

# CSU Fullerton Auxiliary Services Corporation

Financial Statements and Supplemental Information

Years Ended June 30, 2019 and 2018



**CSU FULLERTON AUXILIARY SERVICES CORPORATION**  
Financial Statements and Supplemental Information

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
CSU Fullerton Auxiliary Services Corporation

### Report on the Financial Statements

We have audited the accompanying financial statements of CSU Fullerton Auxiliary Services Corporation (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, the related statements of activities and cash flows for the years then ended, the statement of functional expenses for the year ended June 30, 2019, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CSU Fullerton Auxiliary Services Corporation as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Report on Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information included on pages 28 – 43 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

## INDEPENDENT AUDITORS' REPORT, CONTINUED

### **Emphasis of Matter Regarding a Change in Accounting Principle**

As discussed in Note 1 to the financial statements, CSU Fullerton Auxiliary Services Corporation adopted Accounting Standards Update (ASU) No. 2016-14, *Not for-Profit Entities (Topic 958); Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to that matter. As permitted by the standard, CSU Fullerton Auxiliary Services Corporation elected to not present a statement of functional expense or a liquidity and availability footnote for the year ended June 30, 2018.

*Aldrich CPAs + Advisors LLP*

San Diego, California  
September 19, 2019

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**

Statements of Financial Position

June 30, 2019 and 2018

| <b>Assets</b>                                     | <b>Total<br/>2019</b> | <b>Total<br/>2018</b> |
|---|-----------------------|-----------------------|
| Current Assets:                                   |                       |                       |
| Cash and cash equivalents                         | \$ 10,132,125         | 6,280,999             |
| Investments                                       | 1,984,608             | 10,467,724            |
| Accounts receivable:                              |                       |                       |
| Sponsored programs                                | 3,484,810             | 3,298,290             |
| Other receivables                                 | 3,247,498             | 1,657,858             |
| Less allowance for doubtful accounts              | <u>(29,740)</u>       | <u>(28,474)</u>       |
| Total accounts receivable, net                    | 6,702,568             | 4,927,674             |
| Inventories                                       | 2,859,210             | 2,776,540             |
| Capital lease receivable, current portion         | 1,105,000             | 1,060,000             |
| Due from related parties                          | —                     | 1,175,056             |
| Other current assets                              | <u>461,439</u>        | <u>462,671</u>        |
| Total Current Assets                              | 23,244,950            | 27,150,664            |
| Property and Equipment:                           |                       |                       |
| Land  | 19,990,205            | 19,990,205            |
| Building and improvements                         | 30,992,873            | 30,992,873            |
| Equipment, furniture, and fixtures                | 3,567,488             | 3,336,468             |
| Work in progress                                  | 11,944,682            | 10,182,047            |
| Leasehold improvements                            | <u>19,705,659</u>     | <u>19,258,717</u>     |
|   | 86,200,907            | 83,760,310            |
| Less accumulated depreciation and<br>amortization | <u>(14,282,435)</u>   | <u>(11,981,145)</u>   |
| Total Property and Equipment, net                 | 71,918,472            | 71,779,165            |
| Other Assets:                                     |                       |                       |
| Capital lease receivable, net of current          | 18,970,000            | 20,075,000            |
| Annuity and life estate investments               | 311,434               | 309,584               |
| Goodwill  | <u>—</u>              | <u>241,291</u>        |
| Total Other Assets                                | <u>19,281,434</u>     | <u>20,625,875</u>     |
| Total Assets                                      | <u>\$ 114,444,856</u> | <u>119,555,704</u>    |

See accompanying independent auditors' report and notes to the financial statements.

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**

Statements of Financial Position

June 30, 2019 and 2018

| <b>Liabilities and Net Assets</b>                           | <b>Total<br/>2019</b> | <b>Total<br/>2018</b> |
|---|-----------------------|-----------------------|
| Current Liabilities:  |                       |                       |
| Accounts payable  | \$ 1,632,292          | 2,892,538             |
| Accrued expenses  | 3,138,787             | 4,295,567             |
| Accrued interest  | 417,660               | 430,947               |
| Receipts in excess of expenditures on<br>sponsored programs | 3,075,587             | 3,313,201             |
| Deposits held in custody for others                         | 3,023,816             | 2,720,347             |
| Notes payable, current portion                              | 2,214,968             | 2,448,857             |
| Post retirement benefit, current portion                    | 100,690               | 154,367               |
| Unitrust liabilities, current portion                       | 15,736                | 17,915                |
| Total Current Liabilities                                   | <u>13,619,536</u>     | <u>16,273,739</u>     |
| Noncurrent Liabilities:                                     |                       |                       |
| Notes payable, net of current                               | 63,409,880            | 65,457,618            |
| Allowance for grant payments received                       | 803,238               | 911,657               |
| Post retirement benefit, net of current                     | —                     | 1,502,508             |
| Unitrust liabilities, net of current portion                | 243,116               | 236,492               |
| Total Noncurrent Liabilities                                | <u>64,456,234</u>     | <u>68,108,275</u>     |
| Total Liabilities   | <u>78,075,770</u>     | <u>84,382,014</u>     |
| Net Assets:   |                       |                       |
| Without donor restrictions:                                 |                       |                       |
| Designated  | 6,119,421             | 4,987,633             |
| Undesignated  | 30,197,083            | 30,130,880            |
| Net assets, without donor restrictions                      | <u>36,316,504</u>     | <u>35,118,513</u>     |
| Net assets, with donor restrictions                         | 52,582                | 55,177                |
| Total Net Assets  | <u>36,369,086</u>     | <u>35,173,690</u>     |
| Total Liabilities and Net Assets                            | <u>\$ 114,444,856</u> | <u>119,555,704</u>    |

See accompanying independent auditors' report and notes to the financial statements.

## CSU FULLERTON AUXILIARY SERVICES CORPORATION

### Statement of Activities Year Ended June 30, 2019

|   | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total             |
|---|-------------------------------|----------------------------|-------------------|
| Revenues, Gains, and Other Support:                                 |                               |                            |                   |
| Enterprise Activities:  |                               |                            |                   |
| Sales   | \$ 19,349,994                 | —                          | 19,349,994        |
| Commissions, fees, and other revenue                                | 1,635,558                     | —                          | 1,635,558         |
| Total Enterprise Activities   | <u>20,985,552</u>             | <u>—</u>                   | <u>20,985,552</u> |
| Program Activities:   |                               |                            |                   |
| Sponsored programs  | 26,662,348                    | —                          | 26,662,348        |
| University support programs   | 5,656,463                     | —                          | 5,656,463         |
| University Extended Education programs                              | 1,610,517                     | —                          | 1,610,517         |
| Total Program Activities  | <u>33,929,328</u>             | <u>—</u>                   | <u>33,929,328</u> |
| General Supporting Activities:                                      |                               |                            |                   |
| Rental property   | 10,555,790                    | —                          | 10,555,790        |
| Investment income   | 121,239                       | 18,978                     | 140,217           |
| Administrative fees and other revenue                               | 1,692,573                     | —                          | 1,692,573         |
| Net unrealized and realized gains (losses) on investments           | (174,400)                     | 246                        | (174,154)         |
| Total General Supporting Activities                                 | <u>12,195,202</u>             | <u>19,224</u>              | <u>12,214,426</u> |
| Total Revenues and Support  | 67,110,082                    | 19,224                     | 67,129,306        |
| Net assets released from restrictions                               | 21,819                        | (21,819)                   | —                 |
| Total Revenues, Gains, and Other Support                            | <u>67,131,901</u>             | <u>(2,595)</u>             | <u>67,129,306</u> |
| Expenses and Other Changes:   |                               |                            |                   |
| Enterprise Activities:  |                               |                            |                   |
| Bookstores  | 14,303,818                    | —                          | 14,303,818        |
| Dining services   | 6,856,330                     | —                          | 6,856,330         |
| Total Enterprise Activities   | <u>21,160,148</u>             | <u>—</u>                   | <u>21,160,148</u> |
| Program Activities:   |                               |                            |                   |
| Sponsored programs  | 26,662,348                    | —                          | 26,662,348        |
| University support programs   | 5,261,047                     | —                          | 5,261,047         |
| University Extended Education programs                              | 2,065,931                     | —                          | 2,065,931         |
| Total Program Activities  | <u>33,989,326</u>             | <u>—</u>                   | <u>33,989,326</u> |
| General Supporting Activities:                                      |                               |                            |                   |
| Rental property   | 8,625,467                     | —                          | 8,625,467         |
| Management and general  | 3,803,696                     | —                          | 3,803,696         |
| Total General Supporting Activities                                 | <u>12,429,163</u>             | <u>—</u>                   | <u>12,429,163</u> |
| Total Expenses  | <u>67,578,637</u>             | <u>—</u>                   | <u>67,578,637</u> |
| Decrease in net assets from operating activities                    | (446,736)                     | (2,595)                    | (449,331)         |
| Non-Operating Activities:   |                               |                            |                   |
| Postretirement-related changes other than net periodic benefit cost | 1,644,727                     | —                          | 1,644,727         |
| Total non-operating activity costs                                  | <u>1,644,727</u>              | <u>—</u>                   | <u>1,644,727</u>  |
| Change in net assets  | 1,197,991                     | (2,595)                    | 1,195,396         |
| Net Assets, Beginning   | 35,118,513                    | 55,177                     | 35,173,690        |
| Net Assets, End   | <u>\$ 36,316,504</u>          | <u>52,582</u>              | <u>36,369,086</u> |

See accompanying independent auditors' report and notes to the financial statements.

## CSU FULLERTON AUXILIARY SERVICES CORPORATION

### Statement of Activities Year Ended June 30, 2018

|  | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total             |
|--|-------------------------------|----------------------------|-------------------|
| Revenues, Gains, and Other Support:                                    |                               |                            |                   |
| Enterprise Activities:   |                               |                            |                   |
| Sales  | \$ 20,052,056                 | —                          | 20,052,056        |
| Commissions, fees, other   | 1,211,624                     | —                          | 1,211,624         |
| Total Enterprise Activities  | <u>21,263,680</u>             | <u>—</u>                   | <u>21,263,680</u> |
| Program Activities:  |                               |                            |                   |
| Sponsored programs   | 26,731,800                    | —                          | 26,731,800        |
| University support programs  | 6,533,071                     | —                          | 6,533,071         |
| University Extended Education programs                                 | 3,108,157                     | —                          | 3,108,157         |
| Total Program Activities   | <u>36,373,028</u>             | <u>—</u>                   | <u>36,373,028</u> |
| General Supporting Activities:   |                               |                            |                   |
| Rental property  | 10,461,713                    | —                          | 10,461,713        |
| Investment income  | 275,315                       | 19,265                     | 294,580           |
| Net unrealized and realized gains (losses) on<br>investments           | 826,801                       | (20,949)                   | 805,852           |
| Administrative fees and other revenue                                  | 1,360,673                     | —                          | 1,360,673         |
| Total General Supporting Activities                                    | <u>12,924,502</u>             | <u>(1,684)</u>             | <u>12,922,818</u> |
| Total Revenues and Support   | <u>70,561,210</u>             | <u>(1,684)</u>             | <u>70,559,526</u> |
| Net assets released from restrictions                                  | <u>21,385</u>                 | <u>(21,385)</u>            | <u>—</u>          |
| Total Revenues, Gains, and Other Support                               | <u>70,582,595</u>             | <u>(23,069)</u>            | <u>70,559,526</u> |
| Expenses and Other Changes:  |                               |                            |                   |
| Enterprise Activities:   |                               |                            |                   |
| Bookstores   | 13,877,207                    | —                          | 13,877,207        |
| Dining services  | 7,034,217                     | —                          | 7,034,217         |
| Total Enterprise Activities  | <u>20,911,424</u>             | <u>—</u>                   | <u>20,911,424</u> |
| Program Activities:  |                               |                            |                   |
| Sponsored programs   | 26,731,800                    | —                          | 26,731,800        |
| University support programs  | 5,170,516                     | —                          | 5,170,516         |
| University Extended Education programs                                 | 4,813,304                     | —                          | 4,813,304         |
| Total Program Activities   | <u>36,715,620</u>             | <u>—</u>                   | <u>36,715,620</u> |
| General Supporting Activities:   |                               |                            |                   |
| Rental property  | 8,527,930                     | —                          | 8,527,930         |
| Management and general   | 3,677,510                     | —                          | 3,677,510         |
| Total General Supporting Activities                                    | <u>12,205,440</u>             | <u>—</u>                   | <u>12,205,440</u> |
| Total Expenses   | <u>69,832,484</u>             | <u>—</u>                   | <u>69,832,484</u> |
| Increase (Decrease) in net assets from<br>operating activities         | 750,111                       | (23,069)                   | 727,042           |
| Non-Operating Activities:  |                               |                            |                   |
| Postretirement-related changes other than<br>net periodic benefit cost | 1,759,299                     | —                          | 1,759,299         |
| Total non-operating activity costs                                     | <u>1,759,299</u>              | <u>—</u>                   | <u>1,759,299</u>  |
| Change in net assets   | 2,509,410                     | (23,069)                   | 2,486,341         |
| Net Assets, Beginning  | 32,609,103                    | 78,246                     | 32,687,349        |
| Net Assets, End  | <u>\$ 35,118,513</u>          | <u>55,177</u>              | <u>35,173,690</u> |

See accompanying independent auditors' report and notes to the financial statements.



**CSU FULLERTON AUXILIARY SERVICES CORPORATION**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2019**  
(with comparative financial information for the year ended June 30, 2018)

|                                       | <u>Program Activities</u>        |                               |  |  | <u>General Supporting Activities</u> |                            | <u>Total<br/>2019</u> | <u>Total<br/>2018</u> |
|---------------------------------------|----------------------------------|-------------------------------|--|--|--------------------------------------|----------------------------|-----------------------|-----------------------|
|                                       | <u>Enterprise<br/>Activities</u> | <u>Sponsored<br/>Programs</u> | <u>University<br/>Support<br/>Programs</u> | <u>University<br/>Extended<br/>Education</u> | <u>Management<br/>and General</u>    | <u>Rental<br/>Property</u> |                       |                       |
| Cost of Goods Sold                    | \$ 12,091,721                    | —                             | —  | —  | —                                    | —                          | 12,091,721            | 11,815,878            |
| Payroll Expense:                      |                                  |                               |  |  |                                      |                            |                       |                       |
| Salaries and wages                    | 4,360,941                        | 10,699,938                    | 2,043,820                                  | 693,472                                      | 2,509,494                            | 226,564                    | 20,534,229            | 21,269,642            |
| Benefits                              | 825,573                          | 2,158,661                     | 371,941                                    | 296,501                                      | 611,922                              | 87,296                     | 4,351,894             | 4,985,883             |
| Total payroll expenses                | <u>5,186,514</u>                 | <u>12,858,599</u>             | <u>2,415,761</u>                           | <u>989,973</u>                               | <u>3,121,416</u>                     | <u>313,860</u>             | <u>24,886,123</u>     | <u>26,255,525</u>     |
| Administrative Fees                   | —                                | —                             | —  | —  | —                                    | 2,746                      | 2,746                 | 2,990                 |
| Advertising and Promotion             | 135,804                          | 1,315                         | 49,786                                     | 7,247  | —                                    | —                          | 194,152               | 237,743               |
| Audit and Legal                       | —                                | —                             | —  | 7,907  | 85,391                               | 26,813                     | 120,111               | 161,763               |
| Bank and Discount Charges             | 548,304                          | —                             | 24,006                                     | 13,378                                       | 10,786                               | 45,701                     | 642,175               | 688,074               |
| Commission and Royalty                | 411,205                          | —                             | 4,201                                      | —  | —                                    | —                          | 415,406               | 428,413               |
| Communications                        | 109,195                          | 124,311                       | 30,382                                     | 17,006                                       | 26,698                               | 7,939                      | 315,531               | 252,437               |
| Conference and Travel                 | 8,959                            | 878,866                       | 188,371                                    | 122,530                                      | 28,884                               | 3,790                      | 1,231,400             | 1,411,062             |
| Debt Service and Interest             | —                                | —                             | —  | —  | —                                    | 2,279,119                  | 2,279,119             | 2,359,475             |
| Departmental Allocation               | —                                | 2,741,451                     | 2,844                                      | —  | —                                    | —                          | 2,744,295             | 2,646,607             |
| Depreciation and Amortization         | 495,542                          | —                             | —  | —  | 23,913                               | 1,781,835                  | 2,301,290             | 2,138,373             |
| Donations and Scholarships            | 63,153                           | 977,315                       | 418,783                                    | 1,000  | 40,301                               | —                          | 1,500,552             | 1,099,538             |
| Employee Development                  | 95,249                           | 56,713                        | 12,221                                     | 9,710  | 181,423                              | —                          | 355,316               | 346,423               |
| Equipment Rental                      | 60,701                           | 295,906                       | 183,183                                    | 31,658                                       | 14,675                               | 5,544                      | 591,667               | 811,412               |
| Insurance                             | 54,930                           | 2,084                         | 10,828                                     | 32,487                                       | 28,174                               | 237,026                    | 365,529               | 350,964               |
| Other Direct Costs                    | 167,578                          | 1,953,863                     | 743,789                                    | 326,307                                      | 45,608                               | 1,166,291                  | 4,403,436             | 4,053,177             |
| Professional Services and Consultants | 293,060                          | 4,451,889                     | 196,810                                    | 329,188                                      | 65,617                               | 332,279                    | 5,668,843             | 6,752,434             |
| Public Relations                      | 10,225                           | 102,901                       | 503,120                                    | 27,351                                       | 25,127                               | —                          | 668,724               | 1,077,855             |
| Rentals                               | 185,134                          | 5,865                         | 104,656                                    | 616  | —                                    | —                          | 296,271               | 316,502               |
| Repairs and Maintenance               | 439,897                          | 360                           | 121,339                                    | 111,805                                      | 80,736                               | 1,391,135                  | 2,145,272             | 2,313,245             |
| Stipends/Honorariums                  | —                                | 2,126,250                     | 24,160                                     | —  | —                                    | —                          | 2,150,410             | 1,846,383             |
| Supplies                              | 513,244                          | 84,660                        | 160,702                                    | 37,768                                       | 21,406                               | 60,064                     | 877,844               | 1,034,033             |
| Taxes and Licenses                    | 7,755                            | —                             | 247  | —  | 3,541                                | 79,775                     | 91,318                | 48,377                |
| Utilities                             | 281,978                          | —                             | 65,858                                     | —  | —                                    | 891,550                    | 1,239,386             | 1,383,801             |
| Total Operating Expenses              | <u>3,881,913</u>                 | <u>13,803,749</u>             | <u>2,845,286</u>                           | <u>1,075,958</u>                             | <u>682,280</u>                       | <u>8,311,607</u>           | <u>30,600,793</u>     | <u>31,761,081</u>     |
| Total Expenses                        | <u>\$ 21,160,148</u>             | <u>26,662,348</u>             | <u>5,261,047</u>                           | <u>2,065,931</u>                             | <u>3,803,696</u>                     | <u>8,625,467</u>           | <u>67,578,637</u>     | <u>69,832,484</u>     |

See accompanying independent auditors' report and notes to the financial statements.

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**

Statements of Cash Flows

Years Ended June 30, 2019 and 2018

|  | <u>2019</u>          | <u>2018</u>        |
|--|----------------------|--------------------|
| Cash flows from operating activities:  |                      |                    |
| Change in net assets   | \$ 1,195,396         | 2,486,341          |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities: |                      |                    |
| Depreciation and amortization  | 2,301,290            | 2,138,373          |
| Write-off of goodwill  | 241,291              | —                  |
| Bond premium amortization  | (251,627)            | (252,191)          |
| Realized and unrealized losses (gains) on investments  | 174,154              | (805,852)          |
| Decrease (increase) in value of annuity and life estate investments                                | (1,850)              | 19,765             |
| Decrease in annuity and unitrust payable   | 4,445                | 3,304              |
| Changes in operating assets and liabilities:   |                      |                    |
| Increase in accounts receivable  | (1,774,894)          | (181,622)          |
| Increase in inventories  | (82,670)             | (222,390)          |
| Decrease (increase) in other current assets  | 1,232                | (21,627)           |
| Decrease in accounts payable   | (1,260,246)          | (1,885,139)        |
| Decrease in post retirement benefit  | (1,556,185)          | (1,670,563)        |
| Increase (decrease) in accrued expenses  | (1,170,067)          | 483,470            |
| Decrease in receipts in excess of expenditures on specific sponsored programs                      | (237,614)            | (225,760)          |
| Increase in deposits held in custody for others  | 303,469              | 559,527            |
| Decrease in allowance for grant payments received  | (108,419)            | (12,567)           |
| Net cash provided (used) by operating activities   | <u>(2,222,295)</u>   | <u>413,069</u>     |
| Cash flows from investing activities:  |                      |                    |
| Purchase of property and equipment   | (2,440,597)          | (4,862,853)        |
| Purchase of investments  | (205,355)            | (233,337)          |
| Sales of investments   | 8,514,317            | 3,070,595          |
| Net cash provided (used) by investing activities   | <u>5,868,365</u>     | <u>(2,025,595)</u> |
| Cash flows from financing activities:  |                      |                    |
| Payments on notes and capital lease obligations  | (1,872,824)          | (1,786,984)        |
| Payments received for capital lease receivable and due from related parties                        | 2,077,880            | 880,000            |
| Net cash provided (used) by financing activities   | <u>205,056</u>       | <u>(906,984)</u>   |
| Net increase (decrease) in cash  | 3,851,126            | (2,519,510)        |
| Cash and cash equivalents at beginning of year   | 6,280,999            | 8,800,509          |
| Cash and cash equivalents at end of year   | \$ <u>10,132,125</u> | <u>6,280,999</u>   |
| Supplemental disclosures of cash flow information:   |                      |                    |
| Cash paid during the year for interest   | \$ <u>2,279,119</u>  | <u>2,359,475</u>   |
| Non-cash reduction of bond payable and affiliated note receivable                                  | \$ <u>22,176</u>     | <u>38,016</u>      |
| Non-cash reduction of lease payable and lease receivable   | \$ <u>135,000</u>    | <u>145,000</u>     |

See accompanying independent auditors' report and notes to the financial statements.

# CSU FULLERTON AUXILIARY SERVICES CORPORATION

## Notes to Financial Statements

Years Ended June 30, 2019 and 2018

### **(1) Organization**

CSU Fullerton Auxiliary Services Corporation (ASC) is a nonprofit California corporation that is an auxiliary organization of California State University, Fullerton (the University). ASC assists the University in various activities, including developing and administering research and educational grants and contracts, managing building operations, enterprise activities, and administering various educationally related functions, University Support Programs, and other activities.

“Enterprise Activities” represent transactions related to ASC’s ongoing revenue producing, self-supporting activities that are conducted in support of the University’s activities. The enterprise activities consist primarily of the activities of the bookstore and food service operations at the University.

“University Support Programs” represent self-sustaining programs that are conducted in support of the University’s activities. ASC has entered into agreements with the University’s various colleges to carry out the activities of these programs. These programs consist primarily of Centers, Institutes, Conferences, and Workshops at the University. These programs are responsible for providing delivery of noncredit, instructionally-related programs and services provided by ASC.

“University Extended Education” represent activities that are conducted to extend the University’s resources into the community. This includes academic non-credit courses, certificate programs, an English program, a semester abroad program, an international business program, a learning institute for retired and semi-retired persons, and summer classes for children and teens.

“Sponsored Programs” represent transactions where ASC serves as administrator for the University on various grants and contracts awarded by both governmental and private institutions. Support received under grants and contracts is recorded as revenue as it is earned through expenditures in accordance with the agreements. Grants and contracts are subject to review by the grantor.

General supporting activities include administrative activities that support the operations of ASC, as well as “Rental Property” activities, which relate to the lease-financing transactions of the College Park building, Police building, Irvine Campus buildings, Titan Hall building, and the University Gables, as well as related expenditures.

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

A summary of ASC’s significant accounting policies applied in the preparation of the accompanying financial statements follows:

# CSU FULLERTON AUXILIARY SERVICES CORPORATION

## Notes to Financial Statements

Years Ended June 30, 2019 and 2018

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

#### (a) *New Accounting Pronouncement*

ASC adopted ASU No. 2016-14 – *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about not-for-profit entity's liquidity, financial performance, and cash flows. Main provisions of this guidance include: presentation of two classes of net assets versus the previously required three. The guidance also enhances disclosures for board designated amounts, composition of net assets without donor restrictions, liquidity, and expenses by both their natural and functional classification. ASC adjusted the presentation of these statements accordingly.

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

ASC reports information regarding its financial position and activities according to the two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

#### **Net Assets without donor restrictions**

Net assets without donor restrictions include all net assets that are not subject to donor-imposed restrictions and can be expended for any purpose in performing the primary objective and function of ASC. These net assets may be used at the discretion of ASC's management and the Board of Directors. A description of each classification follows:

#### **Undesignated**

Undesignated net assets contain those transactions not included in other classifications. This classification includes activity from administrative functions as well as sponsored programs' activity. Sponsored programs' activity includes research and educational grants and contracts from government and private institutions.

#### **Designated**

Designated net assets are assets that ASC's Board of Directors has set aside for specific purposes.

# CSU FULLERTON AUXILIARY SERVICES CORPORATION

## Notes to Financial Statements

Years Ended June 30, 2019 and 2018

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

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

##### **Net Assets with donor restrictions**

Net assets with donor restrictions are net assets whose use is limited by either donor-imposed time restrictions or purpose restrictions. Time restrictions require resources to be used in a certain period or after a specified date. Purpose restrictions require resources to be used for a specific purpose. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. ASC did not have any donor restrictions that were perpetual in nature for the years ended June 30, 2019 and 2018.

ASC reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

#### (c) *Estimates*

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

#### (d) *Cash and Cash Equivalents*

Cash and cash equivalents consist primarily of investments in fixed income securities, and deposits at financial institutions. ASC considers all highly liquid investments, with an original maturity of six months or less when purchased, to be cash equivalents. Included in the cash balance are amounts that are designated for the University Gables home owners association in the amount of \$737,189 and \$721,721 for the years ended June 30, 2019 and 2018, respectively.

# CSU FULLERTON AUXILIARY SERVICES CORPORATION

## Notes to Financial Statements

Years Ended June 30, 2019 and 2018

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

#### (e) *Concentration of Credit*

ASC maintains its cash accounts with several major commercial banks and financial institutions and is exposed to credit risk for amounts exceeding amounts insured by the Federal Deposit Insurance Corporation (FDIC) and the Securities Investor Protection Corporation (SIPC). ASC had \$11,464,046 and \$5,667,913 of uninsured cash and cash equivalents at June 30, 2019 and 2018, respectively. ASC has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk for cash and cash equivalents.

#### (f) *Investments*

ASC accounts for investments in equity securities with readily determinable fair values, investments in the State Treasurer's Local Agency Investment Fund (LAIF), investments in debt securities, and investments in real estate at fair value, with gains and losses included in the statements of activities. Gains and losses on investments are reported in the statements of activities as increases or decreases in net assets without donor restrictions, unless their use is restricted by donor-imposed stipulations.

#### (g) *Receivables*

Receivables of reimbursements for grants and contract expenditures according to contractual agreements are included in accounts receivable. In addition, there are other receivables for enterprise activities and University Support Programs for various sales and services. Accounts receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and credit to accounts receivable.

#### (h) *Inventories*

Inventories consist of books, computers, supplies, clothing and food. ASC accounts for inventories using the average cost method of accounting, at the lower of cost and net realizable value.

#### (i) *Property and Equipment*

Property and equipment are stated at cost or, if donated, at their estimated fair market value at the date of donation. Betterments that materially prolong the life of assets are capitalized. Repairs and maintenance that do not prolong the life of assets are expensed in the appropriate period.

# CSU FULLERTON AUXILIARY SERVICES CORPORATION

## Notes to Financial Statements

Years Ended June 30, 2019 and 2018

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

#### (i) *Property and Equipment, continued*

Depreciation and amortization are calculated on the straight-line method and are based upon the estimated useful lives of the assets, which range from seven to thirty years. Leasehold improvements are amortized using the straight-line method over their estimated useful lives or the term of the lease, whichever is shorter.

#### (j) *Annuity and Life Estate Investments*

The annuity and life estate investments accounts include gifts made to ASC for which donor-imposed restrictions have not been met. These gifts are typically in the form of charitable remainder trusts or charitable annuities received by ASC. The assets are recorded at fair value, with both a corresponding liability representing the amounts due to the annuitant and net assets representing the remainder interest that will ultimately revert to ASC.

#### (k) *Goodwill*

ASC recorded goodwill upon the dissolution and absorption of the CSU Fullerton Housing Authority Board. Goodwill is evaluated for impairment and adjusted accordingly on an annual basis. As ASC ceased to carry out the operations of the CSU Fullerton Housing Authority board, goodwill was written off during the year ended June 30, 2019.

#### (l) *Deposits Held in Custody of Others*

Funds held by ASC on behalf of University-affiliated ancillary organizations are recorded within the statements of financial position as deposits held in custody for others. ASC is acting as an agent for the transactions of these units, and the revenue and expense activity of the organizations is not recorded.

#### (m) *Allowance for Grant Payments Received*

Revenues from grants are received primarily on a reimbursement basis. Reports submitted for reimbursement are paid by various granting agencies that typically have a process of reviewing reimbursements paid. Upon review, funds deemed to be disallowed by the grantor may be required to be repaid by ASC. ASC has accrued a liability to allow for such repayments of grant receipts.

#### (n) *Grants and Contracts*

ASC serves as administrator for the University on various grants and contracts awarded by both governmental and private institutions. Support received under grants and contracts is recorded as revenue as it is earned through expenditures in accordance with the agreements. Grants and Contracts are subject to review by the grantor.

# CSU FULLERTON AUXILIARY SERVICES CORPORATION

## Notes to Financial Statements

Years Ended June 30, 2019 and 2018

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

#### (o) *Fair Value of Financial Instruments*

ASC's financial instruments, include cash and cash equivalents, receivables, accounts payable, and notes payable. ASC estimates that the fair value of all of these non-derivative financial instruments at June 30, 2019 and 2018 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statements of financial position.

#### (p) *Income Taxes*

ASC is exempt from federal income and California franchise taxes under Sections 501(c)(3) of the Internal Revenue Code and 23701(d) of the California Revenue and Taxation Code, respectively. No income tax provision has been recorded as the net income, if any, from unrelated trade or business, in the opinion of management, is not material to the financial statements taken as a whole.

ASC follows accounting standards generally accepted in the United States of America related to the recognition of uncertain tax positions. ASC recognizes accrued interest and penalties associated with uncertain tax positions as part of the income tax provision, when applicable. There were no amounts accrued in the financial statements related to uncertain tax positions.

#### (q) *Functional Expense Allocations*

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, interest, and office and occupancy, which are allocated on a square-footage basis, as well as salaries and benefits, which are charged directly to the program or supporting service based on where the employee is assigned.

#### (r) *Reclassifications*

Certain revenues and expenses from the June 30, 2018 financial statements that were previously recorded on their own line on the statement of activities were reclassified in order to conform to the June 30, 2019 presentation of expenses by function. In addition, amounts invested in Local Agency Investment Funds were reclassified from cash and cash equivalents to investments on the statements of financial position and statements of cash flows. There was no impact on net assets or the changes in net assets from these reclassifications.

#### (s) *Subsequent Events Accounting Pronouncement*

ASC has evaluated events and transactions for potential recognition or disclosure through September 19, 2019, which represents the date the financial statements were available to be issued.



## CSU FULLERTON AUXILIARY SERVICES CORPORATION

### Notes to Financial Statements

Years Ended June 30, 2019 and 2018

#### (3) Liquidity and Availability

The following reflects the ASC's financial assets as of June 30, 2019, less amounts not available for general use due to contractual or donor-imposed restrictions and certain board-designated assets.

|   |                             |
|---|-----------------------------|
| Current financial assets at year end:   |                             |
| Cash and cash equivalents   | \$ 10,132,125               |
| Investments   | 1,984,608                   |
| Accounts receivable, net  | <u>6,702,568</u>            |
| Total financial assets  | 18,819,301                  |
| Less amounts not available for general use:   |                             |
| Board-designated funds  | (6,119,421)                 |
| Financial assets available to meet cash needs for<br>general expenditures within one year | <u><u>\$ 12,699,880</u></u> |

Amounts not available include those set aside for long-term investing that could be drawn upon if the governing board approves such action. In addition, as part of its liquidity management policy, ASC typically invests cash in excess of daily requirements in various short-term investments, including certificate of deposits and short-term treasury instruments. At June 30, 2019, ASC had liquidated approximately \$8.5 million of the investments they had held at June 30, 2018 due to anticipated market fluctuations.

#### (4) Investments and Fair Value Measurement

Generally accepted accounting principles establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values.

The fair value hierarchy is as follows:

**Level 1:** Quoted prices (unadjusted) in active markets for identical assets and liabilities.

**Level 2:** Other observable inputs other than quoted prices included within Level 1 that are observable for the investment, either directly or indirectly.

**Level 3:** Inputs that are unobservable inputs for the investment and are based on the ASC's assumptions.

# CSU FULLERTON AUXILIARY SERVICES CORPORATION

## Notes to Financial Statements

Years Ended June 30, 2019 and 2018

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

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

As a practical expedient, certain financial instruments may be valued using net asset value (NAV) per share. NAV is the amount of net assets attributable to each share of outstanding capital stock at the end of the period. The following table sets forth by level, within the fair value hierarchy, ASC's financial instruments at fair value:

|                                     | Assets at Fair Value as of June 30, 2019 |          |          |                |                  |
|-------------------------------------|--|----------|----------|----------------|------------------|
|                                     | Level 1                                  | Level 2  | Level 3  | NAV            | Total            |
| Investments:                        |  |          |          |                |                  |
| Cash and Money Market Funds         | \$ 536,501                               | -        | -        | -              | 536,501          |
| Local Agency Investment Fund        | -  | -        | -        | 618,798        | 618,798          |
| Equity Securities:                  |  |          |          |                |                  |
| Small value                         | 120,679                                  | -        | -        | -              | 120,679          |
| Large value                         | 108,489                                  | -        | -        | -              | 108,489          |
| Large growth                        | 77,604                                   | -        | -        | -              | 77,604           |
| Mid value                           | 71,253                                   | -        | -        | -              | 71,253           |
| Other                               | 34,294                                   | -        | -        | -              | 34,294           |
| Consumer                            | 32,704                                   | -        | -        | -              | 32,704           |
| Large core                          | 20,386                                   | -        | -        | -              | 20,386           |
| Small core                          | 18,150                                   | -        | -        | -              | 18,150           |
| Mid core                            | 9,431                                    | -        | -        | -              | 9,431            |
| Total Equity Securities             | 492,990                                  | -        | -        | -              | 492,990          |
| Mutual funds:                       |  |          |          |                |                  |
| Fixed income                        | 103,250                                  | -        | -        | -              | 103,250          |
| Other                               | 46,587                                   | -        | -        | -              | 46,587           |
| Large blend                         | 39,997                                   | -        | -        | -              | 39,997           |
| Large growth                        | 29,043                                   | -        | -        | -              | 29,043           |
| Foreign small/mid growth            | 21,816                                   | -        | -        | -              | 21,816           |
| Foreign large blend                 | 20,245                                   | -        | -        | -              | 20,245           |
| Small blend                         | 10,959                                   | -        | -        | -              | 10,959           |
| Mid-cap blend                       | 10,684                                   | -        | -        | -              | 10,684           |
| Total Mutual Funds                  | 282,581                                  | -        | -        | -              | 282,581          |
| Corporate Debt Securities           | 53,738                                   | -        | -        | -              | 53,738           |
| Total Investments                   | 1,365,810                                | -        | -        | 618,798        | 1,984,608        |
| Annuity and Life Estate Investments | 311,434                                  | -        | -        | -              | 311,434          |
|                                     | <u>\$ 1,677,244</u>                      | <u>-</u> | <u>-</u> | <u>618,798</u> | <u>2,296,042</u> |

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**

Notes to Financial Statements

Years Ended June 30, 2019 and 2018

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

|                                     | Assets at Fair Value as of June 30, 2018 |          |          |                |                   |
|-------------------------------------|--|----------|----------|----------------|-------------------|
|                                     | Level 1                                  | Level 2  | Level 3  | NAV            | Total             |
| Investments:                        |  |          |          |                |                   |
| Cash and Money Market Funds         | \$ 92,080                                | -        | -        | -              | 92,080            |
| Local Agency Investment Fund        | -  | -        | -        | 605,073        | 605,073           |
| Equity Securities:                  |  |          |          |                |                   |
| Mid value                           | 1,071,035                                | -        | -        | -              | 1,071,035         |
| Small value                         | 984,536                                  | -        | -        | -              | 984,536           |
| Large value                         | 939,332                                  | -        | -        | -              | 939,332           |
| Large growth                        | 876,157                                  | -        | -        | -              | 876,157           |
| Large core                          | 409,214                                  | -        | -        | -              | 409,214           |
| Small core                          | 357,857                                  | -        | -        | -              | 357,857           |
| Mid core                            | 269,962                                  | -        | -        | -              | 269,962           |
| Consumer                            | 269,946                                  | -        | -        | -              | 269,946           |
| Other                               | 423,868                                  | -        | -        | -              | 423,868           |
| Total Equity Securities             | 5,601,908                                | -        | -        | -              | 5,601,908         |
| Mutual Funds:                       |  |          |          |                |                   |
| Fixed income                        | 862,513                                  | -        | -        | -              | 862,513           |
| Large blend                         | 308,130                                  | -        | -        | -              | 308,130           |
| Foreign large blend                 | 279,155                                  | -        | -        | -              | 279,155           |
| Small blend                         | 270,412                                  | -        | -        | -              | 270,412           |
| Large growth                        | 209,307                                  | -        | -        | -              | 209,307           |
| Foreign small/mid growth            | 169,270                                  | -        | -        | -              | 169,270           |
| Mid-cap blend                       | 82,002                                   | -        | -        | -              | 82,002            |
| Other                               | 389,133                                  | -        | -        | -              | 389,133           |
| Total Mutual Funds                  | 2,569,922                                | -        | -        | -              | 2,569,922         |
| Corporate Debt Securities           | 1,598,741                                | -        | -        | -              | 1,598,741         |
| Total Investments                   | 9,862,651                                | -        | -        | 605,073        | 10,467,724        |
| Annuity and Life Estate Investments | 309,584                                  | -        | -        | -              | 309,584           |
|                                     | <u>\$10,172,235</u>                      | <u>-</u> | <u>-</u> | <u>605,073</u> | <u>10,777,308</u> |

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**

Notes to Financial Statements

Years Ended June 30, 2019 and 2018

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

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2019 and 2018.

Cash and Money Market Funds – Includes cash and money market funds valued at cost plus accrued interest.

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

Equity Securities – Valued at quoted market prices in active markets.

Mutual Funds – Valued at quoted market prices in active markets which approximates fair value.

Corporate Debt Securities – Debt securities are valued based on market prices in active markets.

Commitments and redemption schedules for those investments valued based on net assets values are as follows:

| Description                  | Fair value | Unfunded Commitments | Redemption Frequency | Redemption Notice Period |
|------------------------------|------------|----------------------|----------------------|--------------------------|
| Local Agency Investment Fund | \$ 618,798 | -                    | n/a                  | n/a                      |

**(5) Due From Related Parties**

During June 2005, the Board of Directors approved a loan request of \$3,500,000 to the University to assist in the funding of the construction of the College of Business and Economics building. The loan funds were transferred to the University during November 2007. The loan is to be retired as quickly as possible, but no later than December 31, 2021. The loan is collateralized by the University committing to a minimum repayment of \$375,000 per year. Loan payments were to consist of all available concession commissions, beverage marketing funds, and any additional funds required to bring the loan payment amount up to at least \$375,000 yearly. Interest on the loan is 0.5% above Local Agency Investment Fund, adjusted semi-annually on June 30 and December 31 of each year.

In June 2015, an agreement was executed between the University and ASC to modify the repayment terms of the loan. Under the agreement, all lease payments due to the University under Sublease Agreement F08-19, which total \$38,016 annually, would be applied by ASC against the outstanding balance due under the Loan Agreement, through November 30, 2018. No interest will be due on the outstanding balance. As of March 12, 2019, the University paid off the entire outstanding balance of the loan. At June 30, 2018, the outstanding balance of the loan was \$1,175,056.

# CSU FULLERTON AUXILIARY SERVICES CORPORATION

## Notes to Financial Statements

Years Ended June 30, 2019 and 2018

### **(6) Notes Payable, Capital Lease Payable, and Capital Lease Receivable**

- (a) The ASC issued Auxiliary Organization Revenue Bonds, \$18,990,000 Series 2000A and \$9,275,000 Series B remarketed bonds to provide conduit financing for the acquisition of a ten-story office building adjacent to the University. During March 2010, ASC entered into a loan agreement with the State of California, acting through the Board of Trustees of the California State University, to refund and defease the 2000A and 2000B bond. The Board assisted ASC by issuing its System Revenue Bonds Series 2010A (SRB 2010A) and depositing \$23,628,147 into an irrevocable escrow account to redeem the 2000A and 2000B series bonds maturing in 2030. Bonds 2000A and 2000B are considered defeased and are not recorded on the financial statements.

SRB 2010A loan amount of \$22,040,000 bears interest at a varying rate which has averaged 3.70% annually. Payments are due and payable on May 1 and November 1 of each year, commencing November 1, 2010, through and including November 1, 2030.

ASC entered into a capital lease agreement with the University for the use of these facilities. The term is 30 years during which time the University will be obligated to make rental payments to ASC at estimated market value amounts, or at least amounts sufficient to pay regularly scheduled debt service including interest on the loan. ASC has recorded a capital lease receivable and a corresponding note payable for \$15,415,000, less a \$965,000 current portion for both the capital lease receivable and note payable, with unamortized premium on the related bond of \$874,445 at June 30, 2019. As of June 30, 2018 the capital lease receivable and debt totaled \$16,340,000, less \$925,000 current portion, with unamortized premium on the related bond of \$951,040. Title to the office building will be transferred to the University upon the retirement or defeasance of all the outstanding bonds. The interest expense on the SRB 2010A loan for the years ended June 30, 2019 and 2018 was \$785,775 and \$826,400, respectively.

- (b) During fiscal year 2008-2009, ASC agreed to support the CSUF Housing Authority in financing the loans used to acquire the University Heights project (consisting of 42 paired units in 21 buildings on a 3 acre site approximately 3 miles west of the campus in Fullerton, California) and the Creekside project, an off campus housing development in La Habra, California (consisting of 20 refurbished condominiums). On November 19, 2008, ASC entered into a loan agreement with the State of California, acting through the Board to relieve the Housing Authority financial obligation. The Board of Trustees assisted ASC by issuing a bond anticipated note (that was used to secure certain commercial paper notes). During the fiscal year 2013-2014, the University Heights project was sold for \$11,330,000. The funds were wired to the CSU Chancellor's office to pay against an outstanding liability of \$13,330,000. The balance remained on the ASC books as a long-term liability. This loan was placed in commercial paper to be paid through February 2019, at an average annual cost equivalent to 1.2%. As of June 30, 2019, there was no outstanding balance, and at June 30, 2018, the outstanding balance of the note was \$300,000.

## CSU FULLERTON AUXILIARY SERVICES CORPORATION

### Notes to Financial Statements

Years Ended June 30, 2019 and 2018

#### **(6) Notes Payable, Capital Lease Payable and Capital Lease Receivable (continued)**

- (c) During April 2008, ASC entered into a ground and facilities lease agreement (as lessee) and a sublease agreement (as lessor) with the State of California, acting through the Board of Trustees, to finance the construction of a one-story building on the campus of the University that provides administrative and operational space for a police station and related facilities. Both lease agreements have a term of 30 years. The Board assisted ASC by issuing its System Revenue Bond 2008A in the principal amount of \$6,305,000. In 2017, ASC refunded \$4,800,000 of the bonds by issuing the System Revenue Bond 2017, leaving \$275,000 remaining of the 2008A bond. The bonds bear interest at a varying rate averaging 4.25% and the principal balance of the loan is to be paid in full by 2038. As of June 30, 2019 and 2018, the capital lease receivable and payable was \$4,660,000 and \$4,795,000, respectively, of which the current portion was \$140,000 and \$135,000, respectively.
- (d) During July 2012, the ASC Board of Directors approved the acquisition of two office buildings of approximately 86,500 square feet, with related on-site parking of 290 spaces, on 3.628 acres of land adjacent to the main campus at a total cost of \$18,470,000. Subsequently, the University agreed to lease the building from ASC at the current market value.

During September 2012, the University assisted in funding the building acquisition by depositing \$5,000,000 (through its University Extended Education reserves) into a deposit account with ASC. Upon execution of the lease agreement between ASC and the University, the deposit will be appropriately amortized over the term of the lease. Construction is still underway on this portion of the building so no lease agreement has been executed.

During October 2012, ASC entered into a loan agreement with the State of California, acting through the Board of Trustees of the California State University, to finance a remaining portion of the building cost. The Board assisted ASC by issuing a commercial paper note in the principal amount of \$13,470,000. During the fiscal year 2016-2017, the loan agreement was amended due to conversion of the commercial paper note to a system-wide revenue bond (Series 2015A). The bond was issued at a premium, netting a long-term liability of \$12,010,000. The effective rate of the bond was 5%, with payments being paid semiannually at May 1 and November 1 of each year, commencing November 11, 2015, through November 1, 2045. As of June 30, 2019 and 2018, the outstanding balance of the note was \$11,410,000 and \$11,615,000, respectively, and amount owed to the University was \$5,000,000. Unamortized bond premium for the years ended June 30, 2019 and 2018 was \$1,314,308 and \$1,364,697, respectively.

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**

Notes to Financial Statements

Years Ended June 30, 2019 and 2018

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

(e) During the fiscal year 2013-2014, the ASC Board approved the acquisition of two 2-story office buildings containing 139,610 net rentable square feet on 12.65 acres of land in the City of Irvine. The property includes approximately 877 surface parking spaces, at a total cost of \$30,000,000. The property was purchased to support the University's educational mission to establish a presence in south Orange County. The property will be used for creating necessary facilities for an Irvine Satellite campus. One of the buildings was leased to the University, the second building was leased to a non-university entity. Once the lease on the second building expires, the University has agreed to lease the second building from the ASC. On September 1, 2013, ASC entered into a loan agreement with the State of California, acting through the Board, to finance the property. The Board assisted ASC by issuing a commercial paper note in the principal amount of \$30,000,000. During the fiscal year 2014-2015, the loan agreement was amended due to conversion of the commercial paper note to a system-wide revenue bond (Series 2014A). The bond was issued at a premium, netting a long-term liability of \$26,390,000. The effective rate of the bond was 5%, with payments being paid semiannually at May 1 and November 1 of each year, commencing November 11, 2014, through November 1, 2044. As of June 30, 2019 and 2018, the outstanding balance of the note was \$23,835,000 and \$24,300,000, respectively and the interest expense was \$1,203,375 and \$1,223,900, respectively. Unamortized bond premium at June 30, 2019 and 2018 was \$3,116,096 and \$3,240,740, respectively.

As of June 30, 2019, future minimum payments on the notes payable and loans are as follows:

| Year Ending June 30: | Principal     | Interest   |
|----------------------|---------------|------------|
| 2020                 | \$ 2,214,968  | 2,668,795  |
| 2021                 | 2,314,242     | 2,580,595  |
| 2022                 | 2,409,242     | 2,488,145  |
| 2023                 | 2,514,242     | 2,386,116  |
| 2024                 | 2,619,242     | 2,278,820  |
| 2025-2029            | 14,891,212    | 9,578,949  |
| 2030-2034            | 12,707,740    | 6,367,083  |
| 2035-2039            | 11,460,427    | 4,112,517  |
| 2040-2044            | 12,145,007    | 1,631,583  |
| Thereafter           | 2,348,526     | 61,084     |
| Total                | \$ 65,624,848 | 34,153,687 |

## CSU FULLERTON AUXILIARY SERVICES CORPORATION

### Notes to Financial Statements

Years Ended June 30, 2019 and 2018

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

As of June 30, 2019, future minimum payments on the capital lease receivable are as follows:

| Year Ending June 30: |                      |
|----------------------|----------------------|
| 2020                 | \$ 1,105,000         |
| 2021                 | 1,155,000            |
| 2022                 | 1,220,000            |
| 2023                 | 1,280,000            |
| 2024                 | 1,345,000            |
| Thereafter           | <u>13,970,000</u>    |
| Total                | <u>\$ 20,075,000</u> |

#### (7) Postretirement Health Benefit Plan

ASC provides post-retirement healthcare coverage on behalf of retirees who meet certain age and service requirements. Retirees must be enrolled in ASC's medical insurance plans at the time of retirement, and have met the applicable eligibility requirements as follows:

Hired prior to December 31, 1991:

According to CalPERS eligibility requirements - Age 50 and 5 years of credited service

Hired after December 31, 1991:

Age 60+ and 20 years of service: 100% of the maximum employer contribution

Age 65+ and 15-19 years of service: 75% of the maximum employer contribution

Age 65+ and 10-14 years of service: 50% of the maximum employer contribution

Once eligible, they will be covered for life under ASC's medical plans and receive an ASC contribution on behalf of retiree, spouse, domestic partner, or surviving spouse or domestic partner, equal to the corresponding contribution for active employees, subject to the percentages shown above, if applicable. This contribution is subject to the retiree making the required contributions as adjusted from time to time by ASC's Board.



## CSU FULLERTON AUXILIARY SERVICES CORPORATION

### Notes to Financial Statements

Years Ended June 30, 2019 and 2018

#### (7) Postretirement Health Benefit Plan (continued)

The following table summarizes ASC's accrued postretirement benefit cost recorded in accrued liabilities in the accompanying statements of financial position.

|  | 2019           | 2018        |
|--|----------------|-------------|
| Change in benefit obligation:                              |                |             |
| Benefit obligation at beginning of year                    | \$ 6,731,850   | 8,091,184   |
| Service cost   | 387,498        | 612,024     |
| Interest cost  | 275,536        | 240,392     |
| Benefits paid  | (152,532)      | (157,369)   |
| Actuarial gain   | (1,844,623)    | (2,054,381) |
| Benefit obligation at end of year                          | \$ 5,397,729   | 6,731,850   |
| Change in plan assets:                                     |                |             |
| Fair value of plan assets at beginning of year             | \$ 5,074,975   | 4,763,746   |
| Actual return on plan assets                               | 222,064        | 311,229     |
| Benefits paid  | (152,532)      | (157,369)   |
| Employer contributions                                     | 152,532        | 157,369     |
| Fair value of plan assets at end of year                   | \$ 5,297,039   | 5,074,975   |
| Funded Status:   |                |             |
| Fair value of plan assets, end of year                     | \$ 5,297,039   | 5,074,975   |
| Accumulated Postretirement Benefit Obligation, end of year | (5,397,729)    | (6,731,850) |
| Funded Status at end of year                               | \$ (100,690)   | (1,656,875) |
| Amounts Recognized in Statements of Financial Position:    |                |             |
| Current liabilities  | \$ (100,690)   | (154,367)   |
| Non-current liabilities                                    | -              | (1,502,508) |
| Total Recognized in Statement of Financial Position        | \$ (100,690)   | (1,656,875) |
| Amount Recognized in Changes in Net Assets:                |                |             |
| Net actuarial gain   | (3,535,732)    | (1,966,932) |
| Total Recognized in Changes in Net Assets                  | \$ (3,535,732) | (1,966,932) |

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**

Notes to Financial Statements

Years Ended June 30, 2019 and 2018

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

|                                | <u>2019</u>       | <u>2018</u>    |
|--------------------------------|-------------------|----------------|
| Net periodic benefit cost:     |                   |                |
| Service cost                   | \$ 387,498        | 612,024        |
| Interest cost                  | 275,536           | 240,392        |
| Expected return on plan assets | (355,248)         | (333,462)      |
| Amortization of net gain       | <u>(142,640)</u>  | <u>-</u>       |
| Net periodic benefit cost      | <u>\$ 165,146</u> | <u>518,954</u> |

Assumptions:

Weighted-average assumptions  
used to determine benefit obligation

|  |       |       |
|--|-------|-------|
| Discount rate                            | 4.14% | 3.75% |
| Expected long-term return on plan assets | 7.00% | 7.00% |
| Rate of compensation increase            | N/A   | N/A   |

|  |       |       |
|--|-------|-------|
| Health care cost trend rate assumed for next year                                    | 6.00% | 6.00% |
| Rate to which the cost trend rate is assumed<br>to decline (the ultimate trend rate) | 5.00% | 5.00% |
| Year that the rate reaches the ultimate trend rate                                   | 2019  | 2019  |

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

Year Ending June 30:

|                                 |                     |
|---------------------------------|---------------------|
| 2020                            | \$ 155,670          |
| 2021                            | 165,140             |
| 2022                            | 176,814             |
| 2023                            | 185,268             |
| 2024                            | 198,187             |
| 2025-2029                       | <u>1,267,418</u>    |
| Total Expected Benefit Payments | <u>\$ 2,148,497</u> |

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**

Notes to Financial Statements

Years Ended June 30, 2019 and 2018

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

Plan assets for the postretirement health benefit plan are invested in a trust measured at fair market value and include the following:

|                   | <u>2019</u>             | <u>2018</u>             |
|-------------------|-------------------------|-------------------------|
| Investments:      |                         |                         |
| Equity securities | \$ 2,611,725            | \$ 2,808,347            |
| Fixed income      | 2,374,146               | 1,980,247               |
| Other             | <u>311,168</u>          | <u>286,381</u>          |
| <br>Total         | <br><u>\$ 5,297,039</u> | <br><u>\$ 5,074,975</u> |

**(8) Net Assets**

ASC designates net assets without donor restrictions for specific purposes. The following are the unexpended net asset balances that have been designated for specific purposes by the Board of Directors as of June 30:

|                       | <u>2019</u>         | <u>2018</u>         |
|-----------------------|---------------------|---------------------|
| University Gables HOA | \$ 737,189          | \$ 721,721          |
| Reserves              | <u>5,382,232</u>    | <u>4,265,912</u>    |
| Total                 | <u>\$ 6,119,421</u> | <u>\$ 4,987,633</u> |

Net assets with donor restrictions were as follows for the year ended June 30, 2019 and 2018:

|                                     | <u>2019</u> | <u>2018</u> |
|-------------------------------------|-------------|-------------|
| Time Restricted:                    |             |             |
| Annuity and life estate investments | \$ 52,582   | \$ 55,177   |

Amounts released from restriction are due to the change in market value of assets offset by the change in the liability for future payments.

**(9) Retirement Plan**

The Teachers Insurance and Annuity Association College Retirement Equities Fund (TIAA-CREF) program is a tax-sheltered annuity program qualified under IRS Code Section 403(b). This is a defined contribution type plan under which employees are eligible to participate immediately, with a two year “cliff” vesting period.

# CSU FULLERTON AUXILIARY SERVICES CORPORATION

## Notes to Financial Statements

Years Ended June 30, 2019 and 2018

### (9) Retirement Plan (continued)

Employees will have a choice of contribution level as follows:

| <u>Employee Contribution of Compensation</u> | <u>Employer Matching Contribution</u> |
|--|---------------------------------------|
| Less than 2% of compensation                 | 0% of participant compensation        |
| 2% or greater, but less than 5%              | 4% of participant compensation        |
| 5% or greater of compensation                | 8% of participant compensation        |

Notwithstanding the matching contribution formula specified above, no matching contributions in excess of 8% of a Qualifying Contributing Participant's Compensation will be made with respect to any Qualifying Contributing Participant for any Plan Year. ASC's contributions are 100% vested after two years of employment. The contributions accumulate earnings in an account on a tax-deferred basis, while the employee remains employed.

Employees can choose to contribute additional funds into TIAA's Group Supplemental Retirement Annuity Certificates Defined Contribution Plan 403(b) and the Private Plan 457(b). Employee deferrals are limited to \$19,000 with an additional \$6,000 for age 50 or more per employee per year in aggregate for the 403(b) plan. For participants within three years of the Plan 457(b) normal retirement age, a special catch-up additional amount up to the lesser of twice the applicable limit or unused amounts from prior years. On termination of employment, each participant is entitled to the balance of his or her vested account. It is the policy of ASC to fund benefit costs as they are incurred. For the year ended June 30, 2019 and 2018, total benefit expense was \$570,520 and \$577,084, respectively.

### (10) Operating Lease Commitments

ASC has various land and facilities operating leases from both the University and Associated Students, California State University, Fullerton that have five year terms ending in 2024. These lease agreements are renegotiated periodically. Among other provisions, the leases require that ASC make payments based upon various percentages of net income received. ASC makes rental payments for various facilities. For the years ended June 30, 2019 and 2018, rental expense was \$263,289 and \$280,141, respectively.

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**

Notes to Financial Statements

Years Ended June 30, 2019 and 2018

**(10) Operating Lease Commitments (continued)**

Future minimum payments under operating lease agreements as of June 30, 2019 are as follows:

|                      |                     |
|----------------------|---------------------|
| Year Ending June 30: |                     |
| 2020                 | \$ 271,188          |
| 2021                 | 279,323             |
| 2022                 | 287,703             |
| 2023                 | 296,334             |
| 2024                 | <u>305,224</u>      |
| Total                | <u>\$ 1,439,772</u> |

As described in Note 6, ASC receives rental income from buildings on the Fullerton campus and the Irvine satellite campus, which includes month-to-month leases. Future amounts to be received from non-cancelable operating leases, which only includes the College Park building lease, as of June 30, 2019 are as follows:

|                      |                      |
|----------------------|----------------------|
| Year Ending June 30: |                      |
| 2020                 | \$ 4,890,756         |
| 2021                 | 4,890,756            |
| 2022                 | 4,890,756            |
| 2023                 | 4,890,756            |
| 2024                 | 4,890,756            |
| Thereafter           | <u>29,344,539</u>    |
| Total                | <u>\$ 53,798,319</u> |

**(11) Related Party Transactions**

ASC and the University provide a variety of services on each other's behalf. ASC has recorded the following related party amounts as of June 30:

|  | <u>2019</u>  | <u>2018</u> |
|--|--------------|-------------|
| Receivables due from University                | \$ 1,505,264 | 638,945     |
| Accounts payable due to University             | 1,733,840    | 1,588,289   |
| Amounts billed by ASC and included in revenues | 12,968,609   | 15,918,577  |
| Gifts to the University                        | 525,272      | 949,108     |
| Amounts billed to ASC and included in expenses | 6,540,353    | 7,855,584   |

## **SUPPLEMENTAL INFORMATION**

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**

Schedule of Financial Position by Fund

June 30, 2019

(With comparative financial information as of June 30, 2018)

| Assets   | General              | Other Designated | Rental Property   | Enterprise Activities | University Support Programs | University Extended Education | Without Donor Restrictions | With Donor Restrictions | Total 2019         | Total 2018         |
|--|----------------------|------------------|-------------------|-----------------------|-----------------------------|-------------------------------|----------------------------|-------------------------|--------------------|--------------------|
| <b>Current Assets:</b>                         |                      |                  |                   |                       |                             |                               |                            |                         |                    |                    |
| Cash and cash equivalents                      | \$ 13,548,858        | 5,766,320        | (15,575,125)      | (4,505,906)           | 7,582,491                   | 3,315,487                     | 10,132,125                 | —                       | 10,132,125         | 6,280,999          |
| Investments                                    | 1,984,608            | —                | —                 | —                     | —                           | —                             | 1,984,608                  | —                       | 1,984,608          | 10,467,724         |
| Accounts receivable:                           |                      |                  |                   |                       |                             |                               |                            |                         |                    |                    |
| Sponsored programs                             | 3,484,810            | —                | —                 | —                     | —                           | —                             | 3,484,810                  | —                       | 3,484,810          | 3,298,290          |
| Other receivables                              | 461,061              | 13,526           | 657,324           | 1,825,004             | 181,429                     | 109,154                       | 3,247,498                  | —                       | 3,247,498          | 1,657,858          |
| Less allowance for doubtful accounts           | (28,474)             | —                | —                 | (1,266)               | —                           | —                             | (29,740)                   | —                       | (29,740)           | (28,474)           |
| Total accounts receivable, net                 | 3,917,397            | 13,526           | 657,324           | 1,823,738             | 181,429                     | 109,154                       | 6,702,568                  | —                       | 6,702,568          | 4,927,674          |
| Inventories                                    | —                    | —                | —                 | 2,859,210             | —                           | —                             | 2,859,210                  | —                       | 2,859,210          | 2,776,540          |
| Capital lease receivable, current portion      | —                    | —                | 1,105,000         | —                     | —                           | —                             | 1,105,000                  | —                       | 1,105,000          | 1,060,000          |
| Due from related parties, current portion      | —                    | —                | —                 | —                     | —                           | —                             | —                          | —                       | —                  | 1,175,056          |
| Other current assets                           | 276,491              | —                | —                 | 184,948               | —                           | —                             | 461,439                    | —                       | 461,439            | 462,671            |
| Total Current Assets                           | 19,727,354           | 5,779,846        | (13,812,801)      | 361,990               | 7,763,920                   | 3,424,641                     | 23,244,950                 | —                       | 23,244,950         | 27,150,664         |
| <b>Property and Equipment:</b>                 |                      |                  |                   |                       |                             |                               |                            |                         |                    |                    |
| Land   | —                    | —                | 19,987,127        | —                     | 3,078                       | —                             | 19,990,205                 | —                       | 19,990,205         | 19,990,205         |
| Building and improvements                      | —                    | —                | 30,992,873        | —                     | —                           | —                             | 30,992,873                 | —                       | 30,992,873         | 30,992,873         |
| Equipment, furniture, and fixtures             | 279,293              | —                | 577,536           | 2,710,659             | —                           | —                             | 3,567,488                  | —                       | 3,567,488          | 3,336,468          |
| Work in progress                               | —                    | —                | 11,869,723        | 74,959                | —                           | —                             | 11,944,682                 | —                       | 11,944,682         | 10,182,047         |
| Leasehold improvements                         | —                    | —                | 16,235,897        | 3,469,762             | —                           | —                             | 19,705,659                 | —                       | 19,705,659         | 19,258,717         |
|  | 279,293              | —                | 79,663,156        | 6,255,380             | 3,078                       | —                             | 86,200,907                 | —                       | 86,200,907         | 83,760,310         |
| Less accumulated depreciation and amortization | (206,148)            | —                | (11,096,862)      | (2,979,425)           | —                           | —                             | (14,282,435)               | —                       | (14,282,435)       | (11,981,145)       |
| Total Property and Equipment, net              | 73,145               | —                | 68,566,294        | 3,275,955             | 3,078                       | —                             | 71,918,472                 | —                       | 71,918,472         | 71,779,165         |
| <b>Other Assets:</b>                           |                      |                  |                   |                       |                             |                               |                            |                         |                    |                    |
| Capital lease receivable, net of current       | —                    | —                | 18,970,000        | —                     | —                           | —                             | 18,970,000                 | —                       | 18,970,000         | 20,075,000         |
| Annuity and life estate investments            | —                    | —                | —                 | —                     | —                           | —                             | —                          | 311,434                 | 311,434            | 309,584            |
| Goodwill                                       | —                    | —                | —                 | —                     | —                           | —                             | —                          | —                       | —                  | 241,291            |
| Total Other Assets                             | —                    | —                | 18,970,000        | —                     | —                           | —                             | 18,970,000                 | 311,434                 | 19,281,434         | 20,625,875         |
| <b>Total Assets</b>                            | <b>\$ 19,800,499</b> | <b>5,779,846</b> | <b>73,723,493</b> | <b>3,637,945</b>      | <b>7,766,998</b>            | <b>3,424,641</b>              | <b>114,133,422</b>         | <b>311,434</b>          | <b>114,444,856</b> | <b>119,555,704</b> |

See independent auditors' report.

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**

Schedule of Financial Position by Fund

June 30, 2019

(With comparative financial information as of June 30, 2018)

| <b>Liabilities and Net Assets</b>                        | <b>General</b>       | <b>Other Designated</b> | <b>Rental Property</b> | <b>Enterprise Activities</b> | <b>University Support Programs</b> | <b>University Extended Education</b> | <b>Without Donor Restrictions</b> | <b>With Donor Restrictions</b> | <b>Total 2019</b>  | <b>Total 2018</b>  |
|--|----------------------|-------------------------|------------------------|------------------------------|------------------------------------|--------------------------------------|-----------------------------------|--------------------------------|--------------------|--------------------|
| <b>Current Liabilities:</b>                              |                      |                         |                        |                              |                                    |                                      |                                   |                                |                    |                    |
| Accounts payable   | \$ 694,021           | 5,649                   | 145,341                | 617,817                      | 169,464                            | —                                    | 1,632,292                         | —                              | 1,632,292          | 2,892,538          |
| Accrued expenses   | 790,183              | 81,545                  | 556,808                | 684,148                      | 738,535                            | 287,568                              | 3,138,787                         | —                              | 3,138,787          | 4,295,567          |
| Accrued interest   | —                    | —                       | 417,660                | —                            | —                                  | -                                    | 417,660                           | —                              | 417,660            | 430,947            |
| Receipts in excess of expenditures on sponsored programs | 3,075,587            | —                       | —                      | —                            | —                                  | —                                    | 3,075,587                         | —                              | 3,075,587          | 3,313,201          |
| Deposits held in custody for others                      | —                    | —                       | —                      | —                            | 3,023,816                          | —                                    | 3,023,816                         | —                              | 3,023,816          | 2,720,347          |
| Notes payable, current portion                           | —                    | —                       | 2,214,968              | —                            | —                                  | —                                    | 2,214,968                         | —                              | 2,214,968          | 2,448,857          |
| Post retirement benefit, current portion                 | 100,690              | —                       | —                      | —                            | —                                  | —                                    | 100,690                           | —                              | 100,690            | 154,367            |
| Unitrust liabilities, current portion                    | —                    | —                       | —                      | —                            | —                                  | —                                    | —                                 | 15,736                         | 15,736             | 17,915             |
| <b>Total Current Liabilities</b>                         | <b>4,660,481</b>     | <b>87,194</b>           | <b>3,334,777</b>       | <b>1,301,965</b>             | <b>3,931,815</b>                   | <b>287,568</b>                       | <b>13,603,800</b>                 | <b>15,736</b>                  | <b>13,619,536</b>  | <b>16,273,739</b>  |
| <b>Noncurrent Liabilities:</b>                           |                      |                         |                        |                              |                                    |                                      |                                   |                                |                    |                    |
| Notes payable, net of current                            | —                    | —                       | 63,409,880             | —                            | —                                  | —                                    | 63,409,880                        | —                              | 63,409,880         | 65,457,618         |
| Allowance for grant payments received                    | 803,238              | —                       | —                      | —                            | —                                  | —                                    | 803,238                           | —                              | 803,238            | 911,657            |
| Post retirement benefit, net of current                  | —                    | —                       | —                      | —                            | —                                  | —                                    | —                                 | —                              | —                  | 1,502,508          |
| Unitrust liabilities, net of current portion             | —                    | —                       | —                      | —                            | —                                  | —                                    | —                                 | 243,116                        | 243,116            | 236,492            |
| <b>Total Noncurrent Liabilities</b>                      | <b>803,238</b>       | <b>—</b>                | <b>63,409,880</b>      | <b>—</b>                     | <b>—</b>                           | <b>—</b>                             | <b>64,213,118</b>                 | <b>243,116</b>                 | <b>64,456,234</b>  | <b>68,108,275</b>  |
| <b>Total Liabilities</b>                                 | <b>5,463,719</b>     | <b>87,194</b>           | <b>66,744,657</b>      | <b>1,301,965</b>             | <b>3,931,815</b>                   | <b>287,568</b>                       | <b>77,816,918</b>                 | <b>258,852</b>                 | <b>78,075,770</b>  | <b>84,382,014</b>  |
| <b>Net Assets:</b>                                       |                      |                         |                        |                              |                                    |                                      |                                   |                                |                    |                    |
| <b>Without donor restrictions:</b>                       |                      |                         |                        |                              |                                    |                                      |                                   |                                |                    |                    |
| Designated   | —                    | 5,382,232               | 737,189                | —                            | —                                  | —                                    | 6,119,421                         | —                              | 6,119,421          | 4,987,633          |
| Undesignated   | 14,336,780           | 310,420                 | 6,241,647              | 2,335,980                    | 3,835,183                          | 3,137,073                            | 30,197,083                        | —                              | 30,197,083         | 30,130,880         |
| <b>Net assets, without donor restrictions</b>            | <b>14,336,780</b>    | <b>5,692,652</b>        | <b>6,978,836</b>       | <b>2,335,980</b>             | <b>3,835,183</b>                   | <b>3,137,073</b>                     | <b>36,316,504</b>                 | <b>—</b>                       | <b>36,316,504</b>  | <b>35,118,513</b>  |
| <b>Net assets, with donor restrictions</b>               | <b>—</b>             | <b>—</b>                | <b>—</b>               | <b>—</b>                     | <b>—</b>                           | <b>—</b>                             | <b>—</b>                          | <b>52,582</b>                  | <b>52,582</b>      | <b>55,177</b>      |
| <b>Total Net Assets</b>                                  | <b>14,336,780</b>    | <b>5,692,652</b>        | <b>6,978,836</b>       | <b>2,335,980</b>             | <b>3,835,183</b>                   | <b>3,137,073</b>                     | <b>36,316,504</b>                 | <b>52,582</b>                  | <b>36,369,086</b>  | <b>35,173,690</b>  |
| <b>Total Liabilities and Net Assets</b>                  | <b>\$ 19,800,499</b> | <b>5,779,846</b>        | <b>73,723,493</b>      | <b>3,637,945</b>             | <b>7,766,998</b>                   | <b>3,424,641</b>                     | <b>114,133,422</b>                | <b>311,434</b>                 | <b>114,444,856</b> | <b>119,555,704</b> |

See independent auditors' report.



**CSU FULLERTON AUXILIARY SERVICES CORPORATION**  
Schedule of Activities by Fund  
Year Ended June 30, 2019  
(with comparative financial information for the year ended June 30, 2018)

|  | <u>General</u>    | <u>Other<br/>Designated</u> | <u>Rental<br/>Property</u> | <u>Enterprise<br/>Activities</u> | <u>University<br/>Support<br/>Programs</u> | <u>University<br/>Extended<br/>Education</u> | <u>Without<br/>Donor<br/>Restrictions</u> | <u>With<br/>Donor<br/>Restrictions</u> | <u>Total<br/>2019</u> | <u>Total<br/>2018</u> |
|--|-------------------|-----------------------------|----------------------------|----------------------------------|--|--|---|--|-----------------------|-----------------------|
| Operating:                               |                   |                             |                            |                                  |  |  |   |  |                       |                       |
| Revenues, gains, and other support:      |                   |                             |                            |                                  |  |  |   |  |                       |                       |
| Sponsored Program Revenue                | \$ 26,662,348     | —                           | —                          | —                                | —  | —  | 26,662,348                                | —                                      | 26,662,348            | 26,731,800            |
| Sales                                    | —                 | —                           | —                          | 19,349,994                       | 66,635                                     | —  | 19,416,629                                | —                                      | 19,416,629            | 20,114,769            |
| Rental Income                            | —                 | —                           | 9,730,551                  | 265,748                          | 279,025                                    | —  | 10,275,324                                | —                                      | 10,275,324            | 10,126,307            |
| Program Income                           | 705               | —                           | —                          | —                                | 2,889,172                                  | 1,593,092                                    | 4,482,969                                 | —                                      | 4,482,969             | 6,695,376             |
| Indirect Cost Recoveries                 | 1,400,470         | 1,591,292                   | —                          | —                                | —  | —  | 2,991,762                                 | —                                      | 2,991,762             | 2,590,391             |
| Other Income                             | 43,060            | 590,177                     | 808,203                    | 782,496                          | 132,345                                    | —  | 2,356,281                                 | —                                      | 2,356,281             | 2,315,984             |
| Commissions Income                       | 111,800           | —                           | —                          | 587,314                          | 102,097                                    | 11,724                                       | 812,935                                   | —                                      | 812,935               | 713,879               |
| Investment Gain                          | 453,539           | —                           | —                          | —                                | —  | —  | 453,539                                   | —                                      | 453,539               | 595,293               |
| Investment/Interest Income               | 121,239           | —                           | 17,022                     | —                                | 5,720                                      | 5,701  | 149,682                                   | 18,978                                 | 168,660               | 296,495               |
| Unrealized Gain (Loss) on Investment     | (627,939)         | —                           | 14                         | —                                | —  | —  | (627,925)                                 | 246                                    | (627,679)             | 215,223               |
| Administrative Services                  | 136,538           | —                           | —                          | —                                | —  | —  | 136,538                                   | —                                      | 136,538               | 164,009               |
| Total revenues, gains, and other support | <u>28,301,760</u> | <u>2,181,469</u>            | <u>10,555,790</u>          | <u>20,985,552</u>                | <u>3,474,994</u>                           | <u>1,610,517</u>                             | <u>67,110,082</u>                         | <u>19,224</u>                          | <u>67,129,306</u>     | <u>70,559,526</u>     |
| Cost of goods sold                       | —                 | —                           | —                          | 12,091,721                       | —  | —  | 12,091,721                                | —                                      | 12,091,721            | 11,815,878            |
| Payroll expense:                         |                   |                             |                            |                                  |  |  |   |  |                       |                       |
| Salaries and wages                       | 2,509,494         | 604,067                     | 226,564                    | 4,360,941                        | 1,439,753                                  | 693,472                                      | 9,834,291                                 | —                                      | 9,834,291             | 11,377,056            |
| Benefits                                 | 611,922           | 64,398                      | 87,296                     | 825,573                          | 307,543                                    | 296,501                                      | 2,193,233                                 | —                                      | 2,193,233             | 2,945,086             |
| Total payroll expenses                   | <u>3,121,416</u>  | <u>668,465</u>              | <u>313,860</u>             | <u>5,186,514</u>                 | <u>1,747,296</u>                           | <u>989,973</u>                               | <u>12,027,524</u>                         | <u>—</u>                               | <u>12,027,524</u>     | <u>14,322,142</u>     |
| Operating expenses:                      |                   |                             |                            |                                  |  |  |   |  |                       |                       |
| Administrative Fees                      | —                 | —                           | 2,746                      | —                                | —  | —  | 2,746                                     | —                                      | 2,746                 | 2,990                 |
| Advertising and Promotion                | —                 | —                           | —                          | 135,804                          | 41,823                                     | 7,247  | 184,874                                   | —                                      | 184,874               | 221,556               |
| Audit and Legal                          | 82,519            | —                           | 26,813                     | —                                | —  | 7,907  | 117,239                                   | 2,872                                  | 120,111               | 161,763               |
| Bank and Discount Charges                | 10,786            | —                           | 45,701                     | 548,304                          | 23,932                                     | 13,378                                       | 642,101                                   | —                                      | 642,101               | 688,237               |
| Commission and Royalty                   | —                 | —                           | —                          | 411,205                          | 4,201                                      | —  | 415,406                                   | —                                      | 415,406               | 428,413               |
| Communications                           | 26,698            | —                           | 7,939                      | 109,195                          | 29,961                                     | 17,006                                       | 190,799                                   | —                                      | 190,799               | 148,105               |
| Conference and Travel                    | 28,884            | —                           | 3,790                      | 8,959                            | 104,623                                    | 122,530                                      | 268,786                                   | —                                      | 268,786               | 366,970               |
| Debt Service and Interest                | —                 | —                           | 2,279,119                  | —                                | —  | —  | 2,279,119                                 | —                                      | 2,279,119             | 2,359,475             |
| Departmental Allocation                  | —                 | —                           | —                          | —                                | 2,844                                      | —  | 2,844                                     | —                                      | 2,844                 | 52,737                |
| Depreciation and Amortization            | 23,913            | —                           | 1,781,835                  | 495,542                          | —  | —  | 2,301,290                                 | —                                      | 2,301,290             | 2,138,372             |
| Donations and Scholarships               | 40,301            | —                           | —                          | 63,153                           | 86,413                                     | 1,000  | 190,867                                   | —                                      | 190,867               | 207,504               |
| Employee Development                     | 181,423           | —                           | —                          | 95,249                           | 2,570                                      | 9,710  | 288,952                                   | —                                      | 288,952               | 305,597               |
| Equipment Rental                         | 14,675            | —                           | 5,544                      | 60,701                           | 112,992                                    | 31,658                                       | 225,570                                   | —                                      | 225,570               | 216,551               |
| Insurance                                | 28,174            | —                           | 237,026                    | 54,930                           | 10,828                                     | 32,487                                       | 363,445                                   | —                                      | 363,445               | 349,712               |
| Other Direct Costs                       | 26,661            | —                           | 1,166,291                  | 167,578                          | 230,179                                    | 326,307                                      | 1,917,016                                 | 18,947                                 | 1,935,963             | 1,539,871             |

See independent auditors' report.

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**

Schedule of Activities by Fund

Year Ended June 30, 2019

(with comparative financial information for the year ended June 30, 2018)

|   | <u>General</u>      | <u>Other<br/>Designated</u> | <u>Rental<br/>Property</u> | <u>Enterprise<br/>Activities</u> | <u>University<br/>Support<br/>Programs</u> | <u>University<br/>Extended<br/>Education</u> | <u>Without<br/>Donor<br/>Restrictions</u> | <u>With<br/>Donor<br/>Restrictions</u> | <u>Total<br/>2019</u> | <u>Total<br/>2018</u> |
|---|---------------------|-----------------------------|----------------------------|----------------------------------|--|--|---|--|-----------------------|-----------------------|
| Professional Services and Consultants                               | 65,617              | —                           | 332,279                    | 293,060                          | 183,351                                    | 329,188                                      | 1,203,495                                 | —                                      | 1,203,495             | 1,165,415             |
| Public Relations  | 25,127              | —                           | —                          | 10,225                           | 128,579                                    | 27,351                                       | 191,282                                   | —                                      | 191,282               | 273,346               |
| Rentals   | —                   | —                           | —                          | 185,134                          | 55,745                                     | 616  | 241,495                                   | —                                      | 241,495               | 268,220               |
| Repairs and Maintenance   | 80,736              | —                           | 1,391,135                  | 439,897                          | 70,111                                     | 111,805                                      | 2,093,684                                 | —                                      | 2,093,684             | 2,268,972             |
| Sponsored Program Expenses  | 26,662,348          | —                           | —                          | —                                | —  | —  | 26,662,348                                | —                                      | 26,662,348            | 26,731,800            |
| Stipends/Honorariums  | —                   | —                           | —                          | —                                | 2,700                                      | —  | 2,700                                     | —                                      | 2,700                 | 9,175                 |
| Supplies  | 21,406              | —                           | 60,064                     | 513,244                          | 151,701                                    | 37,768                                       | 784,183                                   | —                                      | 784,183               | 935,332               |
| Taxes and Licenses  | 3,541               | —                           | 79,775                     | 7,755                            | 247  | —  | 91,318                                    | —                                      | 91,318                | 48,377                |
| Utilities   | —                   | —                           | 891,550                    | 281,978                          | 65,858                                     | —  | 1,239,386                                 | —                                      | 1,239,386             | 1,383,801             |
| Research support  | —                   | 688,531                     | —                          | —                                | —  | —  | 688,531                                   | —                                      | 688,531               | 410,387               |
| Community outreach  | —                   | 775,727                     | —                          | —                                | —  | —  | 775,727                                   | —                                      | 775,727               | 956,582               |
| Faculty research awards   | —                   | 72,370                      | —                          | —                                | —  | —  | 72,370                                    | —                                      | 72,370                | 55,204                |
| Total operating expenses  | <u>27,322,809</u>   | <u>1,536,628</u>            | <u>8,311,607</u>           | <u>3,881,913</u>                 | <u>1,308,658</u>                           | <u>1,075,958</u>                             | <u>43,437,573</u>                         | <u>21,819</u>                          | <u>43,459,392</u>     | <u>43,694,464</u>     |
| Total expenses  | <u>30,444,225</u>   | <u>2,205,093</u>            | <u>8,625,467</u>           | <u>21,160,148</u>                | <u>3,055,954</u>                           | <u>2,065,931</u>                             | <u>67,556,818</u>                         | <u>21,819</u>                          | <u>67,578,637</u>     | <u>69,832,484</u>     |
| Increase (Decrease) in net assets from operating activities         | <u>(2,142,465)</u>  | <u>(23,624)</u>             | <u>1,930,323</u>           | <u>(174,596)</u>                 | <u>419,040</u>                             | <u>(455,414)</u>                             | <u>(446,736)</u>                          | <u>(2,595)</u>                         | <u>(449,331)</u>      | <u>727,042</u>        |
| Postretirement-related changes other than net periodic benefit cost | <u>1,644,727</u>    | <u>—</u>                    | <u>—</u>                   | <u>—</u>                         | <u>—</u>                                   | <u>—</u>                                     | <u>1,644,727</u>                          | <u>—</u>                               | <u>1,644,727</u>      | <u>1,759,299</u>      |
| Change in net assets  | <u>\$ (497,738)</u> | <u>(23,624)</u>             | <u>1,930,323</u>           | <u>(174,596)</u>                 | <u>419,040</u>                             | <u>(455,414)</u>                             | <u>1,197,991</u>                          | <u>(2,595)</u>                         | <u>1,195,396</u>      | <u>2,486,341</u>      |

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**CSU FULLERTON AUXILIARY SERVICES CORPORATION**

Schedule of Net Assets by Fund

Year Ended June 20, 2019

(With comparative financial information as of June 30, 2018)

|                                 | <u>General</u>       | <u>Other<br/>Designated</u> | <u>Rental<br/>Property</u> | <u>Enterprise<br/>Activities</u> | <u>University<br/>Support<br/>Programs</u> | <u>University<br/>Extended<br/>Education</u> | <u>Without<br/>Donor<br/>Restrictions</u> | <u>With<br/>Donor<br/>Restrictions</u> | <u>Total<br/>2019</u> | <u>Total<br/>2018</u> |
|---------------------------------|----------------------|-----------------------------|----------------------------|----------------------------------|--|--|---|--|-----------------------|-----------------------|
| Net assets at beginning of year | \$ 15,094,518        | 5,456,276                   | 5,048,513                  | 2,510,576                        | 3,411,143                                  | 3,597,487                                    | 35,118,513                                | 55,177                                 | 35,173,690            | 32,687,349            |
| Change in net assets            | (497,738)            | (23,624)                    | 1,930,323                  | (174,596)                        | 419,040                                    | (455,414)                                    | 1,197,991                                 | (2,595)                                | 1,195,396             | 2,486,341             |
| Designations from other funds   | (260,000)            | 260,000                     | —                          | —                                | 5,000                                      | (5,000)                                      | —   | —                                      | —                     | —                     |
| Net assets at end of year       | \$ <u>14,336,780</u> | <u>5,692,652</u>            | <u>6,978,836</u>           | <u>2,335,980</u>                 | <u>3,835,183</u>                           | <u>3,137,073</u>                             | <u>36,316,504</u>                         | <u>52,582</u>                          | <u>36,369,086</u>     | <u>35,173,690</u>     |

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**CSU FULLERTON AUXILIARY SERVICES CORPORATION**  
Schedule of Activities Information – Enterprise Activities  
Year Ended June 30, 2019  
(With comparative financial information for the year ended June 30, 2018)

|                                       | <u>Bookstore</u>  | <u>Food Services</u> | <u>Total<br/>2019</u> | <u>Total<br/>2018</u> |
|---------------------------------------|-------------------|----------------------|-----------------------|-----------------------|
| Sales                                 | \$ 13,692,762     | 5,657,232            | 19,349,994            | 20,052,056            |
| Cost of goods sold                    | <u>10,137,417</u> | <u>1,954,304</u>     | <u>12,091,721</u>     | <u>11,815,878</u>     |
| Gross margin                          | 3,555,345         | 3,702,928            | 7,258,273             | 8,236,178             |
| Other revenue:                        |                   |                      |                       |                       |
| Commissions                           | 234,435           | 352,879              | 587,314               | 631,701               |
| Other                                 | <u>461,344</u>    | <u>586,900</u>       | <u>1,048,244</u>      | <u>579,923</u>        |
| Total other revenues                  | 695,779           | 939,779              | 1,635,558             | 1,211,624             |
| Operating expenses:                   |                   |                      |                       |                       |
| Salaries and wages                    | 2,143,802         | 2,217,139            | 4,360,941             | 4,419,600             |
| Staff and benefits                    | <u>366,592</u>    | <u>458,981</u>       | <u>825,573</u>        | <u>872,340</u>        |
| Total payroll expenses                | 2,510,394         | 2,676,120            | 5,186,514             | 5,291,940             |
| Advertising and Promotion             | 70,858            | 64,946               | 135,804               | 179,370               |
| Bank and Discount Charges             | 304,507           | 243,797              | 548,304               | 586,179               |
| Commission and Royalty                | 35,462            | 375,743              | 411,205               | 424,337               |
| Communications                        | 75,183            | 34,012               | 109,195               | 64,589                |
| Conference and Travel                 | 3,009             | 5,950                | 8,959                 | 18,859                |
| Depreciation                          | 205,871           | 289,671              | 495,542               | 346,158               |
| Donations and Scholarships            | 55,307            | 7,846                | 63,153                | 74,022                |
| Employee Development                  | 52,219            | 43,030               | 95,249                | 99,555                |
| Equipment Rental                      | 16,610            | 44,091               | 60,701                | 67,242                |
| Insurance                             | 27,506            | 27,424               | 54,930                | 44,347                |
| Merchant Supplies                     | 67,717            | 215,626              | 283,343               | 342,677               |
| Other Direct Costs                    | 13,551            | 154,027              | 167,578               | 27,021                |
| Professional Services and Consultants | 194,178           | 98,882               | 293,060               | 269,841               |
| Public Relations                      | 3,230             | 6,995                | 10,225                | 12,898                |
| Rentals                               | 43,532            | 141,602              | 185,134               | 154,678               |
| Repairs and Maintenance               | 245,764           | 194,133              | 439,897               | 554,591               |
| Supplies                              | 95,101            | 134,800              | 229,901               | 203,272               |
| Taxes and Licenses                    | 1,705             | 6,050                | 7,755                 | 9,700                 |
| Utilities                             | <u>144,697</u>    | <u>137,281</u>       | <u>281,978</u>        | <u>324,270</u>        |
| Total operating expenses              | 1,656,007         | 2,225,906            | 3,881,913             | 3,803,606             |
| Total expenses                        | <u>4,166,401</u>  | <u>4,902,026</u>     | <u>9,068,427</u>      | <u>9,095,546</u>      |
| Excess revenues over expenses         | <u>\$ 84,723</u>  | <u>(259,319)</u>     | <u>(174,596)</u>      | <u>352,256</u>        |

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**CSU FULLERTON AUXILIARY SERVICES CORPORATION**

Source of Funding and Expenditures for Sponsored Programs  
Year Ended June 30, 2019

|  |    |                          |
|--|----|--------------------------|
| Source of funding (direct):                    |    |                          |
| Federal government                             | \$ | 15,330,052               |
| State of California and local governments      |    | 6,237,857                |
| For-profit organizations                       |    | 222,859                  |
| Foundations and other tax-exempt organizations |    | 2,130,129                |
| Total source of direct funding                 |    | <u>23,920,897</u>        |
| Source of indirect cost reimbursement:         |    |                          |
| Federal government                             |    | 1,727,848                |
| State of California and local governments      |    | 742,062                  |
| For-profit organizations                       |    | 57,047                   |
| Foundations and other tax-exempt organizations |    | 214,494                  |
| Total source of indirect cost reimbursement    |    | <u>2,741,451</u>         |
| Total funding                                  | \$ | <u><u>26,662,348</u></u> |
| <br>   |    |                          |
| Direct expenditures:                           |    |                          |
| Salaries and wages                             | \$ | 10,699,938               |
| Staff benefits                                 |    | 2,158,661                |
| Operating expenditures                         |    | 2,664,360                |
| Consultants                                    |    | 704,592                  |
| Sub-Contractors                                |    | 3,725,197                |
| Equipment                                      |    | 275,326                  |
| Stipends/Tuition                               |    | 3,692,823                |
| Total direct expenditures                      |    | <u>23,920,897</u>        |
| <br>   |    |                          |
| Indirect expenditures:                         |    |                          |
| Salaries and wages                             |    | 1,660,952                |
| Staff benefits                                 |    | 336,667                  |
| Operating expenditures                         |    | 462,486                  |
| Consultants                                    |    | 90,634                   |
| Sub-Contractors (first 25K only)               |    | 108,155                  |
| Equipment                                      |    | 7,379                    |
| Stipends/Tuition                               |    | 75,178                   |
| Total indirect expenditures                    |    | <u>2,741,451</u>         |
| Total expenditures                             | \$ | <u><u>26,662,348</u></u> |

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**CSU FULLERTON AUXILIARY SERVICES CORPORATION**  
**Schedule of Net Position**  
**June 30, 2019**  
**(for inclusion in the California State University)**

Assets:

|   |                   |
|---|-------------------|
| Current assets:                           |                   |
| Cash and cash equivalents                 | \$ 9,394,936      |
| Short-term investments                    | 1,984,608         |
| Accounts receivable, net                  | 6,702,568         |
| Capital lease receivable, current portion | 1,105,000         |
| Notes receivable, current portion         | —                 |
| Pledges receivable, net                   | —                 |
| Prepaid expenses and other current assets | 3,320,649         |
| Total current assets                      | <u>22,507,761</u> |

|  |                    |
|--|--------------------|
| Noncurrent assets:                               |                    |
| Restricted cash and cash equivalents             | 737,189            |
| Accounts receivable, net                         | —                  |
| Capital lease receivable, net of current portion | 18,970,000         |
| Notes receivable, net of current portion         | —                  |
| Student loans receivable, net                    | —                  |
| Pledges receivable, net                          | —                  |
| Endowment investments                            | —                  |
| Other long-term investments                      | 311,434            |
| Capital assets, net                              | 71,918,472         |
| Other assets                                     | —                  |
| Total noncurrent assets                          | <u>91,937,095</u>  |
| Total assets                                     | <u>114,444,856</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  | 3,027,401         |
| Accrued salaries and benefits   | —                 |
| Accrued compensated absences, current portion                             | 338,036           |
| Unearned revenues   | 1,103,671         |
| Capital lease obligations, current portion                                | 140,000           |
| Long-term debt obligations, current portion                               | 1,822,778         |
| Claims liability for losses and loss adjustment expenses, current portion | —                 |
| Depository accounts   | 3,023,816         |
| Other liabilities   | 3,508,983         |
| Total current liabilities   | <u>12,964,685</u> |

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**CSU FULLERTON AUXILIARY SERVICES CORPORATION**  
**Schedule of Net Position**  
**June 30, 2019**  
**(for inclusion in the California State University)**

|  |               |
|--|---------------|
| Noncurrent liabilities:  |               |
| Accrued compensated absences, net of current portion                             | 301,970       |
| Unearned revenues  | —             |
| Grants refundable  | —             |
| Capital lease obligations, net of current portion                                | 4,520,000     |
| Long-term debt obligations, net of current portion                               | 59,142,069    |
| Claims liability for losses and loss adjustment expenses, net of current portion | —             |
| Depository accounts  | —             |
| Net other postemployment benefits liability                                      | 100,690       |
| Net pension liability  | —             |
| Other liabilities  | 1,046,356     |
|  | <hr/>         |
| Total noncurrent liabilities   | 65,111,085    |
|  | <hr/>         |
| Total liabilities  | 78,075,770    |
|  | <hr/>         |
| Deferred inflows of resources:   |               |
| Service concession arrangements  | —             |
| Net pension liability  | —             |
| Net OPEB liability   | —             |
| Unamortized gain on debt refunding   | —             |
| Nonexchange transactions   | —             |
| Others   | —             |
|  | <hr/>         |
| Total deferred inflows of resources  | —             |
|  | <hr/>         |
| Net Position:  |               |
| Net investment in capital assets   | 26,368,625    |
| Restricted for:  | —             |
| Nonexpendable – endowments   | —             |
| Expendable:  | —             |
| Scholarships and fellowships   | —             |
| Research   | —             |
| Loans  | —             |
| Capital projects   | —             |
| Debt service   | —             |
| Others   | —             |
| Unrestricted   | 10,000,461    |
|  | <hr/>         |
| Total net position   | \$ 36,369,086 |
|  | <hr/> <hr/>   |

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**CSU FULLERTON AUXILIARY SERVICES 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  | 17,057,900    |
| State  | 2,964,538     |
| Local  | 4,015,381     |
| Nongovernmental  | 2,624,529     |
| Sales and services of educational activities                         | —             |
| Sales and services of auxiliary enterprises, gross                   | 29,933,684    |
| Scholarship allowances (enter as negative)                           | —             |
| Other operating revenues   | 10,538,754    |
|  | <hr/>         |
| Total operating revenues   | 67,134,786    |
| Expenses:  |               |
| Operating expenses:  |               |
| Instruction  | 4,651,390     |
| Research   | 4,852,457     |
| Public service   | 7,685,447     |
| Academic support   | 2,285         |
| Student services   | 5,122,648     |
| Institutional support  | 580,120       |
| Operation and maintenance of plant                                   | 4,564,513     |
| Student grants and scholarships                                      | 3,768,001     |
| Auxiliary enterprise expenses  | 31,771,367    |
| Depreciation and amortization  | 2,301,290     |
|  | <hr/>         |
| Total operating expenses   | 65,299,518    |
|  | <hr/>         |
| Operating income (loss)  | 1,835,268     |
| Nonoperating revenues (expenses):                                    |               |
| State appropriations, noncapital                                     | —             |
| Federal financial aid grants, noncapital                             | —             |
| State financial aid grants, noncapital                               | —             |
| Local financial aid grants, noncapital                               | —             |
| Nongovernmental and other financial aid grants, noncapital           | —             |
| Other federal nonoperating grants, noncapital                        | —             |
| Gifts, noncapital  | —             |
| Investment income (loss), net  | (5,480)       |
| Endowment income (loss), net   | —             |
| Interest expense   | (2,279,119)   |
| Other nonoperating revenues (expenses) - excl. interagency transfers | 1,644,727     |
| Other nonoperating revenues (expenses) - interagency transfers       | —             |
|  | <hr/>         |
| Net nonoperating revenues (expenses)                                 | (639,872)     |
|  | <hr/>         |
| Income (loss) before other revenues (expenses)                       | 1,195,396     |
| State appropriations, capital  | —             |
| Grants and gifts, capital  | —             |
| Additions (reductions) to permanent endowments                       | —             |
|  | <hr/>         |
| Increase (decrease) in net position                                  | 1,195,396     |
| Net position:  |               |
| Net position at beginning of year, as previously reported            | 35,173,690    |
| Restatements   | —             |
|  | <hr/>         |
| Net position at beginning of year, as restated                       | 35,173,690    |
|  | <hr/>         |
| Net position at end of year  | \$ 36,369,086 |

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**CSU FULLERTON AUXILIARY SERVICES CORPORATION**

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**1 Cash and cash equivalents:**

|   |    |                          |
|---|----|--------------------------|
| Portion of restricted cash and cash equivalents related to endowments | \$ | —                        |
| All other restricted cash and cash equivalents                        |    | <u>737,189</u>           |
| <b>Noncurrent restricted cash and cash equivalents</b>                |    | <u>737,189</u>           |
| Current cash and cash equivalents                                     |    | <u>9,394,936</u>         |
| <b>Total</b>  | \$ | <u><u>10,132,125</u></u> |

**2.1 Composition of investments:**

|  | <b>Current</b>             | <b>Noncurrent</b>     | <b>Total</b>            |
|--|----------------------------|-----------------------|-------------------------|
| Money market funds                                       | \$ 536,501                 | 8,158                 | 544,659                 |
| Repurchase agreements                                    | —                          | —                     | —                       |
| Certificates of deposit                                  | —                          | —                     | —                       |
| U.S. agency securities                                   | —                          | —                     | —                       |
| U.S. treasury securities                                 | —                          | —                     | —                       |
| Municipal bonds  | —                          | —                     | —                       |
| Corporate bonds  | 53,738                     | 32,218                | 85,956                  |
| Asset backed securities                                  | —                          | —                     | —                       |
| Mortgage backed securities                               | —                          | —                     | —                       |
| Commercial paper   | —                          | —                     | —                       |
| Mutual funds   | 282,581                    | 84,873                | 367,454                 |
| Exchange traded funds                                    | —                          | 172,938               | 172,938                 |
| Equity securities  | 492,990                    | 13,247                | 506,237                 |
| Alternative investments:                                 |                            |                       |                         |
| Private equity (including limited partnerships)          | —                          | —                     | —                       |
| Hedge funds  | —                          | —                     | —                       |
| Managed futures  | —                          | —                     | —                       |
| Real estate investments (including REITs)                | —                          | —                     | —                       |
| Commodities  | —                          | —                     | —                       |
| Derivatives  | —                          | —                     | —                       |
| Other alternative investment types                       | —                          | —                     | —                       |
| Other external investment pools (excluding SWIFT)        | —                          | —                     | —                       |
| Other investments  | —                          | —                     | —                       |
| State of California Local Agency Investment Fund (LAIF)  | 618,798                    | —                     | 618,798                 |
| State of California Surplus Money Investment Fund (SMIF) | —                          | —                     | —                       |
| <b>Total investments</b>                                 | <u>1,984,608</u>           | <u>311,434</u>        | <u>2,296,042</u>        |
| Less endowment investments (enter as negative number)    | —                          | —                     | —                       |
| <b>Total investments, net of endowment</b>               | \$ <u><u>1,984,608</u></u> | <u><u>311,434</u></u> | <u><u>2,296,042</u></u> |

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**2.2 Fair value hierarchy in investments:**

|  | <b>Total</b> | <b>Quoted Prices in<br/>Active Markets for<br/>Identical Assets<br/>(Level 1)</b> | <b>Significant<br/>Other<br/>Observable<br/>Inputs (Level 2)</b> | <b>Significant<br/>Unobservable<br/>Inputs<br/>(Level 3)</b> | <b>Net Asset Value (NAV)</b> |
|--|--------------|---|--|--|------------------------------|
| Money market funds                                       | \$ 544,659   | 544,659   | —  | —  | —                            |
| Repurchase agreements                                    | —            | —   | —  | —  | —                            |
| Certificates of deposit                                  | —            | —   | —  | —  | —                            |
| U.S. agency securities                                   | —            | —   | —  | —  | —                            |
| U.S. treasury securities                                 | —            | —   | —  | —  | —                            |
| Municipal bonds  | —            | —   | —  | —  | —                            |
| Corporate bonds  | 85,956       | 85,956  | —  | —  | —                            |
| Asset backed securities                                  | —            | —   | —  | —  | —                            |
| Mortgage backed securities                               | —            | —   | —  | —  | —                            |
| Commercial paper   | —            | —   | —  | —  | —                            |
| Mutual funds   | 367,454      | 367,454   | —  | —  | —                            |
| Exchange traded funds                                    | 172,938      | 172,938   | —  | —  | —                            |
| Equity securities  | 506,237      | 506,237   | —  | —  | —                            |
| Alternative investments:                                 |              |   |  |  |                              |
| Private equity (including limited partnerships)          | —            | —   | —  | —  | —                            |
| Hedge funds  | —            | —   | —  | —  | —                            |
| Managed futures  | —            | —   | —  | —  | —                            |
| Real estate investments (including REITs)                | —            | —   | —  | —  | —                            |
| Commodities  | —            | —   | —  | —  | —                            |
| Derivatives  | —            | —   | —  | —  | —                            |
| Other alternative investment types                       | —            | —   | —  | —  | —                            |
| Other external investment pools (excluding SWIFT)        | —            | —   | —  | —  | —                            |
| Other investments  | —            | —   | —  | —  | —                            |
| State of California Local Agency Investment Fund (LAIF)  | 618,798      | —   | —  | —  | 618,798                      |
| State of California Surplus Money Investment Fund (SMIF) | —            | —   | —  | —  | —                            |
| <b>Total investments</b>                                 | \$ 2,296,042 | 1,677,244   | —  | —  | 618,798                      |

**2.3 Investments held by the University under contractual agreements**

Investments held by the University under contractual agreements (e.g CSU Consolidated SWIFT Inv pool):

—                      —                      —

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3.1 Composition of capital assets:

|   | Balance<br>June 30, 2018 | Reclassifications | Prior Period<br>Additions | Prior Period<br>Retirements | Balance<br>June 30, 2018<br>(Restated) | Additions          | Retirements | Transfer of<br>completed CWIP | Balance<br>June 30, 2019 |
|---|--------------------------|-------------------|---------------------------|-----------------------------|--|--------------------|-------------|-------------------------------|--------------------------|
| <b>Non-depreciable/Non-amortizable capital assets:</b>  |                          |                   |                           |                             |  |                    |             |                               |                          |
| Land and land improvements  | \$ 19,990,205            | —                 | —                         | —                           | 19,990,205                             | —                  | —           | —                             | 19,990,205               |
| Works of art and historical treasures   | —                        | —                 | —                         | —                           | —                                      | —                  | —           | —                             | —                        |
| Construction work in progress (CWIP)  | 10,182,047               | —                 | —                         | —                           | 10,182,047                             | 1,762,635          | —           | —                             | 11,944,682               |
| Intangible assets:  |                          |                   |                           |                             |  |                    |             |                               |                          |
| Rights and easements  | —                        | —                 | —                         | —                           | —                                      | —                  | —           | —                             | —                        |
| Patents, copyrights and trademarks  | —                        | —                 | —                         | —                           | —                                      | —                  | —           | —                             | —                        |
| Intangible assets in progress (PWIP)  | —                        | —                 | —                         | —                           | —                                      | —                  | —           | —                             | —                        |
| Licenses and permits  | —                        | —                 | —                         | —                           | —                                      | —                  | —           | —                             | —                        |
| Total intangible assets   | —                        | —                 | —                         | —                           | —                                      | —                  | —           | —                             | —                        |
| <b>Total non-depreciable/non-amortizable capital assets</b>   | <b>\$ 30,172,252</b>     | <b>—</b>          | <b>—</b>                  | <b>—</b>                    | <b>30,172,252</b>                      | <b>1,762,635</b>   | <b>—</b>    | <b>—</b>                      | <b>31,934,887</b>        |
| <b>Depreciable/Amortizable capital assets:</b>  |                          |                   |                           |                             |  |                    |             |                               |                          |
| Buildings and building improvements   | \$ 30,992,873            | —                 | —                         | —                           | 30,992,873                             | —                  | —           | —                             | 30,992,873               |
| Improvements, other than buildings  | —                        | —                 | —                         | —                           | —                                      | —                  | —           | —                             | —                        |
| Infrastructure  | —                        | —                 | —                         | —                           | —                                      | —                  | —           | —                             | —                        |
| Leasehold improvements  | 19,258,717               | —                 | —                         | —                           | 19,258,717                             | 446,942            | —           | —                             | 19,705,659               |
| Personal property:  |                          |                   |                           |                             |  |                    |             |                               |                          |
| Equipment   | 3,336,468                | —                 | —                         | —                           | 3,336,468                              | 231,020            | —           | —                             | 3,567,488                |
| Library books and materials   | —                        | —                 | —                         | —                           | —                                      | —                  | —           | —                             | —                        |
| Intangible assets:  |                          |                   |                           |                             |  |                    |             |                               |                          |
| Software and websites   | —                        | —                 | —                         | —                           | —                                      | —                  | —           | —                             | —                        |
| Rights and easements  | —                        | —                 | —                         | —                           | —                                      | —                  | —           | —                             | —                        |
| Patents, copyrights and trademarks  | —                        | —                 | —                         | —                           | —                                      | —                  | —           | —                             | —                        |
| Licenses and permits  | —                        | —                 | —                         | —                           | —                                      | —                  | —           | —                             | —                        |
| Total intangible assets   | —                        | —                 | —                         | —                           | —                                      | —                  | —           | —                             | —                        |
| <b>Total depreciable/amortizable capital assets</b>   | <b>53,588,058</b>        | <b>—</b>          | <b>—</b>                  | <b>—</b>                    | <b>53,588,058</b>                      | <b>677,962</b>     | <b>—</b>    | <b>—</b>                      | <b>54,266,020</b>        |
| <b>Total capital assets</b>   | <b>\$ 83,760,310</b>     | <b>—</b>          | <b>—</b>                  | <b>—</b>                    | <b>83,760,310</b>                      | <b>2,440,597</b>   | <b>—</b>    | <b>—</b>                      | <b>86,200,907</b>        |
| <b>Less accumulated depreciation/amortization: (enter as negative number, except for reductions enter as positive number)</b> |                          |                   |                           |                             |  |                    |             |                               |                          |
| Buildings and building improvements   | \$ (5,322,445)           | —                 | —                         | —                           | (5,322,445)                            | (1,033,096)        | —           | —                             | (6,355,541)              |
| Improvements, other than buildings  | —                        | —                 | —                         | —                           | —                                      | —                  | —           | —                             | —                        |
| Infrastructure  | —                        | —                 | —                         | —                           | —                                      | —                  | —           | —                             | —                        |
| Leasehold improvements  | (4,937,877)              | —                 | —                         | —                           | (4,937,877)                            | (858,936)          | —           | —                             | (5,796,813)              |
| Personal property:  |                          |                   |                           |                             |  |                    |             |                               |                          |
| Equipment   | (1,720,823)              | —                 | —                         | —                           | (1,720,823)                            | (409,258)          | —           | —                             | (2,130,081)              |
| Library books and materials   | —                        | —                 | —                         | —                           | —                                      | —                  | —           | —                             | —                        |
| Intangible assets:  |                          |                   |                           |                             |  |                    |             |                               |                          |
| Software and websites   | —                        | —                 | —                         | —                           | —                                      | —                  | —           | —                             | —                        |
| Rights and easements  | —                        | —                 | —                         | —                           | —                                      | —                  | —           | —                             | —                        |
| Patents, copyrights and trademarks  | —                        | —                 | —                         | —                           | —                                      | —                  | —           | —                             | —                        |
| Licenses and permits  | —                        | —                 | —                         | —                           | —                                      | —                  | —           | —                             | —                        |
| <b>Total intangible assets</b>  | <b>—</b>                 | <b>—</b>          | <b>—</b>                  | <b>—</b>                    | <b>—</b>                               | <b>—</b>           | <b>—</b>    | <b>—</b>                      | <b>—</b>                 |
| <b>Total accumulated depreciation/amortization</b>  | <b>(11,981,145)</b>      | <b>—</b>          | <b>—</b>                  | <b>—</b>                    | <b>(11,981,145)</b>                    | <b>(2,301,290)</b> | <b>—</b>    | <b>—</b>                      | <b>(14,282,435)</b>      |
| <b>Total capital assets, net</b>  | <b>\$ 71,779,165</b>     | <b>—</b>          | <b>—</b>                  | <b>—</b>                    | <b>71,779,165</b>                      | <b>139,307</b>     | <b>—</b>    | <b>—</b>                      | <b>71,918,472</b>        |
| <b>3.2 Detail of depreciation and amortization expense</b>  |                          |                   |                           |                             |  |                    |             |                               |                          |
| Depreciation and amortization expense related to capital assets   | \$ 2,301,290             |                   |                           |                             |  |                    |             |                               |                          |
| Amortization expense related to other assets  | —                        |                   |                           |                             |  |                    |             |                               |                          |
| <b>Total depreciation and amortization</b>  | <b>\$ 2,301,290</b>      |                   |                           |                             |  |                    |             |                               |                          |

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4 Long-term liabilities:

|   | Balance<br>June 30, 2018 | Prior Period<br>Adjustments/Reclass<br>ifications | Balance<br>June 30, 2018<br>(Restated) | Additions      | Reductions         | Balance<br>June 30, 2019 | Current Portion  | Noncurrent<br>Portion |
|---|--------------------------|---|--|----------------|--------------------|--------------------------|------------------|-----------------------|
| 1. Accrued compensated absences                             | \$ 636,337               | —   | 636,337                                | 620,754        | (617,085)          | 640,006                  | 338,036          | 301,970               |
| 2. Claims liability for losses and loss adjustment expenses | —                        | —   | —                                      | —              | —                  | —                        | —                | —                     |
| <b>3. Capital lease obligations:</b>                        |                          |   |  |                |                    |                          |                  |                       |
| Gross balance   | 4,795,000                | —   | 4,795,000                              | —              | (135,000)          | 4,660,000                | 140,000          | 4,520,000             |
| Unamortized net premium/(discount)                          | —                        | —   | —                                      | —              | —                  | —                        | —                | —                     |
| <b>Total capital lease obligations</b>                      | <b>4,795,000</b>         | <b>—</b>  | <b>4,795,000</b>                       | <b>—</b>       | <b>(135,000)</b>   | <b>4,660,000</b>         | <b>140,000</b>   | <b>4,520,000</b>      |
| <b>4. Long-term debt obligations:</b>                       |                          |   |  |                |                    |                          |                  |                       |
| 4.1 Auxiliary revenue bonds (non-SRB related)               | —                        | —   | —                                      | —              | —                  | —                        | —                | —                     |
| 4.2 Commercial paper  | —                        | —   | —                                      | —              | —                  | —                        | —                | —                     |
| 4.3 Notes payable (SRB related)                             | 52,555,000               | —   | 52,555,000                             | —              | (1,895,000)        | 50,660,000               | 1,670,000        | 48,990,000            |
| 4.4 Others:   |                          |   |  |                |                    |                          |                  |                       |
| College Park West L.T.                                      | 5,000,000                | —   | 5,000,000                              | —              | —                  | 5,000,000                | 152,778          | 4,847,222             |
|   | —                        | —   | —                                      | —              | —                  | —                        | —                | —                     |
|   | —                        | —   | —                                      | —              | —                  | —                        | —                | —                     |
|   | —                        | —   | —                                      | —              | —                  | —                        | —                | —                     |
| Total others  | 5,000,000                | —   | 5,000,000                              | —              | —                  | 5,000,000                | 152,778          | 4,847,222             |
| <b>Sub-total long-term debt</b>                             | <b>57,555,000</b>        | <b>—</b>  | <b>57,555,000</b>                      | <b>—</b>       | <b>(1,895,000)</b> | <b>55,660,000</b>        | <b>1,822,778</b> | <b>53,837,222</b>     |
| 4.5 Unamortized net bond premium/(discount)                 | 5,556,476                | —   | 5,556,476                              | —              | (251,629)          | 5,304,847                | —                | 5,304,847             |
| <b>Total long-term debt obligations</b>                     | <b>63,111,476</b>        | <b>—</b>  | <b>63,111,476</b>                      | <b>—</b>       | <b>(2,146,629)</b> | <b>60,964,847</b>        | <b>1,822,778</b> | <b>59,142,069</b>     |
| <b>Total long-term liabilities</b>                          | <b>\$ 68,542,813</b>     | <b>—</b>  | <b>68,542,813</b>                      | <b>620,754</b> | <b>(2,898,714)</b> | <b>66,264,853</b>        | <b>2,300,814</b> | <b>63,964,039</b>     |

5 Capital lease obligations schedule:

| Year ending June 30:                                     | 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 |
| 2020   | —  | —             | —                      | 140,000                             | 216,600          | 356,600                | 140,000                         | 216,600          | 356,600                |
| 2021   | —  | —             | —                      | 145,000                             | 209,475          | 354,475                | 145,000                         | 209,475          | 354,475                |
| 2022   | —  | —             | —                      | 155,000                             | 201,975          | 356,975                | 155,000                         | 201,975          | 356,975                |
| 2023   | —  | —             | —                      | 165,000                             | 193,975          | 358,975                | 165,000                         | 193,975          | 358,975                |
| 2024   | —  | —             | —                      | 170,000                             | 185,600          | 355,600                | 170,000                         | 185,600          | 355,600                |
| 2025 - 2029  | —  | —             | —                      | 1,000,000                           | 786,750          | 1,786,750              | 1,000,000                       | 786,750          | 1,786,750              |
| 2030 - 2034  | —  | —             | —                      | 1,275,000                           | 503,375          | 1,778,375              | 1,275,000                       | 503,375          | 1,778,375              |
| 2035 - 2039  | —  | —             | —                      | 1,610,000                           | 174,400          | 1,784,400              | 1,610,000                       | 174,400          | 1,784,400              |
| 2040 - 2044  | —  | —             | —                      | —                                   | —                | —                      | —                               | —                | —                      |
| 2045 - 2049  | —  | —             | —                      | —                                   | —                | —                      | —                               | —                | —                      |
| Thereafter   | —  | —             | —                      | —                                   | —                | —                      | —                               | —                | —                      |
| <b>Total minimum lease payments</b>                      | <b>\$ —</b>                              | <b>—</b>      | <b>—</b>               | <b>4,660,000</b>                    | <b>2,472,150</b> | <b>7,132,150</b>       | <b>4,660,000</b>                | <b>2,472,150</b> | <b>7,132,150</b>       |
| Less: amounts representing interest                      |  |               |                        |                                     |                  |                        |                                 |                  | (2,472,150)            |
| <b>Present value of future minimum lease payment:</b>    |  |               |                        |                                     |                  |                        |                                 |                  | <b>4,660,000</b>       |
| Unamortized net premium/(discount)                       |  |               |                        |                                     |                  |                        |                                 |                  | —                      |
| <b>Total capital lease obligations</b>                   |  |               |                        |                                     |                  |                        |                                 |                  | <b>4,660,000</b>       |
| Less: current portion                                    |  |               |                        |                                     |                  |                        |                                 |                  | (140,000)              |
| <b>Capital lease obligations, net of current portion</b> |  |               |                        |                                     |                  |                        |                                 |                  | <b>\$ 4,520,000</b>    |

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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      |
| <b>Year ending June 30:</b>                               |   |               |                        |                                      |                   |                        |                                  |                   |                             |
| 2020  | \$ —                                      | —             | —                      | 1,822,778                            | 2,466,513         | 4,289,291              | 1,822,778                        | 2,466,513         | 4,289,291                   |
| 2021  | —   | —             | —                      | 1,916,667                            | 2,387,513         | 4,304,180              | 1,916,667                        | 2,387,513         | 4,304,180                   |
| 2022  | —   | —             | —                      | 2,001,667                            | 2,302,588         | 4,304,255              | 2,001,667                        | 2,302,588         | 4,304,255                   |
| 2023  | —   | —             | —                      | 2,096,667                            | 2,209,438         | 4,306,105              | 2,096,667                        | 2,209,438         | 4,306,105                   |
| 2024  | —   | —             | —                      | 2,196,667                            | 2,111,394         | 4,308,061              | 2,196,667                        | 2,111,394         | 4,308,061                   |
| 2025 - 2029   | —   | —             | —                      | 12,628,333                           | 8,898,488         | 21,526,821             | 12,628,333                       | 8,898,488         | 21,526,821                  |
| 2030 - 2034   | —   | —             | —                      | 10,453,333                           | 5,954,500         | 16,407,833             | 10,453,333                       | 5,954,500         | 16,407,833                  |
| 2035 - 2039   | —   | —             | —                      | 8,973,333                            | 4,015,700         | 12,989,033             | 8,973,333                        | 4,015,700         | 12,989,033                  |
| 2040 - 2044   | —   | —             | —                      | 11,278,333                           | 1,718,625         | 12,996,958             | 11,278,333                       | 1,718,625         | 12,996,958                  |
| 2045 - 2049   | —   | —             | —                      | 2,292,222                            | 73,125            | 2,365,347              | 2,292,222                        | 73,125            | 2,365,347                   |
| Thereafter  | —   | —             | —                      | —                                    | —                 | —                      | —                                | —                 | —                           |
| <b>Total minimum payments</b>                             | \$ —                                      | —             | —                      | <b>55,660,000</b>                    | <b>32,137,884</b> | <b>87,797,884</b>      | <b>55,660,000</b>                | <b>32,137,884</b> | <b>87,797,884</b>           |
| Less: amounts representing interest                       |   |               |                        |                                      |                   |                        |                                  |                   | (32,137,884)                |
| <b>Present value of future minimum payment:</b>           |   |               |                        |                                      |                   |                        |                                  |                   | <u>55,660,000</u>           |
| Unamortized net premium/(discount)                        |   |               |                        |                                      |                   |                        |                                  |                   | <u>5,304,847</u>            |
| <b>Total long-term debt obligations</b>                   |   |               |                        |                                      |                   |                        |                                  |                   | <u>60,964,847</u>           |
| Less: current portion                                     |   |               |                        |                                      |                   |                        |                                  |                   | <u>(1,822,778)</u>          |
| <b>Long-term debt obligations, net of current portior</b> |   |               |                        |                                      |                   |                        |                                  |                   | <u><b>\$ 59,142,069</b></u> |

7 Transactions with related entities:

|  |              |
|--|--------------|
| Payments to University for salaries of University personnel working on contracts, grants, and other programs | \$ 4,859,415 |
| Payments to University for other than salaries of University personnel                                       | 1,680,938    |
| Payments received from University for services, space, and programs  | 12,968,609   |
| Gifts-in-kind to the University from discretely presented component units                                    | —            |
| Gifts (cash or assets) to the University from discretely presented component units                           | 525,272      |
| Accounts (payable to) University   | (480,859)    |
| Other amounts (payable to) University  | (1,252,981)  |
| Accounts receivable from University  | 1,468,951    |
| Other amounts receivable from University   | \$ 36,313    |

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 | —              |
|                | —              |
|                | —              |
|                | —              |
|                | —              |
|                | —              |
|                | —              |
| Transaction #2 | —              |
|                | —              |
|                | —              |
|                | —              |
|                | —              |
|                | —              |

See independent auditors' report.

**CSU FULLERTON AUXILIARY SERVICES CORPORATION**

Other Information

June 30, 2019

**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                        | \$ 2,518,334         | 674,685          | 26,305             | 3,015           | —                            | 1,429,051                   | —                             | 4,651,390                |
| Research                           | 2,686,530            | 486,538          | 10,571             | 1,962           | —                            | 1,666,856                   | —                             | 4,852,457                |
| Public service                     | 3,629,612            | 543,993          | 65,250             | 12,058          | —                            | 3,434,534                   | —                             | 7,685,447                |
| Academic support                   | 1,675                | 610              | —                  | —               | —                            | —                           | —                             | 2,285                    |
| Student services                   | 3,083,925            | 482,400          | 92,354             | 13,670          | —                            | 1,450,299                   | —                             | 5,122,648                |
| Institutional support              | 440,815              | 70,626           | 9,177              | 2,113           | —                            | 57,389                      | —                             | 580,120                  |
| Operation and maintenance of plant | 226,564              | 71,003           | 13,993             | 2,300           | —                            | 4,250,653                   | —                             | 4,564,513                |
| Student grants and scholarships    | —                    | —                | —                  | —               | 3,768,001                    | —                           | —                             | 3,768,001                |
| Auxiliary enterprise expenses      | 9,607,727            | 32,173           | 376,805            | 52,232          | —                            | 21,702,430                  | —                             | 31,771,367               |
| Depreciation and amortization      | —                    | —                | —                  | —               | —                            | —                           | 2,301,290                     | 2,301,290                |
| <b>Total operating expenses</b>    | <b>\$ 22,195,182</b> | <b>2,362,028</b> | <b>594,455</b>     | <b>87,350</b>   | <b>3,768,001</b>             | <b>33,991,212</b>           | <b>2,301,290</b>              | <b>65,299,518</b>        |

**10 Deferred outflows/inflows of resources:**

**1. Deferred Outflows of Resources**

|  |             |
|--|-------------|
| Deferred outflows - unamortized loss on refunding(s) | \$ —        |
| Deferred outflows - net pension liability            | —           |
| Deferred outflows - net OPEB liability               | —           |
| Deferred outflows - others:                          | —           |
|  | —           |
|  | —           |
|  | —           |
|  | —           |
|  | —           |
| Total deferred outflows - others                     | —           |
| <b>Total deferred outflows of resources</b>          | <b>\$ —</b> |

**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 - others                          | —           |
| <b>Total deferred inflows of resources</b>               | <b>\$ —</b> |

See independent auditors' report.