

The University Corporation

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

June 30, 2020

The University Corporation

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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, 2020, 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. 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, 2020, 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 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 16, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, 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 2020 supplementary information is presented for purposes of additional analysis and is not a required part of the 2020 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 2020 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2020 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2020 financial statements or to the 2020 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 2020 financial statements as a whole.



Los Angeles, California
September 18, 2020

The University Corporation
Statement of Financial Position
June 30, 2020
With Summarized Totals at June 30, 2019

Assets

	2020	2019
Current assets		
Cash and cash equivalents	\$ 10,179,419	\$ 6,635,407
Short-term investments	4,364,711	5,913,200
Grants and contracts receivable	6,688,904	9,183,352
Accounts receivable, net	379,635	808,635
Accounts receivable from the University	201,078	176,240
Accounts receivable from other University auxiliary organizations	20,867	112,651
Current portion of note receivable	4,226	3,980
Inventory	117,779	324,542
Prepaid expenses and deposits	14,015	24,496
Total current assets	21,970,634	23,182,503
Advance to University for capital projects	3,516,150	-
Note receivable, net of current portion	37,076	41,030
Investments	20,796,844	21,522,254
Capital assets, net	20,454,945	21,400,404
Total	<u>\$ 66,775,649</u>	<u>\$ 66,146,191</u>

Liabilities and Net Assets

Current liabilities		
Accounts payable	\$ 1,274,774	\$ 1,825,169
Other accrued liabilities	2,604,700	2,519,427
Current portion of accrued compensated absences	422,977	400,508
Current portion of postretirement benefit payable	73,944	76,334
Deposits held in custody for others	3,607,999	2,766,592
Deferred revenue	2,598,166	2,786,470
Current portion of long-term debt	801,129	1,072,635
Total current liabilities	11,383,689	11,447,135
Accrued compensated absences, net of current portion	181,276	178,456
Postretirement benefit payable, net of current portion	2,551,969	3,940,045
Long-term debt, net of current portion	9,965,061	10,766,190
Total liabilities	<u>24,081,995</u>	<u>26,331,826</u>
Commitments and contingencies		
Net assets		
Without donor restrictions	38,301,471	34,766,526
With donor restrictions	4,392,183	5,047,839
Total net assets	<u>42,693,654</u>	<u>39,814,365</u>
Total liabilities and net assets	<u>\$ 66,775,649</u>	<u>\$ 66,146,191</u>

See Notes to Financial Statements.

The University Corporation

**Statement of Activities
Year Ended June 30, 2020
With Summarized Totals for the Year Ended June 30, 2019**

	2020			2019
	Without donor restrictions	With donor restrictions	Total	Total
Operating revenues and support				
Auxiliary services				
Food service sales	\$ 13,461,527	\$ -	\$ 13,461,527	\$ 17,449,251
Bookstore sales and commissions	843,291	-	843,291	1,424,000
Real estate rentals	1,648,796	-	1,648,796	1,428,467
Total auxiliary services	15,953,614	-	15,953,614	20,301,718
Grants and contracts	34,410,778	-	34,410,778	34,272,582
Investment income, net	609,308	36,478	645,786	1,421,007
Other revenue	1,288,086	-	1,288,086	1,308,303
Net assets released from restrictions	692,134	(692,134)	-	-
Total operating revenues and	52,953,920	(655,656)	52,298,264	57,303,610
Operating expenses				
Auxiliary services	14,986,589	-	14,986,589	17,835,961
Program services				
Grants and contracts	29,669,093	-	29,669,093	30,195,185
Student grants and scholarships	502,369	-	502,369	518,203
University support	1,910,699	-	1,910,699	1,246,808
Total program services	32,082,161	-	32,082,161	31,960,196
Supporting services				
General and administrative	3,897,104	-	3,897,104	4,070,692
Total operating expenses	50,965,854	-	50,965,854	53,866,849
Change in net assets from operating activities	1,988,066	(655,656)	1,332,410	3,436,761
Nonoperating expenses				
Other components of net postretirement benefit cost	81,506	-	81,506	49,435
Pension related changes other than pension cost	(1,628,385)	-	(1,628,385)	447,883
Net nonoperating expenses	(1,546,879)	-	(1,546,879)	497,318
Change in net assets	3,534,945	(655,656)	2,879,289	2,939,443
Net assets, beginning	34,766,526	5,047,839	39,814,365	36,874,922
Net assets, end	\$ 38,301,471	\$ 4,392,183	\$ 42,693,654	\$ 39,814,365

See Notes to Financial Statements.

The University Corporation
Statement of Functional Expenses
Year Ended June 30, 2020
With Summarized Totals for the Year Ended June 30, 2019

	2020					2019		
	Auxiliary services	Program services			Supporting services			
		Grants and contracts	Student grants, scholarships and faculty awards	University support		General and administrative	Total	Total
	Auxiliary services				Total			
Compensation and benefits	\$ 5,542,651	\$ 22,339,190	\$ 267,758	\$ -	\$ 22,606,948	\$ 2,068,715	\$ 30,218,314	\$ 30,977,809
University projects	-	-	-	1,910,699	1,910,699	-	1,910,699	1,246,808
Cost of goods sold	4,772,041	-	-	-	-	-	4,772,041	5,950,075
Depreciation and amortization	1,558,809	-	-	-	-	369,740	1,928,549	2,298,387
Interest expense	258,773	-	-	-	-	68,160	326,933	367,006
Professional services	1,089,060	2,721,288	61,108	-	2,782,396	570,819	4,442,275	4,500,896
Insurance	96,544	51,273	-	-	51,273	116,567	264,384	274,181
Supplies	207,591	1,560,489	7,129	-	1,567,618	61,798	1,837,007	1,999,547
Scholarships and program costs	-	775,067	158,669	-	933,736	-	933,736	1,147,576
Fees and charges	129,701	2,095	236	-	2,331	21,419	153,451	156,419
Utilities	309,390	157,233	825	-	158,058	260,267	727,715	739,413
Marketing and advertising	223,115	19,055	-	-	19,055	646	242,816	349,954
Repairs and maintenance	649,024	43,344	-	-	43,344	251,001	943,369	1,070,757
Other expenses	149,890	2,000,059	6,644	-	2,006,703	107,972	2,264,565	2,788,021
Total operating expenses	14,986,589	29,669,093	502,369	1,910,699	32,082,161	3,897,104	50,965,854	53,866,849
Other components of net postretirement benefit cost	20,377	24,452	-	-	24,452	36,677	81,506	49,435
	<u>\$ 15,006,966</u>	<u>\$ 29,693,545</u>	<u>\$ 502,369</u>	<u>\$ 1,910,699</u>	<u>\$ 32,106,613</u>	<u>\$ 3,933,781</u>	<u>\$ 51,047,360</u>	<u>\$ 53,916,284</u>

See Notes to Financial Statements.

The University Corporation

Statement of Cash Flows
Year Ended June 30, 2020
With Summarized Totals for the Year Ended June 30, 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Change in net assets	\$ 2,879,289	\$ 2,939,443
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	1,928,549	2,298,387
Net realized and unrealized (gains) losses on investments	126,478	(708,519)
Postretirement benefits	(1,628,385)	447,883
Amortization of bond premiums	(144,638)	(137,678)
Bad debt expense	39,387	-
Changes in operating assets and liabilities		
Grants and contracts receivable	2,494,448	(2,217,570)
Accounts receivable	389,613	340,875
Accounts receivable from the University	(24,838)	44,093
Accounts receivable from other University auxiliary organizations	91,784	(66,801)
Inventory	206,763	(21,746)
Prepaid expenses and deposits	10,481	14,604
Accounts payable	(550,395)	614,343
Other accrued liabilities	110,562	645,393
Deposits held in custody for others	841,407	(169,401)
Postretirement benefit payable	237,919	179,770
Deferred revenue	(188,304)	577,493
Net cash provided by operating activities	<u>6,820,120</u>	<u>4,780,569</u>
Cash flows from investing activities		
Purchase of capital assets	(983,090)	(612,256)
Advance to University for capital projects	(3,516,150)	-
Payments from note receivable	3,708	3,884
Purchases of investments	(260,258)	(711,003)
Proceeds from sales of investments	<u>2,407,679</u>	<u>480,118</u>
Net cash used in investing activities	<u>(2,348,111)</u>	<u>(839,257)</u>
Cash flows from financing activities		
Payments on long-term debt	<u>(927,997)</u>	<u>(923,594)</u>
Net increase in cash and cash equivalents	3,544,012	3,017,718
Cash and cash equivalents, beginning	<u>6,635,407</u>	<u>3,617,689</u>
Cash and cash equivalents, end	<u><u>\$ 10,179,419</u></u>	<u><u>\$ 6,635,407</u></u>
Supplemental disclosure of cash flow information		
Interest paid during the year	<u><u>\$ 484,025</u></u>	<u><u>\$ 545,220</u></u>

See Notes to Financial Statements.

The University Corporation
Notes to Financial Statements
June 30, 2020

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 \$38,301,471 at June 30, 2020, \$5,270,147 represents board designated endowments and \$4,943,403 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, 2020 the Corporation has \$4,392,183 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, 2020.

The University Corporation
Notes to Financial Statements
June 30, 2020

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, 2020, the Corporation has received grant advances of \$2,195,889 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. The Corporation had \$165,594 in reserve for obsolescent inventory at June 30, 2020.

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, 2020

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, 2020.

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, 2020. The Corporation's federal income tax returns for fiscal years 2019, 2018 and 2017 remain open. The Corporation's state income tax returns for fiscal years 2019, 2018, 2017 and 2016 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, 2019, from which the summarized information was derived.

The University Corporation
Notes to Financial Statements
June 30, 2020

Recent accounting pronouncements

The Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("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.

In June 2020, the FASB issued ASU 2020-05 providing a one year deferral of the effective date of Topic 606 for reporting entities that meet certain criteria. The entire California State University system, including all auxiliary organizations, has elected to defer its implementation of Topic 606 which will now be effective for annual reporting periods beginning after December 15, 2019. 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, 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

In March 2017, the FASB issued ASU 2017-07, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*. This update, as amended, requires the entity to report the service cost component of net postretirement benefit costs with compensation costs. Additionally, the update requires other components of net postretirement benefit costs to be presented separately from the service cost component in the statement of activities and outside of the change in net assets from operating activities, if presented. During the year ended June 30, 2020, the Corporation adopted ASU 2017-07 using the retrospective method for all periods presented. As a result of the update, \$49,435 of other components of net postretirement benefit costs were reclassified from operating expenses to nonoperating expenses in the accompanying statement of activities for the year ended June 30, 2019.

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. During the year ended June 30, 2020, the Corporation implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying financial statements under a modified prospective

The University Corporation
Notes to Financial Statements
June 30, 2020

basis. Accordingly, there is no effect on net assets in connection with the implementation of ASU 2018-08.

Subsequent events

The Corporation has evaluated subsequent events through September 18, 2020, which is the date these financial statements were available to be issued.

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, 2020, the Corporation had the following financial assets and liquidity resources available over the next 12 months:

Cash and cash equivalents	\$ 10,179,419
Short-term investments	4,364,711
Grants and contracts receivable	6,688,904
Accounts receivable, net	601,580
Current portion of note receivable	<u>4,226</u>
	<u><u>\$ 21,838,840</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, 2020

Note 4 - Investments

At June 30, 2020, investments consist of the following:

Equities	\$ 4,964,694
Mutual funds	
Equities	
Large cap	3,302,949
Small cap	910,679
International	1,124,160
Emerging markets	731,206
Fixed income	
Corporate/government bonds	5,099,193
Real estate	85,878
Commodities	169,820
Alternative investments	
Hedge fund of funds	1,021,473
Private equity	657,245
Pooled investment with the University	4,364,711
Other	<u>6,000</u>
	22,438,008
Public safety building	<u>2,723,547</u>
Total	<u><u>\$ 25,161,555</u></u>

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

Short-term investments	\$ 4,364,711
Long-term investments	<u>20,796,844</u>
	<u><u>\$ 25,161,555</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 \$2,723,547 by June 30, 2025. During the year ended June 30, 2020, the Corporation received payments of \$463,421 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, 2020, the amount of student managed funds was \$5,425,949.

The University Corporation

Notes to Financial Statements June 30, 2020

Note 5 - Fair value measurements

At June 30, 2020, 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	\$ 4,964,694	\$ -	\$ -	\$ -	\$ 4,964,694
Mutual funds	11,423,885	-	-	-	11,423,885
Alternative investments					
Hedge fund of funds	-	-	-	1,021,473	1,021,473
Private equity funds	-	-	-	657,245	657,245
Pooled investment	-	-	-	4,364,711	4,364,711
Other	6,000	-	-	-	6,000
	<u>\$ 16,394,579</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,043,429</u>	<u>\$ 22,438,008</u>

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 Corporation's investment in private equity funds has a lock-up period through 2024. The fair value of the alternative investments have been estimated using NAV of the fund shares. 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.

The University Corporation
Notes to Financial Statements
June 30, 2020

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 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 University Corporation

Notes to Financial Statements June 30, 2020

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, 2020 is as follows:

	Without donor restrictions	With donor restrictions		Total
		Time or purpose restricted	Perpetually restricted	
Donor restricted	\$ -	\$ 528,390	\$ 3,863,793	\$ 4,392,183
Board designated	5,270,147	-	-	5,270,147
Total funds	<u>\$ 5,270,147</u>	<u>\$ 528,390</u>	<u>\$ 3,863,793</u>	<u>\$ 9,662,330</u>

Changes in endowment net assets for the year ended June 30, 2020 are as follows:

	Without donor restrictions	With donor restrictions		Total
		Time or purpose restricted	Perpetually restricted	
Endowment net assets, beginning	\$ 5,267,189	\$ 1,184,046	\$ 3,863,793	\$ 10,315,028
Investment income	200,655	45,107	-	245,762
Net realized and unrealized losses	(38,385)	(8,629)	-	(47,014)
Appropriated for expenditure	<u>(159,312)</u>	<u>(692,134)</u>	<u>-</u>	<u>(851,446)</u>
Endowment net assets, end	<u>\$ 5,270,147</u>	<u>\$ 528,390</u>	<u>\$ 3,863,793</u>	<u>\$ 9,662,330</u>

As of June 30, 2020, there were no deficiencies of donor-restricted endowment funds.

The University Corporation
Notes to Financial Statements
June 30, 2020

Note 7 - Capital assets

At June 30, 2020, capital assets consist of the following:

Capital leases	\$ 12,914,389
Buildings	12,010,237
Building improvements	13,366,467
Furniture, fixtures, and equipment	6,293,888
Computers and software	1,076,046
Land	
Land component from acquired single family homes	1,303,281
Empty lots	479,887
University house	195,894
College court	938,619
Reseda building	2,000,000
Construction in progress	976,240
Construction in progress - software	67,490
Solar observatory	<u>1</u>
	51,622,439
Less accumulated depreciation and amortization	<u>(31,167,494)</u>
	<u><u>\$ 20,454,945</u></u>

Depreciation and amortization expense for the year ended June 30, 2020 was \$1,928,549.

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, 2020

Note 8 - Long-term debt

At June 30, 2020, 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 \$166,096 which is being amortized over the life of the bond.

\$ 1,331,096

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 \$321,039 which is being amortized over the life of the bond.

3,156,039

Total bonds and mortgage payable 4,487,135

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 \$320,618 which is being amortized over the life of the bonds.

4,480,618

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 \$268,437 which is being amortized over the life of the bond.

1,798,437

Total capital leases 6,279,055

Total long-term debt 10,766,190

Less current portion (801,129)

Total \$ 9,965,061

The University Corporation

**Notes to Financial Statements
June 30, 2020**

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, 2020 are as follows:

	CSU SRB College Court	CSU SRB Reseda	Total
2021	\$ 170,000	\$ 55,000	\$ 225,000
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
Thereafter	<u>220,000</u>	<u>2,525,000</u>	<u>2,745,000</u>
	1,165,000	2,835,000	4,000,000
Bond premium	<u>166,096</u>	<u>321,039</u>	<u>487,135</u>
Total	<u>\$ 1,331,096</u>	<u>\$ 3,156,039</u>	<u>\$ 4,487,135</u>

The estimated future minimum lease payments for each of the next five years and thereafter subsequent to June 30, 2020 under the capital leases are included in the above long-term debt schedule as follows:

	Sierra Center Building	Matador Bookstore Complex	Total
2021	\$ 395,450	\$ 300,750	\$ 696,200
2022	394,700	294,125	688,825
2023	398,325	292,125	690,450
2024	396,325	294,500	690,825
2025	393,825	296,125	689,950
Thereafter	<u>3,615,325</u>	<u>292,125</u>	<u>3,907,450</u>
	5,593,950	1,769,750	7,363,700
Bond premium	320,618	268,437	589,055
Less amounts representing interest	<u>(1,433,950)</u>	<u>(239,750)</u>	<u>(1,673,700)</u>
	<u>\$ 4,480,618</u>	<u>\$ 1,798,437</u>	<u>\$ 6,279,055</u>

The University Corporation
Notes to Financial Statements
June 30, 2020

At June 30, 2020, 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	<u>(9,612,367)</u>
	<u><u>\$ 3,302,022</u></u>

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.

For the year ended June 30, 2020, 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, 2020.

The following tables provide further information about the Plan:

Obligations and funding status	
Benefit obligation at June 30, 2020	\$ (2,625,913)
Employer contributions	78,876
Participant contributions	-
Benefit payments	<u>(78,876)</u>
	(2,625,913)
Fair value of Plan assets at June 30, 2020	<u>-</u>
Net unfunded status of the Plan	<u><u>\$ (2,625,913)</u></u>

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

Current liabilities	\$ 73,944
Noncurrent liabilities	<u>2,551,969</u>
Total recognized in the statement of financial position	<u><u>\$ 2,625,913</u></u>

The University Corporation
Notes to Financial Statements
June 30, 2020

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

Service cost	\$ 235,289
Other components of net postretirement benefit cost	
Interest cost	139,249
Amortization of transition obligation	-
Amortization of unrecognized prior service cost	(57,743)
Amortization of unrecognized gain	-
Total other components of net postretirement benefit cost	<u>81,506</u>
Total net postretirement benefit cost ("NPBC")	<u>\$ 316,795</u>

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

Prior service cost for period	\$ -
Net gain for period	(1,686,128)
Amortization of transition obligation	-
Amortization of prior service cost	57,743
Amortization of net gain	-
Total changes recognized in changes in net assets without donor restrictions	<u>\$ (1,628,385)</u>
Total changes recognized in NPBC and changes in net assets without donor restrictions	<u>\$ (1,311,590)</u>

Assumptions

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

Benefit obligations at June 30, 2020	
Discount rate	2.54%
Rate of return on Plan assets	N/A
Rate of compensation increase	N/A
Medical trend	
Initial	6.00%
Ultimate	5.00%
Number of years to ultimate	9 years

The University Corporation
Notes to Financial Statements
June 30, 2020

Cash flows

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

Years beginning July 1,	
2020	\$ 73,944
2021	83,835
2022	88,870
2023	92,829
2024	96,182
2025 - 2029	562,503

The Corporation expects to contribute the pay-as-you-go cost of \$73,944 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 2020 - 2021 fiscal year:

Net actuarial gain (loss)	\$ (170,970)
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	\$ 528,390
Perpetual	
Endowment	<u>3,863,793</u>
	<u>\$ 4,392,183</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, 2020 totaled \$45,136. Pension expense for the year ended June 30, 2020 totaled \$609,411, which is included in compensation and benefits in the accompanying statement of functional expenses.

The University Corporation
Notes to Financial Statements
June 30, 2020

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. 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").

The University Corporation
Notes to Financial Statements
June 30, 2020

Related party detail

At June 30, 2020, accounts receivable and accounts payable relating to these organizations are as follows:

Receivables	
CSUN	\$ 201,078
ASI	6,453
CSUN Foundation	109
USU	-
NCDC	14,305
	<u>\$ 221,945</u>
 Payables	
University	\$ 114,866
North Campus	-
USU	5,893
	<u>\$ 120,759</u>

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

During the year ended June 30, 2020, the Corporation received \$9,137,495 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, 2020, amounts paid to the University were as follows:

Salaries and benefits	\$ 4,034,558
Chargebacks from University for requested projects	1,630,238
Debt service payments pass-through	1,388,497
Scholarships	100,000
Other	16,934
	<u>\$ 7,170,227</u>

During the year ended June 30, 2020, the Corporation advanced \$3,516,150 to the University 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 early 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, 2020, amounts received from other University auxiliary organizations were \$2,063,950. Amounts received relate to catering services, food service management fees and payroll services. During the year ended June 30, 2020, the Corporation paid \$204,452 to CSUN Foundation, \$85,196 to USU, and \$48,729 to ASI.

Supplementary Information

The University Corporation

Schedule of Net Position
June 30, 2020
(For inclusion in the California State University)

Assets:	
Current assets:	
Cash and cash equivalents	\$ 10,179,419
Short-term investments	4,364,711
Accounts receivable, net	7,290,484
Capital lease receivable, current portion	-
Notes receivable, current portion	4,226
Pledges receivable, net	-
Prepaid expenses and other current assets	131,794
Total current assets	21,970,634
Noncurrent assets:	
Restricted cash and cash equivalents	-
Accounts receivable, net	3,516,150
Capital lease receivable, net of current portion	-
Notes receivable, net of current portion	37,076
Student loans receivable, net	-
Pledges receivable, net	-
Endowment investments	-
Other long-term investments	20,796,844
Capital assets, net	20,454,945
Other assets	-
Total noncurrent assets	44,805,015
Total assets	66,775,649
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	1,274,774
Accrued salaries and benefits	2,604,700
Accrued compensated absences, current portion	422,977
Unearned revenues	2,598,166
Capital lease obligations, current portion	440,000
Long-term debt obligations, current portion	225,000
Claims liability for losses and loss adjustment expenses, current portion	-
Depository accounts	3,607,999
Other liabilities	73,944
Total current liabilities	11,247,560
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	181,276
Unearned revenues	-
Grants refundable	-
Capital lease obligations, net of current portion	5,839,055
Long-term debt obligations, net of current portion	4,262,135
Claims liability for losses and loss adjustment expenses, net of current portion	-
Depository accounts	-
Net other postemployment benefits liability	2,551,969
Net pension liability	-
Other liabilities	-
Total noncurrent liabilities	12,834,435
Total liabilities	24,081,995
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	9,688,755
Restricted for:	
Nonexpendable – endowments	3,863,793
Expendable:	
Scholarships and fellowships	-
Research	-
Loans	528,390
Capital projects	-
Debt service	-
Others	-
Unrestricted	28,612,716
Total net position	\$ 42,693,654

See Independent Auditor's Report.

The University Corporation

Schedule of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2020
(For inclusion in the California State University)

Revenues:	
Operating revenues:	
Student tuition and fees, gross	\$ -
Scholarship allowances (enter as negative)	-
Grants and contracts, noncapital:	
Federal	28,324,885
State	2,498,186
Local	1,218,217
Nongovernmental	2,369,490
Sales and services of educational activities	-
Sales and services of auxiliary enterprises, gross	15,953,614
Scholarship allowances (enter as negative)	-
Other operating revenues	1,288,086
Total operating revenues	51,652,478
Expenses:	
Operating expenses:	
Instruction	-
Research	29,669,093
Public service	-
Academic support	267,758
Student services	-
Institutional support	1,910,699
Operation and maintenance of plant	-
Student grants and scholarships	234,611
Auxiliary enterprise expenses	16,955,144
Depreciation and amortization	1,928,549
Total operating expenses	50,965,854
Operating income (loss)	686,624
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	645,786
Endowment income (loss), net	-
Interest expense	-
Other nonoperating revenues (expenses) - excl. interagency transfers	1,546,879
Net nonoperating revenues (expenses)	2,192,665
Income (loss) before other revenues (expenses)	2,879,289
State appropriations, capital	
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	-
Increase (decrease) in net position	2,879,289
Net position:	
Net position at beginning of year, as previously reported	39,814,365
Restatements	-
Net position at beginning of year, as restated	39,814,365
Net position at end of year	\$ 42,693,654

See Independent Auditor's Report.

The University Corporation
Other Information
Year Ended June 30, 2020
(For inclusion in the California State University)

1 Cash and cash equivalents:

Portion of restricted cash and cash equivalents related to endowments	\$	-
All other restricted cash and cash equivalents		-
Noncurrent restricted cash and cash equivalents		-
Current cash and cash equivalents		10,179,419
Total	\$	10,179,419

2.1 Composition of investments:

Investment Type	Current	Noncurrent	Fair Value
Money market funds	\$ -	\$ -	\$ -
Repurchase agreements	-	-	-
Certificates of deposit	-	-	-
U.S. agency securities	-	-	-
U.S. treasury securities	-	-	-
Municipal bonds	-	-	-
Corporate bonds	-	-	-
Asset backed securities	-	-	-
Mortgage backed securities	-	-	-
Commercial paper	-	-	-
Mutual funds	-	11,423,885	11,423,885
Exchange traded funds	-	-	-
Equity securities	-	4,964,694	4,964,694
Alternative investments:	-	-	-
Private equity (including limited partnerships)	-	657,245	657,245
Hedge funds	-	1,021,473	1,021,473
Managed futures	-	-	-
Real estate investments (including REITs)	-	-	-
Commodities	-	-	-
Derivatives	-	-	-
Other alternative investment	-	2,729,547	2,729,547
Other external investment pools	-	-	-
CSU Consolidated Investment Pool (formerly SWIFT)	4,364,711	-	4,364,711
State of California Local Agency Investment Fund (LAIF)	-	-	-
State of California Surplus Money Investment Fund (SMIF)	-	-	-
Other investments:	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
Total Other investments	-	-	-
Total investments	4,364,711	20,796,844	25,161,555
Less endowment investments (enter as negative number)	-	-	-
Total investments, net of endowments	\$ 4,364,711	\$ 20,796,844	\$ 25,161,555

See Independent Auditor's Report.

The University Corporation
Other Information
Year Ended June 30, 2020
(For inclusion in the California State University)

2.2 Fair value hierarchy in investments:

Investment Type	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value (NAV)
Money market funds	\$ -	\$ -	\$ -	\$ -	\$ -
Repurchase agreements	-	-	-	-	-
Certificates of deposit	-	-	-	-	-
U.S. agency securities	-	-	-	-	-
U.S. treasury securities	-	-	-	-	-
Municipal bonds	-	-	-	-	-
Corporate bonds	-	-	-	-	-
Asset backed securities	-	-	-	-	-
Mortgage backed securities	-	-	-	-	-
Commercial paper	-	-	-	-	-
Mutual funds	11,423,885	11,423,885	-	-	-
Exchange traded funds	-	-	-	-	-
Equity securities	4,964,694	4,964,694	-	-	-
Alternative investments:					
Private equity (including limited partnerships)	657,245	-	-	-	657,245
Hedge funds	1,021,473	-	-	-	1,021,473
Managed futures	-	-	-	-	-
Real estate investments (including REITs)	-	-	-	-	-
Commodities	-	-	-	-	-
Derivatives	-	-	-	-	-
Other alternative investment	2,729,547	6,000	-	-	2,723,547
Other external investment pools	-	-	-	-	-
CSU Consolidated Investment Pool (formerly SWIFT)	4,364,711	-	-	-	4,364,711
State of California Local Agency Investment Fund (LAIF)	-	-	-	-	-
State of California Surplus Money Investment Fund (SMIF)	-	-	-	-	-
Other investments:	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
Total Other investments	-	-	-	-	-
Total investments	\$ 25,161,555	\$ 16,394,579	\$ -	\$ -	\$ 8,766,976

2.3 Investments held by the University under contractual agreements:

Instruction: Amounts should agree with University's investments held on behalf of Discretely Presented Component Units.

	Current	Noncurrent	Total
Investments held by the University under contractual agreements			
e.g - CSU Consolidated Investment Pool (formerly SWIFT):	\$ -	\$ 4,364,711	\$ 4,364,711

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3.1 Composition of capital assets:

	Balance June 30, 2019	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2019 (Restated)	Additions	Retirements	Transfer of completed CWIP/PWIP	Balance June 30, 2020
Non-depreciable/Non-amortizable capital assets:									
Land and land improvements	\$ 1,783,168	\$ 3,134,513	\$ -	\$ -	\$ 4,917,681	\$ -	\$ -	\$ -	\$ 4,917,681
Works of art and historical treasures	-	-	-	-	-	-	-	-	-
Construction work in progress (CWIP)	337,645	-	-	-	337,645	706,085	-	-	1,043,730
Intangible assets:									
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Intangible assets in progress (PWIP)	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:									
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
Total Other intangible assets	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total non-depreciable/non-amortizable capital assets	2,120,813	3,134,513	-	-	5,255,326	706,085	-	-	5,961,411
Depreciable/Amortizable capital assets:									
Buildings and building improvements	28,059,138	(3,134,513)	-	-	24,924,625	-	-	-	24,924,625
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	13,248,370	-	-	-	13,248,370	118,097	-	-	13,366,467
Personal property:									
Equipment	6,199,471	-	-	-	6,199,471	101,235	(6,816)	-	6,293,890
Library books and materials	-	-	-	-	-	-	-	-	-
Intangible assets:									
Software and websites	1,018,375	-	-	-	1,018,375	57,671	-	-	1,076,046
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:									
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
Total Other intangible assets:	-	-	-	-	-	-	-	-	-
Total intangible assets	1,018,375	-	-	-	1,018,375	57,671	-	-	1,076,046
Total depreciable/amortizable capital assets	48,525,354	(3,134,513)	-	-	45,390,841	277,003	(6,816)	-	45,661,028
Total capital assets	50,646,167	-	-	-	50,646,167	983,088	(6,816)	-	51,622,439
Less accumulated depreciation/amortization: (enter as negative number, except for reductions enter as positive number)									
Buildings and building improvements	(14,697,833)	-	-	-	(14,697,833)	(681,686)	-	-	(15,379,519)
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	(7,998,486)	-	-	-	(7,998,486)	(875,047)	-	-	(8,873,533)
Personal property:									
Equipment	(5,961,033)	-	-	-	(5,961,033)	(353,806)	6,818	-	(6,308,021)
Library books and materials	-	-	-	-	-	-	-	-	-
Intangible assets:									
Software and websites	(588,411)	-	-	-	(588,411)	(18,010)	-	-	(606,421)
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:									
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
Total Other intangible assets:	-	-	-	-	-	-	-	-	-
Total intangible assets	(588,411)	-	-	-	(588,411)	(18,010)	-	-	(606,421)
Total accumulated depreciation/amortization	(29,245,763)	-	-	-	(29,245,763)	(1,928,549)	6,818	-	(31,167,494)
Total capital assets, net	\$ 21,400,404	\$ -	\$ -	\$ -	\$ 21,400,404	\$ (945,461)	\$ 2	\$ -	\$ 20,454,945

3.2 Detail of depreciation and amortization expense:

Depreciation and amortization expense related to capital assets	\$ 1,928,549
Amortization expense related to other assets	-
Total depreciation and amortization	\$ 1,928,549

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4 Long-term liabilities:

	Balance June 30, 2019	Prior Period Adjustments/Reclassifications	Balance June 30, 2019 (Restated)	Additions	Reductions	Balance June 30, 2020	Current Portion	Noncurrent Portion
1. Accrued compensated absences	\$ 578,964	\$ -	\$ 578,964	\$ 25,289	\$ -	\$ 604,253	\$ 422,977	\$ 181,276
2. Claims liability for losses and loss adjustment expenses	-	-	-	-	-	-	-	-
3. Capital lease obligations:								
Gross balance	6,105,000	-	6,105,000	-	(415,000)	5,690,000	440,000	5,250,000
Unamortized net premium/(discount)	681,367	-	681,367	-	(92,312)	589,055	-	589,055
Total capital lease obligations	6,786,367	-	6,786,367	-	(507,312)	6,279,055	440,000	5,839,055
4. Long-term debt obligations:								
4.1 Auxiliary revenue bonds (non-SRB related)	-	-	-	-	-	-	-	-
4.2 Commercial paper	-	-	-	-	-	-	-	-
4.3 Notes payable (SRB related)	4,495,000	-	4,495,000	-	(495,000)	4,000,000	225,000	3,775,000
4.4 Others:								
	17,997	-	17,997	-	(17,997)	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total others	17,997	-	17,997	-	(17,997)	-	-	-
Sub-total long-term debt	4,512,997	-	4,512,997	-	(512,997)	4,000,000	225,000	3,775,000
4.5 Unamortized net bond premium/(discount)	539,460	-	539,460	-	(52,325)	487,135	-	487,135
Total long-term debt obligations	5,052,457	-	5,052,457	-	(565,322)	4,487,135	225,000	4,262,135
Total long-term liabilities	\$ 12,417,788	-	\$ 12,417,788	\$ 25,289	\$ (1,072,634)	\$ 11,370,443	\$ 1,087,977	\$ 10,282,466

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:									
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	505,000	185,825	690,825	-	-	-	505,000	185,825	690,825
2025	530,000	159,950	689,950	-	-	-	530,000	159,950	689,950
2026 - 2030	1,805,000	492,325	2,297,325	-	-	-	1,805,000	492,325	2,297,325
2031 - 2035	1,475,000	135,125	1,610,125	-	-	-	1,475,000	135,125	1,610,125
2036 - 2040	-	-	-	-	-	-	-	-	-
2041 - 2045	-	-	-	-	-	-	-	-	-
2046 - 2050	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-
Total minimum lease payments	5,690,000	1,673,700	7,363,700	-	-	-	5,690,000	1,673,700	7,363,700
Less: amounts representing interest									(1,673,700)
Present value of future minimum lease payments									5,690,000
Unamortized net premium/(discount)									589,055
Total capital lease obligations									6,279,055
Less: current portion									(440,000)
Capital lease obligations, net of current portion									\$ 5,839,055

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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:									
2021	-	-	-	225,000	190,200	415,200	225,000	190,200	415,200
2022	-	-	-	240,000	179,325	419,325	240,000	179,325	419,325
2023	-	-	-	250,000	167,349	417,349	250,000	167,349	417,349
2024	-	-	-	265,000	154,737	419,737	265,000	154,737	419,737
2025	-	-	-	275,000	141,475	416,475	275,000	141,475	416,475
2026 - 2030	-	-	-	610,000	578,125	1,188,125	610,000	578,125	1,188,125
2031 - 2035	-	-	-	500,000	462,800	962,800	500,000	462,800	962,800
2036 - 2040	-	-	-	635,000	330,825	965,825	635,000	330,825	965,825
2041 - 2045	-	-	-	810,000	153,000	963,000	810,000	153,000	963,000
2046 - 2050	-	-	-	190,000	4,750	194,750	190,000	4,750	194,750
Thereafter	-	-	-	-	-	-	-	-	-
Total minimum payments	-	-	-	4,000,000	2,362,586	6,362,586	4,000,000	2,362,586	6,362,586
Less: amounts representing interest									(2,362,586)
Present value of future minimum payments									4,000,000
Unamortized net premium/(discount)									487,135
Total long-term debt obligations									4,487,135
Less: current portion									(225,000)
Long-term debt obligations, net of current portion									4,262,135

7 Transactions with related entities:

Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$	4,034,558
Payments to University for other than salaries of University personnel		3,035,669
Payments received from University for services, space, and programs		9,137,495
Gifts-in-kind to the University from discretely presented component units		
Gifts (cash or assets) to the University from discretely presented component units		100,000
Accounts (payable to) University (enter as negative number)		(70,333)
Other amounts (payable to) University (enter as negative number)		(44,533)
Accounts receivable from University (enter as positive number)		201,078
Other amounts receivable from University (enter as positive number)		3,516,150

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

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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	19,207,692	3,131,498	-	-	-	7,329,903	-	29,669,093
Public service	-	-	-	-	-	-	-	-
Academic support	232,822	34,936	-	-	-	-	-	267,758
Student services	-	-	-	-	-	-	-	-
Institutional support	-	-	-	-	-	1,910,699	-	1,910,699
Operation and maintenance of plant	-	-	-	-	-	-	-	-
Student grants and scholarships	-	-	-	-	234,611	-	-	234,611
Auxiliary enterprise expenses	6,049,769	1,561,597	-	-	-	9,343,778	-	16,955,144
Depreciation and amortization	-	-	-	-	-	-	1,928,549	1,928,549
Total operating expenses	\$ 25,490,283	\$ 4,728,031	\$ -	\$ -	\$ 234,611	\$ 18,584,380	\$ 1,928,549	\$ 50,965,854

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

\$ -



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