |
| Thereafter | - | - | - | - | - | - | - | - | - |
| Total minimum payments | - | - | - | 3,775,000 | 2,172,388 | 5,947,388 | 3,775,000 | 2,172,388 | 5,947,388 |
| Less: amounts representing interest | | | | | | | | | (2,172,388) |
| Present value of future minimum payments | | | | | | | | | 3,775,000 |
| Unamortized net premium/(discount) | | | | | | | | | 181,662 |
| Total long-term debt obligations | | | | | | | | | 3,956,662 |
| Less: current portion | | | | | | | | | (240,000) |
| Long-term debt obligations, net of current portion | | | | | | | | | 3,716,662 |

7 Transactions with related entities:

| | |
|--|-----------|
| Payments to University for salaries of University personnel working on contracts, grants, and other programs | 4,176,079 |
| Payments to University for other than salaries of University personnel | 1,608,541 |
| Payments received from University for services, space, and programs | 6,769,411 |
| Gifts-in-kind to the University from discretely presented component units | - |
| Gifts (cash or assets) to the University from discretely presented component units | - |
| Accounts (payable to) University (enter as negative number) | (22,040) |
| Other amounts (payable to) University (enter as negative number) | - |
| Accounts receivable from University (enter as positive number) | 64,446 |
| Other amounts receivable from University (enter as positive number) | 38,959 |

8 Restatements

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

Restatement #1

Debit/(Credit)

Restatement #2

See Independent Auditor's Report.

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9 Natural classifications of operating expenses:

| | Salaries | Benefits - Other | Benefits - Pension | Benefits - OPEB | Scholarships and fellowships | Supplies and other services | Depreciation and amortization | Total operating expenses |
|------------------------------------|----------------------|------------------|--------------------|-----------------|------------------------------|-----------------------------|-------------------------------|--------------------------|
| Instruction | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Research | 16,744,854 | 2,155,989 | - | - | - | 6,481,203 | - | 25,382,046 |
| Public service | - | - | - | - | - | - | - | - |
| Academic support | 308,646 | 40,701 | - | - | - | - | - | 349,347 |
| Student services | - | - | - | - | - | 231,250 | - | 231,250 |
| Institutional support | - | - | - | - | - | 569,860 | - | 569,860 |
| Operation and maintenance of plant | - | - | - | - | - | - | - | - |
| Student grants and scholarships | - | - | - | - | - | - | - | - |
| Auxiliary enterprise expenses | 1,906,841 | 562,099 | - | - | - | 3,237,800 | - | 5,706,740 |
| Depreciation and amortization | - | - | - | - | - | - | 1,812,400 | 1,812,400 |
| Total operating expenses | \$ 18,960,341 | 2,758,789 | - | - | - | 10,520,113 | 1,812,400 | 34,051,643 |

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 | \$ 163,212 |
| Other nonoperating (expenses) | (72,898) |
| Total other nonoperating revenues (expenses) | \$ 90,314 |

See Independent Auditor's Report.

Independent Auditor's 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*

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

We have audited 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, the financial statements of The University Corporation (the "Corporation"), which comprise the statement of financial position as of June 30, 2021, and 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 16, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 the 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*.

Purpose of This Report

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



Los Angeles, California
September 16, 2021



Independent Member of Nexia International

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