



The University Corporation

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

June 30, 2019

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, 2019, 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, 2019, 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 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 18, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, 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 2019 supplementary information is presented for purposes of additional analysis and is not a required part of the 2019 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 2019 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2019 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2019 financial statements or to the 2019 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 2019 financial statements as a whole.

CohnReznick LLP

Los Angeles, California
September 16, 2019

The University Corporation
Statement of Financial Position
June 30, 2019
With Summarized Totals at June 30, 2018

Assets

	2019	2018
Current assets		
Cash and cash equivalents	\$ 6,635,407	\$ 3,617,689
Short-term investments	5,913,200	5,849,494
Grants and contracts receivable	9,183,352	6,965,782
Accounts receivable, net	808,636	1,149,511
Accounts receivable from the University	176,240	220,333
Accounts receivable from other University auxiliary organizations	112,651	45,850
Current portion of note receivable	3,980	3,749
Inventory	324,541	302,795
Prepaid expenses and deposits	24,496	39,100
	23,182,503	18,194,303
Total current assets		
Note receivable, net of current portion	41,030	45,145
Investments	21,522,254	20,646,556
Capital assets, net	21,400,404	23,086,535
	\$ 66,146,191	\$ 61,972,539
Total		

Liabilities and Net Assets

Current liabilities		
Accounts payable	\$ 1,825,169	\$ 1,210,826
Other accrued liabilities	2,519,427	1,918,281
Current portion of accrued compensated absences	400,508	356,802
Current portion of postretirement benefit payable	76,334	78,205
Deposits held in custody for others	2,766,592	2,935,993
Deferred revenue	2,786,470	2,208,977
Current portion of long-term debt	1,072,635	1,063,137
	11,447,135	9,772,221
Total current liabilities		
Accrued compensated absences, net of current portion	178,456	177,915
Postretirement benefit payable, net of current portion	3,940,045	3,310,521
Long-term debt, net of current portion	10,766,190	11,836,960
	26,331,826	25,097,617
Total liabilities		
Commitments and contingencies		
Net assets		
Without donor restrictions	34,766,526	31,693,116
With donor restrictions	5,047,839	5,181,806
	39,814,365	36,874,922
Total net assets		
Total liabilities and net assets	\$ 66,146,191	\$ 61,972,539

See Notes to Financial Statements.

The University Corporation

Statement of Activities Year Ended June 30, 2019 With Summarized Totals for the Year Ended June 30, 2018

	2019		2018	
	Without donor restrictions	With donor restrictions	Total	Total
Operating revenues and support				
Auxiliary services				
Food service sales	\$ 17,449,251	\$ -	\$ 17,449,251	\$ 17,861,805
Bookstore sales and commissions	1,424,000	-	1,424,000	1,393,684
Real estate rentals	1,428,467	-	1,428,467	1,250,490
Total auxiliary services	20,301,718	-	20,301,718	20,505,979
Grants and contracts	34,272,582	-	34,272,582	32,653,188
Investment income, net	1,316,258	104,749	1,421,007	1,854,060
Other revenue	1,308,303	-	1,308,303	1,232,720
Net assets released from restrictions	238,716	(238,716)	-	-
Total operating revenues and support	57,437,577	(133,967)	57,303,610	56,245,947
Operating expenses				
Auxiliary services	17,848,320	-	17,848,320	17,537,687
Program services				
Grants and contracts	30,210,016	-	30,210,016	29,044,293
Student grants and scholarships, and faculty awards	518,203	-	518,203	192,848
University support	1,246,808	-	1,246,808	3,525,822
Total program services	31,975,027	-	31,975,027	32,762,963
Supporting services				
General and administrative	4,092,937	-	4,092,937	4,434,565
Total operating expenses	53,916,284	-	53,916,284	54,735,215
Change in net assets from operating activities	3,521,293	(133,967)	3,387,326	1,510,732
Nonoperating expenses				
Pension related changes other than pension cost	447,883	-	447,883	(1,449,573)
Net nonoperating expenses	447,883	-	447,883	(1,449,573)
Change in net assets	3,073,410	(133,967)	2,939,443	2,960,305
Net assets, beginning	31,693,116	5,181,806	36,874,922	33,914,617
Net assets, end	\$ 34,766,526	\$ 5,047,839	\$ 39,814,365	\$ 36,874,922

See Notes to Financial Statements.

The University Corporation
Statement of Functional Expenses
Year Ended June 30, 2019
With Summarized Totals for the Year Ended June 30, 2018

	2019					2018	
	<u>Auxiliary services</u>	<u>Program services</u>			<u>Supporting services</u>		
		Grants and contracts	Student grants, scholarships and faculty awards	University support	General and administrative	Total	Total
<u>Auxiliary services</u>							
Compensation and benefits	\$ 6,371,820	\$ 22,414,634	\$ 256,367	\$ -	\$ 1,984,423	\$ 31,027,244	\$ 28,452,205
University support	-	-	-	1,246,808	-	1,246,808	3,222,589
Cost of goods sold	5,950,075	-	-	-	-	5,950,075	6,129,728
Depreciation	1,887,018	-	-	-	411,369	2,298,387	2,399,251
Interest expense	278,155	-	-	-	88,851	367,006	425,362
Professional services	1,256,827	2,659,111	9,044	-	575,914	4,500,896	4,628,668
Insurance	101,228	51,560	-	-	121,393	274,181	243,688
Supplies	289,849	1,669,558	215	-	39,925	1,999,547	2,183,249
Scholarships and program costs	-	898,357	249,219	-	-	1,147,576	1,323,703
Fees and charges	131,571	1,413	225	-	23,210	156,419	221,221
Utilities	327,477	140,930	92	-	270,914	739,413	674,399
Marketing and advertising	341,542	4,213	-	-	4,199	349,954	438,958
Repairs and maintenance	739,261	37,641	-	-	293,855	1,070,757	924,737
Other expenses	173,497	2,332,599	3,041	-	278,884	2,788,021	3,467,457
	<u>\$ 17,848,320</u>	<u>\$ 30,210,016</u>	<u>\$ 518,203</u>	<u>\$ 1,246,808</u>	<u>\$ 4,092,937</u>	<u>\$ 53,916,284</u>	<u>\$ 54,735,215</u>

See Notes to Financial Statements.

The University Corporation

**Statement of Cash Flows
Year Ended June 30, 2019**

With Summarized Totals for the Year Ended June 30, 2018

	2019	2018
Cash flows from operating activities		
Change in net assets	\$ 2,939,443	\$ 2,960,305
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	2,298,387	2,399,251
Net realized and unrealized gains on investments	(708,519)	(1,259,287)
Postretirement benefits	447,883	(1,449,573)
Amortization of bond premiums	(137,678)	(146,649)
Changes in operating assets and liabilities		
Grants and contracts receivable	(2,217,570)	(113,951)
Accounts receivable	340,875	(897,369)
Accounts receivable from the University	44,093	115,252
Accounts receivable from other University auxiliary organizations	(66,801)	55,358
Inventory	(21,746)	12,656
Prepaid expenses and deposits	14,604	17,438
Accounts payable	614,343	293,497
Other accrued liabilities	645,393	236,758
Deposits held in custody for others	(169,401)	821,116
Postretirement benefit payable	179,770	530,365
Deferred revenue	577,493	(590,093)
	<u>4,780,569</u>	<u>2,985,074</u>
Net cash provided by operating activities		
Cash flows from investing activities		
Purchase of capital assets	(612,256)	(921,675)
Proceeds from reimbursement of capital assets	-	628,022
Payments from note receivable	3,884	3,898
Purchases of investments	(711,003)	(2,745,202)
Proceeds from sales of investments	480,118	198,550
	<u>(839,257)</u>	<u>(2,836,407)</u>
Net cash used in investing activities		
Cash flows from financing activities		
Payments on long-term debt	(923,594)	(859,163)
	<u>(923,594)</u>	<u>(859,163)</u>
Net increase (decrease) in cash and cash equivalents	3,017,718	(710,496)
Cash and cash equivalents, beginning	3,617,689	4,328,185
Cash and cash equivalents, end	<u>\$ 6,635,407</u>	<u>\$ 3,617,689</u>
Supplemental disclosure of cash flow information		
Interest paid during the year	<u>\$ 545,220</u>	<u>\$ 623,688</u>

See Notes to Financial Statements.

The University Corporation
Notes to Financial Statements
June 30, 2019

Note 1 - Business activity and summary of significant accounting policies

Business activity

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

Basis of accounting

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

Financial statement presentation

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

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 \$34,766,526 at June 30, 2019, \$5,267,189 represents board designated endowments and \$4,748,464 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, 2019 the Corporation has \$5,047,839 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 \$4,968 in allowance for doubtful accounts at June 30, 2019.

The University Corporation
Notes to Financial Statements
June 30, 2019

Grants and contracts

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

Inventory

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

Investments

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

Fair value measurements

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

Level 1: Quoted prices (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, 2019

Revenue recognition

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

Advertising costs

Advertising costs are charged to expense as incurred. Advertising expense was \$6,437 for the year ended June 30, 2019.

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, 2019. The Corporation's federal income tax returns for fiscal years 2018, 2017 and 2016 remain open. The Corporation's state income tax returns for fiscal years 2018, 2017, 2016 and 2015 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, 2018, from which the summarized information was derived.

Reclassifications

Certain reclassifications of 2018 amounts have been made to conform with the 2019 presentation.

The University Corporation
Notes to Financial Statements
June 30, 2019

New accounting pronouncements

In June 2014, the International Accounting Standards Board and Financial Accounting Standards Board (“FASB”) jointly approved Accounting Standards Update (“ASU”) 2014-09 to conform generally accepted accounting principles and International Financial Reporting Standards revenue recognition standards and improve both sets of standards. The guidance changes would affect any entity that enters into contracts with customers unless those contracts are in the scope of other standards (for example, insurance contracts or lease contracts). The core principle of the guidance is that an entity should recognize revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 will be effective for the Corporation for the year beginning July 1, 2019. The Corporation has yet to determine the potential impact, if any.

In June 2018, the FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The new standard assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) distinguishing between conditional contributions and unconditional contributions. ASU 2018-08 will be effective for the Corporation for the year beginning July 1, 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. ASU 2016-02 will be effective for the Corporation for the year beginning July 1, 2020. The Corporation is currently evaluating the impact of this AS and expects certain leases will be recorded as lease assets and lease liabilities, but the full impact has not yet been determined.

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

For the year ended June 30, 2019, the Corporation has adopted ASU No. 2016-14 – *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The update addressed the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. A key change required by ASU 2016-14 is the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions, and amounts previously reported as temporarily restricted net assets and permanently restricted net assets, as applicable, are now reported as net assets with donor restrictions.

The University Corporation
Notes to Financial Statements
June 30, 2019

Subsequent events

The Corporation has evaluated subsequent events through September 16, 2019, 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.

At June 30, 2019, the Corporation had the following financial assets and liquidity resources available over the next 12 months:

Cash and cash equivalents	\$ 6,635,407
Short-term investments	5,913,200
Grants and contracts receivable	9,183,352
Accounts receivable, net	1,097,527
Current portion of note receivable	<u>3,980</u>
	<u>\$ 22,833,466</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, 2019

Note 4 - Investments

At June 30, 2019, investments consist of the following:

Equities	\$ 5,210,125
Mutual funds	
Equities	
Large cap	3,321,796
Small cap	1,043,350
International	1,242,282
Emerging markets	819,719
Fixed income	
Corporate/government bonds	6,470,798
Real estate	100,648
Commodities	202,813
Alternative investments	
Hedge fund of funds	978,724
Private equity	563,172
Pooled investment with the University	4,289,059
Other	<u>6,000</u>
	24,248,486
Public safety building	<u>3,186,968</u>
	\$ <u><u>27,435,454</u></u>

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

Short-term investments	\$ 5,913,200
Long-term investments	<u>21,522,254</u>
	<u>\$ 27,435,454</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 in full by June 30, 2025. The remaining balance of the public safety building is \$3,186,968 as of June 30, 2019. During the year ended June 30, 2019, the Corporation received payments of \$438,904 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 University Corporation

Notes to Financial Statements June 30, 2019

Note 5 - Fair value measurements

At June 30, 2019, 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	\$ 5,210,125	\$ -	\$ -	\$ -	\$ 5,210,125
Mutual funds	13,201,406	-	-	-	13,201,406
Alternative investments					
Hedge fund of funds	-	-	-	978,724	978,724
Private equity funds	-	-	-	563,172	563,172
Pooled investment	-	4,289,059	-	-	4,289,059
Other	6,000	-	-	-	6,000
	<u>\$ 18,417,531</u>	<u>\$ 4,289,059</u>	<u>\$ -</u>	<u>\$ 1,541,896</u>	<u>\$ 24,248,486</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 fair value of the alternative investments have been estimated using NAV of the fund shares. Alternative investments have no lock-up period and quarterly redemption frequency with a 60-day redemption notice period. There are no unfunded commitments.

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

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 University Corporation
Notes to Financial Statements
June 30, 2019

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 permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in 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. Part of the endowment funds is managed by the student investment class under the supervision of the faculty of the College of Business and Economics. The Corporation will participate in standards within the content of the “Prudent Investor” rule, which states: “Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.”

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

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.

The University Corporation
Notes to Financial Statements
June 30, 2019

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, 2019 is as follows:

	Without donor restrictions	With donor restrictions		Total
		Time or purpose restricted	Perpetually restricted	
Donor restricted	\$ -	\$ 1,184,046	\$ 3,863,793	\$ 5,047,839
Board designated	5,267,189	-	-	5,267,189
Total funds	\$ 5,267,189	\$ 1,184,046	\$ 3,863,793	\$ 10,315,028

Changes in endowment net assets for the year ended June 30, 2019 are as follows:

	Without donor restrictions	With donor restrictions		Total
		Time or purpose restricted	Perpetually restricted	
Endowment net assets, beginning	\$ 4,988,717	\$ 1,318,013	\$ 3,863,793	\$ 10,170,523
Investment income	328,139	86,694	-	414,833
Net realized and unrealized gains	68,340	18,055	-	86,395
Appropriated for expenditure	(118,007)	(238,716)	-	(356,723)
Endowment net assets, end	\$ 5,267,189	\$ 1,184,046	\$ 3,863,793	\$ 10,315,028

As of June 30, 2019, there were no deficiencies of donor-restricted endowment funds.

The University Corporation
Notes to Financial Statements
June 30, 2019

Note 7 - Capital assets

At June 30, 2019, capital assets consist of the following:

Capital leases	\$ 12,914,389
Buildings	15,144,750
Building improvements	13,248,367
Furniture, fixtures, and equipment	6,141,802
Computers and software	1,076,046
Land	
Land component of the single family homes	1,303,281
Empty lots	479,887
Construction in progress	337,644
Solar observatory	<u>1</u>
	50,646,167
Less accumulated depreciation and amortization	<u>(29,245,763)</u>
	<u><u>\$ 21,400,404</u></u>

Depreciation and amortization expense for the year ended June 30, 2019 was \$2,298,387.

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, 2019

Note 8 - Long-term debt

At June 30, 2019, 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 \$197,239 which is being amortized over the life of the bond. \$ 1,522,240

On April 6, 2010, the CSU System issued \$2,310,000 in SRB to fund the satellite student union food service renovation project ("Geronimo's"). The bond is payable in varying annual installments and matures in November 2019. Interest is payable semi-annually at rates ranging from 2.00% to 3.00%. The bond includes a net bond premium of \$8,509 which is being amortized over the life of the bond. 288,509

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 \$333,711 which is being amortized over the life of the bond. 3,223,711

In February 2005, the Corporation refinanced mortgages payable (the "Condominium Mortgage") worth \$282,000 in order to reduce interest costs. The Condominium Mortgage is payable in monthly installments of \$2,260 including principal and interest at 5.125%, and matures in March 2020. 17,997

Total bonds and mortgage payable 5,052,457

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 \$362,599 which is being amortized over the life of the bonds. 4,722,598

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 \$318,769 which is being amortized over the life of the bond. 2,063,770

Total capital leases 6,786,368

Total long-term debt 11,838,825
Less current portion (1,072,635)

Long-term debt, net of current portion \$ 10,766,190

The University Corporation

**Notes to Financial Statements
June 30, 2019**

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, 2019 are as follows:

	CSU SRB College Court	CSU SRB Geronimo's	CSU SRB Reseda	Condominium Mortgage	Total
2020	\$ 160,000	\$ 280,000	\$ 55,000	\$ 17,997	\$ 512,997
2021	170,000	-	55,000	-	225,000
2022	180,000	-	55,000	-	235,000
2023	190,000	-	65,000	-	255,000
2024	200,000	-	65,000	-	265,000
Thereafter	425,000	-	2,595,000	-	3,020,000
	1,325,000	280,000	2,890,000	17,997	4,512,997
Bond premium	197,240	8,509	333,711	-	539,460
Total	<u>\$ 1,522,240</u>	<u>\$ 288,509</u>	<u>\$ 3,223,711</u>	<u>\$ 17,997</u>	<u>\$ 5,052,457</u>

The estimated future minimum lease payments for each of the next five years and thereafter subsequent to June 30, 2019 under the capital leases are included in the above long-term debt schedule as follows:

	Sierra Center Building	Matador Bookstore Complex	Total
2020	\$ 395,700	\$ 296,875	\$ 692,575
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
Thereafter	4,009,150	588,250	4,597,400
	5,989,650	2,066,625	8,056,275
Bond premium	362,599	318,769	681,368
Less amounts representing interest	(1,629,650)	(321,625)	(1,951,275)
	<u>\$ 4,722,599</u>	<u>\$ 2,063,769</u>	<u>\$ 6,786,368</u>

At June 30, 2019, 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>(9,235,419)</u>
	<u>\$ 3,678,970</u>

The University Corporation
Notes to Financial Statements
June 30, 2019

Note 9 - Postretirement benefit plan

The Corporation has a postretirement benefit plan (the "Plan") which provides healthcare 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 \$624 per month for retiree coverage and up to an additional \$896 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 following tables provide further information about the Plan:

Obligations and funding status	
Benefit obligation at June 30, 2019	\$ (4,016,379)
Employer contributions	76,813
Participant contributions	-
Benefit payments	<u>(76,813)</u>
	(4,016,379)
Fair value of Plan assets at June 30, 2019	<u>-</u>
Net unfunded status of the Plan	<u>\$ (4,016,379)</u>

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

Current liabilities	\$ 76,334
Noncurrent liabilities	<u>3,940,045</u>
Total recognized in the statement of financial position	<u>\$ 4,016,379</u>

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

Service cost	\$ 207,148
Interest cost	142,406
Amortization of transition obligation	1,469
Amortization of unrecognized prior service cost	(57,742)
Amortization of unrecognized gain	<u>(36,698)</u>
Net postretirement benefit cost ("NPBC")	<u>\$ 256,583</u>

The University Corporation
Notes to Financial Statements
June 30, 2019

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

Prior service cost for period	\$ -
Net gain for period	354,912
Amortization of transition obligation	(1,469)
Amortization of prior service cost	57,742
Amortization of net gain	<u>36,698</u>
 Total changes recognized in changes in net assets without donor restrictions	 <u>\$ 447,883</u>
 Total changes recognized in NPBC and changes in net assets without donor restrictions	 <u>\$ 704,466</u>

Assumptions

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

Benefit obligations at June 30, 2019	
Discount rate	4.25%
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	1 year

Cash flows

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

Years beginning July 1,	
2019	\$ 76,334
2020	89,915
2021	111,388
2022	123,351
2023	132,207
2024 - 2028	879,589

The Corporation expects to contribute the pay-as-you-go cost of \$76,334 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 2019 - 2020 fiscal year:

Net actuarial gain (loss)	\$ -
Net prior service cost (credit)	(57,743)

The University Corporation
Notes to Financial Statements
June 30, 2019

Note 10 - 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 twice monthly with a trustee. Employees are 100% vested upon eligibility. Contributions payable at June 30, 2019 totaled \$43,020. Pension expense for the year ended June 30, 2019 totaled \$594,540.

Note 11 - Commitments and contingencies

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

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

Note 12 - 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, 2019

Related party detail

At June 30, 2019, accounts receivable and accounts payable relating to these organizations are as follows:

Receivables	
University	\$ 176,240
ASI	23,596
CSUN Foundation	55,000
USU	28,142
NCDC	5,913
	<u>288,891</u>
	<u>\$ 288,891</u>
 Payables	
University	\$ 55,949
ASI	1,706
USU	32
NCDC	18,120
	<u>75,807</u>
	<u>\$ 75,807</u>

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

During the year ended June 30, 2019, the Corporation received \$10,701,527 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, 2019, amounts paid to the University were as follows:

Salaries and benefits	\$ 3,432,893
Debt service payments pass-through	1,408,895
Services provided by campus	957,059
Scholarships	350,000
Other	23,151
	<u>6,171,998</u>
	<u>\$ 6,171,998</u>

The Corporation uses its resources to support the mission of the University throughout the year. During the year ended June 30, 2019, the Corporation expensed \$1,246,808 in support of these activities, including grant related instructional activities, faculty awards, scholarships, hospitality, development projects, and other support activities.

During the year ended June 30, 2019, amounts received from other University auxiliary organizations were \$563,418. Amounts received relate to catering services, food service management fees and payroll services. During the year ended June 30, 2019, the Corporation paid \$181,543 to CSUN Foundation, \$210,886 to USU, and \$36,721 to ASI.

Supplementary Information

The University Corporation
Schedule of Net Position
June 30, 2019
(For inclusion in the California State University)

Assets:	
Current assets:	
Cash and cash equivalents	\$ 6,635,407
Short-term investments	5,913,200
Accounts receivable, net	10,280,879
Capital lease receivable, current portion	-
Notes receivable, current portion	3,980
Pledges receivable, net	-
Prepaid expenses and other current assets	349,037
Total current assets	<u>23,182,503</u>
Noncurrent assets:	
Restricted cash and cash equivalents	-
Accounts receivable, net	-
Capital lease receivable, net of current portion	-
Notes receivable, net of current portion	41,030
Student loans receivable, net	-
Pledges receivable, net	-
Endowment investments	3,863,793
Other long-term investments	17,658,461
Capital assets, net	21,400,404
Other assets	-
Total noncurrent assets	<u>42,963,688</u>
Total assets	<u>66,146,191</u>
Deferred outflows of resources:	
Unamortized loss on debt refunding	-
Net pension liability	-
Net OPEB liability	-
Others	-
Total deferred outflows of resources	<u>-</u>
Liabilities:	
Current liabilities:	
Accounts payable	1,825,169
Accrued salaries and benefits	2,519,427
Accrued compensated absences, current portion	400,508
Unearned revenues	2,786,470
Capital lease obligations, current portion	415,000
Long-term debt obligations, current portion	512,997
Claims liability for losses and loss adjustment expenses, current portion	-
Depository accounts	2,766,592
Other liabilities	76,334
Total current liabilities	<u>11,302,497</u>
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	178,456
Unearned revenues	-
Grants refundable	-
Capital lease obligations, net of current portion	6,371,368
Long-term debt obligations, net of current portion	4,539,460
Claims liability for losses and loss adjustment expenses, net of current portion	-
Depository accounts	-
Net other postemployment benefits liability	3,940,045
Net pension liability	-
Other liabilities	-
Total noncurrent liabilities	<u>15,029,329</u>
Total liabilities	<u>26,331,826</u>
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	<u>-</u>
Net Position:	
Net investment in capital assets	9,561,579
Restricted for:	-
Nonexpendable – endowments	3,863,793
Expendable:	-
Scholarships and fellowships	-
Research	-
Loans	1,184,046
Capital projects	-
Debt service	-
Others	-
Unrestricted	25,204,947
Total net position	<u>\$ 39,814,365</u>

The University Corporation
Schedule of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2019
(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	28,294,769
State	2,193,430
Local	1,635,635
Nongovernmental	2,148,748
Sales and services of educational activities	-
Sales and services of auxiliary enterprises, gross	20,301,718
Scholarship allowances (enter as negative)	-
Other operating revenues	1,308,303
Total operating revenues	<u>55,882,603</u>
Expenses:	
Operating expenses:	
Instruction	-
Research	30,210,016
Public service	-
Academic support	268,984
Student services	-
Institutional support	1,246,808
Operation and maintenance of plant	406,808
Student grants and scholarships	249,219
Auxiliary enterprise expenses	18,869,056
Depreciation and amortization	2,298,387
Total operating expenses	<u>53,549,278</u>
Operating income (loss)	<u>2,333,325</u>
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	919,779
Endowment income (loss), net	501,228
Interest expense	(367,006)
Other nonoperating revenues (expenses) - excl. interagency transfers	(447,883)
Other nonoperating revenues (expenses) - interagency transfers	-
Net nonoperating revenues (expenses)	<u>606,118</u>
Income (loss) before other revenues (expenses)	2,939,443
State appropriations, capital	-
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	-
Increase (decrease) in net position	2,939,443
Net position:	
Net position at beginning of year, as previously reported	36,874,922
Restatements	
Net position at beginning of year, as restated	<u>36,874,922</u>
Net position at end of year	<u>\$ 39,814,365</u>

See Independent Auditor's Report.

The University Corporation
Other Information
Year Ended June 30, 2019
(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	<u>-</u>
Current cash and cash equivalents	<u>6,635,407</u>
Total	<u><u>6,635,407</u></u>

2.1 Composition of investments:

	Current	Noncurrent	Total
Money market funds	\$ 30,290	\$ -	\$ 30,290
Repurchase agreements	12,165	-	12,165
Certificates of deposit	177,644	-	177,644
U.S. agency securities	1,237,576	-	1,237,576
U.S. treasury securities	1,407,718	-	1,407,718
Municipal bonds	58,654	-	58,654
Corporate bonds	1,185,712	-	1,185,712
Asset backed securities	179,063	-	179,063
Mortgage backed securities	237	-	237
Commercial paper	-	-	-
Mutual funds	1,624,141	4,846,657	6,470,798
Exchange traded funds	-	-	-
Equity securities	-	11,521,496	11,521,496
Alternative investments:			
Private equity (including limited partnerships)	-	563,172	563,172
Hedge funds	-	978,724	978,724
Managed futures	-	-	-
Real estate investments (including REITs)	-	216,425	216,425
Commodities	-	202,813	202,813
Derivatives	-	-	-
Other alternative investment types	-	3,192,967	3,192,967
Other external investment pools (excluding SWIFT)	-	-	-
Other investments	-	-	-
State of California Local Agency Investment Fund (LAIF)	-	-	-
State of California Surplus Money Investment Fund (SMIF)	-	-	-
Total investments	<u>5,913,200</u>	<u>21,522,254</u>	<u>27,435,454</u>
Less endowment investments (enter as negative number)	-	(3,863,793)	(3,863,793)
Total investments, net of endowments	<u><u>\$ 5,913,200</u></u>	<u><u>\$ 17,658,461</u></u>	<u><u>\$ 23,571,661</u></u>

See Independent Auditor's Report.

The University Corporation
Other Information
Year Ended June 30, 2019
(For inclusion in the California State University)

2.2 Fair value hierarchy in investments:

	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	\$ 30,290	\$ -	\$ -	\$ -	\$ 30,290
Repurchase agreements	12,165	-	12,165	-	-
Certificates of deposit	177,644	-	177,644	-	-
U.S. agency securities	1,237,576	-	1,237,576	-	-
U.S. treasury securities	1,407,718	-	1,407,718	-	-
Municipal bonds	58,654	-	58,654	-	-
Corporate bonds	1,185,712	-	1,185,712	-	-
Asset backed securities	179,063	-	179,063	-	-
Mortgage backed securities	237	-	237	-	-
Commercial paper	-	-	-	-	-
Mutual funds	6,470,798	6,470,798	-	-	-
Exchange traded funds	-	-	-	-	-
Equity securities	11,521,496	11,521,496	-	-	-
Alternative investments:					
Private equity (including limited partnerships)	563,172	-	-	-	563,172
Hedge funds	978,724	-	-	-	978,724
Managed futures	-	-	-	-	-
Real estate investments (including REITs)	216,425	216,425	-	-	-
Commodities	202,813	202,813	-	-	-
Derivatives	-	-	-	-	-
Other alternative investment types	3,192,967	-	-	-	3,192,967
Other external investment pools (excluding SWIFT)	-	-	-	-	-
Other investments	-	-	-	-	-
State of California Local Agency Investment Fund (LAIF)	-	-	-	-	-
State of California Surplus Money Investment Fund (SMIF)	-	-	-	-	-
Total investments	\$ 27,435,454	\$ 18,411,532	\$ 4,258,769	\$ -	\$ 4,765,153

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 SWIFT Inv pool):	\$ 4,289,059	\$ -	\$ 4,289,059

The University Corporation
Other Information
Year Ended June 30, 2019
(For inclusion in the California State University)

3.1 Composition of capital assets:

	Balance June 30, 2018	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2018 (Restated)	Additions	Retirements	Transfer of completed CWIP	Balance June 30, 2019
Non-depreciable/Non-amortizable capital assets:									
Land and land improvements	\$ 1,783,168	\$ -	\$ -	\$ -	\$ 1,783,168	\$ -	\$ -	\$ -	\$ 1,783,168
Works of art and historical treasures	-	-	-	-	-	-	-	-	-
Construction work in progress (CWIP)	17,037	-	-	-	17,037	320,608	-	-	337,645
Intangible assets:									
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Intangible assets in progress (PWIP)	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total non-depreciable/non-amortizable capital assets	1,800,205	-	-	-	1,800,205	320,608	-	-	2,120,813
Depreciable/Amortizable capital assets:									
Buildings and building improvements	28,059,138	-	-	-	28,059,138	-	-	-	28,059,138
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	13,182,979	-	-	-	13,182,979	65,391	-	-	13,248,370
Personal property:									
Equipment	6,014,178	-	-	-	6,014,178	205,107	(19,814)	-	6,199,471
Library books and materials	-	-	-	-	-	-	-	-	-
Intangible assets:									
Software and websites	997,225	-	-	-	997,225	21,150	-	-	1,018,375
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:	-	-	-	-	-	-	-	-	-
Total intangible assets	997,225	-	-	-	997,225	21,150	-	-	1,018,375
Total depreciable/amortizable capital assets	48,253,520	-	-	-	48,253,520	291,648	(19,814)	-	48,525,354
Total capital assets	50,053,725	-	-	-	50,053,725	612,256	(19,814)	-	50,646,167
Less accumulated depreciation/amortization:									
Buildings and building improvements	(13,823,747)	-	-	-	(13,823,747)	(874,086)	-	-	(14,697,833)
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	(6,970,709)	-	-	-	(6,970,709)	(1,027,777)	-	-	(7,998,486)
Personal property:									
Equipment	(5,612,762)	-	-	-	(5,612,762)	(368,085)	19,814	-	(5,961,033)
Library books and materials	-	-	-	-	-	-	-	-	-
Intangible assets:									
Software and websites	(559,972)	-	-	-	(559,972)	(28,439)	-	-	(588,411)
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:	-	-	-	-	-	-	-	-	-
Total intangible assets	(559,972)	-	-	-	(559,972)	(28,439)	-	-	(588,411)
Total accumulated depreciation/amortization	(26,967,190)	-	-	-	(26,967,190)	(2,298,387)	19,814	-	(29,245,763)
Total capital assets, net	\$ 23,086,535	\$ -	\$ -	\$ -	\$ 23,086,535	\$ (1,686,131)	\$ -	\$ -	\$ 21,400,404

See Independent Auditor's Report.

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3.2 Detail of depreciation and amortization expense:

Depreciation and amortization expense related to capital assets	\$ 2,298,387
Amortization expense related to other assets	-
Total depreciation and amortization	\$ 2,298,387

4 Long-term liabilities:

	Balance June 30, 2018	Prior Period Adjustments/ Reclassifications	Balance June 30, 2018 (Restated)	Additions	Reductions	Balance June 30, 2019	Current Portion	Noncurrent Portion
1. Accrued compensated absences	\$ 534,717	\$ -	\$ 534,717	\$ 44,247	\$ -	\$ 578,964	\$ 400,508	\$ 178,456
2. Claims liability for losses and loss adjustment expenses	-	-	-	-	-	-	-	-
3. Capital lease obligations:								
Gross balance	6,505,000	-	6,505,000	-	(400,000)	6,105,000	415,000	5,690,000
Unamortized net premium/(discount)	773,680	-	773,680	-	(92,312)	681,368	-	681,368
Total capital lease obligations	7,278,680	-	7,278,680	-	(492,312)	6,786,368	415,000	6,371,368
4. Long-term debt obligations:								
4.1 Auxiliary revenue bonds (non-SRB related)	-	-	-	-	-	-	-	-
4.2 Commercial paper	-	-	-	-	-	-	-	-
4.3 Notes payable (SRB related)	5,145,000	-	5,145,000	1,500,000	(2,150,000)	4,495,000	495,000	4,000,000
4.4 Others:								
Mortgage payment on college court	43,456	-	43,456	-	(25,459)	17,997	17,997	-
Total others	43,456	-	43,456	-	(25,459)	17,997	17,997	-
Sub-total long-term debt	5,188,456	-	5,188,456	1,500,000	(2,175,459)	4,512,997	512,997	4,000,000
4.5 Unamortized net bond premium/(discount)	432,961	-	432,961	147,087	(40,588)	539,460	-	539,460
Total long-term debt obligations	5,621,417	-	5,621,417	1,647,087	(2,216,047)	5,052,457	512,997	4,539,460
Total long-term liabilities	\$ 13,434,814	\$ -	\$ 13,434,814	\$ 1,691,334	\$ (2,708,359)	\$ 12,417,789	\$ 1,328,505	\$ 11,089,284

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:									
2020	415,000	277,575	692,575	-	-	-	415,000	277,575	692,575
2021	440,000	256,200	696,200	-	-	-	440,000	256,200	696,200
2022	455,000	233,825	688,825	-	-	-	455,000	233,825	688,825
2023	480,000	210,450	690,450	-	-	-	480,000	210,450	690,450
2024	505,000	185,825	690,825	-	-	-	505,000	185,825	690,825
2025 - 2029	2,005,000	582,725	2,587,725	-	-	-	2,005,000	582,725	2,587,725
2030 - 2034	1,805,000	204,675	2,009,675	-	-	-	1,805,000	204,675	2,009,675
2035 - 2039	-	-	-	-	-	-	-	-	-
2040 - 2044	-	-	-	-	-	-	-	-	-
2045 - 2049	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-
Total minimum lease payments	6,105,000	1,951,275	8,056,275	-	-	-	6,105,000	1,951,275	8,056,275
Less: amounts representing interest									(1,951,275)
Present value of future minimum lease payments									6,105,000
Unamortized net premium/(discount)									681,368
Total capital lease obligations									6,786,368
Less: current portion									(415,000)
Capital lease obligations, net of current portion									\$ 6,371,368

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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 Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
Year ending June 30:									
2020	-	-	-	512,997	206,810	719,807	512,997	206,810	719,807
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 - 2029	-	-	-	800,000	613,025	1,413,025	800,000	613,025	1,413,025
2030 - 2034	-	-	-	475,000	486,625	961,625	475,000	486,625	961,625
2035 - 2039	-	-	-	605,000	360,075	965,075	605,000	360,075	965,075
2040 - 2044	-	-	-	770,000	192,500	962,500	770,000	192,500	962,500
2045 - 2049	-	-	-	370,000	18,750	388,750	370,000	18,750	388,750
Thereafter	-	-	-	-	-	-	-	-	-
Total minimum payments	-	-	-	4,512,997	2,569,396	7,082,393	4,512,997	2,569,396	7,082,393
Less: amounts representing interest									(2,569,396)
Present value of future minimum payments									4,512,997
Unamortized net premium/(discount)									539,460
Total long-term debt obligations									5,052,457
Less: current portion									(512,997)
Long-term debt obligations, net of current portion									\$ 4,539,460

7 Transactions with related entities:

Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$ 3,432,893
Payments to University for other than salaries of University personnel	2,739,105
Payments received from University for services, space, and programs	10,701,527
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)	(55,949)
Other amounts (payable to) University (enter as negative number)	-
Accounts receivable from University (enter as positive number)	176,240
Other amounts receivable from University (enter as positive number)	-

8 Restatements/Prior period adjustments:

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

		Debit/(Credit)
Transaction #1	Enter transaction description	
Transaction #2	Enter transaction description	

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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	19,053,432	3,361,202	-	-	-	7,795,382	-	30,210,016
Public service	-	-	-	-	-	-	-	-
Academic support	226,382	29,985	-	-	-	12,617	-	268,984
Student services	-	-	-	-	-	-	-	-
Institutional support	-	-	-	-	-	1,246,808	-	1,246,808
Operation and maintenance of plant	-	-	-	-	-	406,808	-	406,808
Student grants and scholarships	-	-	-	-	249,219	-	-	249,219
Auxiliary enterprise expenses	6,699,454	1,656,789	-	-	-	10,512,813	-	18,869,056
Depreciation and amortization	-	-	-	-	-	-	2,298,387	2,298,387
Total operating expenses	\$ 25,979,268	\$ 5,047,976	\$ -	\$ -	\$ 249,219	\$ 19,974,428	\$ 2,298,387	\$ 53,549,278

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:	-
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:	-
Total deferred inflows of resources	\$ -

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