

**California State University, Fresno
Association, Inc.**

**2019-20
Annual Report**

**Approved by the Audit Committee
September 15, 2020**

CALIFORNIA STATE UNIVERSITY, FRESNO ASSOCIATION, INC.
TABLE OF CONTENTS

2019 - 2020

	<u>PAGE NUMBER</u>
Corporate Information	1
Independent Auditor's Report	2 - 3
Statements of Financial Position - Assets	4
Statements of Financial Position - Liabilities and Net Assets	5
Statements of Activities	6 - 7
Statements of Cash Flows	8
Notes to the Financial Statements	9 - 28
Additional Information for California State University, Fresno:	29
Schedule of Net Position	30
Schedule of Revenues, Expenses, and Changes in Net Position	31
Other Information	32 - 35

CALIFORNIA STATE UNIVERSITY, FRESNO ASSOCIATION, INC.
CORPORATE INFORMATION
FOR FISCAL YEAR ENDED JUNE 30, 2020

BOARD OF DIRECTORS

Ms. Deborah S. Adishian-Astone	Vice President for Administration
Dr. Michael Botwin	Academic Senate
Dr. Carolyn Coon	Associate Vice President of Student Affairs
Dr. Thomas Holyoke	Chair, Academic Senate
Dr. Frank Lamas (until November 2019)	Vice President for Student Affairs and Enrollment Management
Ms. Lauryn Flores	Chair, University Student Union Board of Directors
Vacant	Community Member
Mr. R. Gary Renner	Community Member
Mr. Hisham Qutob	Executive Vice President, Associated Students California State University, Fresno
Mr. Omar Hernandez	President, Associated Students California State University , Fresno
Dr. Saúl Jiménez-Sandoval	Provost and Vice President of Academic Affairs

OFFICERS

Ms. Deborah S. Adishian-Astone	Chair
Dr. Frank Lamas (until November 2019)	Vice Chair
Dr. Saúl Jiménez-Sandoval	Secretary/Treasurer

AUDIT COMMITTEE

Mr. R. Gary Renner	Chair, Community Member
Mr. Marshall Kelley	Vice-Chair, Community Member
Dr. Michael Botwin	Community Member
Dr. Thomas Holyoke	By virtue of position

EXECUTIVE STAFF

Ms. Deborah S. Adishian-Astone	Executive Director
Ms. Kate Tuckness	Auxiliary Controller

CORPORATE DATA

Executive Offices	2771 East Shaw Avenue Fresno, California 93710-8205 Telephone: (559) 278-0800
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Auditors	Price Paige & Company Accountancy Corporation 570 North Magnolia Avenue, Suite 100 Clovis, California 93611 Telephone: (559) 299-9540 www.ppcpas.com
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
California State University, Fresno Association, Inc.
Fresno, California

We have audited the accompanying financial statements of California State University, Fresno Association, Inc. (the Association), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Association'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 Association's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of California State University, Fresno Association, Inc. as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the California State University, Fresno Association, Inc.'s 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 9, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Additional Information for California State University, Fresno on pages 30-35 is presented, as required by the Chancellor of the California State University, 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.

Price Pange & Company

Clovis, California
September 8, 2020

CALIFORNIA STATE UNIVERSITY, FRESNO ASSOCIATION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 WITH SUMMARIZED COMPARATIVE TOTALS FOR 2019

ASSETS	2019 TOTAL	2020 TOTAL	SAVE MART CENTER	COMMERCIAL OPERATIONS	STUDENT HOUSING	STUDENT UNION/REC CENTER
Current Assets:						
Cash and Cash Equivalents:						
On-Hand and in Commercial Accounts	\$ 2,134,798	\$ 2,521,864	\$ (1,380,731)	\$ 1,968,385	\$ 1,602,614	\$ 331,596
Savings Accounts	19,914,514	23,825,795	(13,044,724)	18,596,700	15,141,001	3,132,818
Total Cash and Cash Equivalents (Note 4)	22,049,312	26,347,659	(14,425,455)	20,565,085	16,743,615	3,464,414
Pledges Receivable-Save Mart Center (Note 5)	2,968,897	2,089,694	2,089,694	-	-	-
Accounts Receivable (Note 2)	11,099,241	2,526,598	927,969	1,333,643	245,477	19,509
Allowance for Doubtful Accounts	(93,724)	(72,427)	-	(34,027)	(38,400)	-
Inventories (Note 2)	153,883	122,524	-	108,503	180	13,841
Prepaid Expenses (Note 2)	189,705	248,978	-	179,823	22,520	46,635
Total Current Assets	36,367,314	31,263,026	(11,407,792)	22,153,027	16,973,392	3,544,399
Long-Term Assets:						
Pledges Receivable-Save Mart Center (Note 5)	9,184,101	7,851,494	7,851,494	-	-	-
Investments (Note 6)	11,765,433	12,091,742	-	12,091,742	-	-
Total Long-Term Assets	20,949,534	19,943,236	7,851,494	12,091,742	-	-
Fixed Assets: (Note 2)						
Buildings and Improvements	115,347,710	116,317,208	102,512,232	2,012,451	11,792,525	-
Land Development Costs	715,706	715,706	715,706	-	-	-
Equipment, Furniture and Fixtures	21,171,999	22,135,278	6,528,308	5,750,258	7,485,943	2,370,769
Intangible Assets	45,000	75,000	-	75,000	-	-
Construction in Progress	1,422,778	53,655	-	53,655	-	-
Total	138,703,193	139,296,847	109,756,246	7,891,364	19,278,468	2,370,769
Less Accumulated Depreciation	(66,610,905)	(71,074,849)	(48,344,345)	(6,432,010)	(14,613,395)	(1,685,099)
Total Fixed Assets, Net	72,092,288	68,221,998	61,411,901	1,459,354	4,665,073	685,670
TOTAL ASSETS	\$ 129,409,136	\$ 119,428,260	\$ 57,855,603	\$ 35,704,123	\$ 21,638,465	\$ 4,230,069

The accompanying notes are an integral part of the financial statements

CALIFORNIA STATE UNIVERSITY, FRESNO ASSOCIATION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 WITH SUMMARIZED COMPARATIVE TOTALS FOR 2019

LIABILITIES AND NET ASSETS	2019 TOTAL	2020 TOTAL	SAVE MART CENTER	COMMERCIAL OPERATIONS	STUDENT HOUSING	STUDENT UNION/REC CENTER
Liabilities:						
Current Liabilities:						
Accounts Payable & Other Accrued Liabilities	\$ 3,340,955	\$ 3,045,997	\$ 175,283	\$ 1,942,110	\$ 458,517	\$ 470,087
Notes Payable	450,000	515,000	-	-	515,000	-
Deferred Revenue	9,075,849	428,840	398,067	17,159	13,614	-
Interest Payable	24,840	13,937	-	-	13,937	-
Capital Lease Obligations	6,088,363	4,135,693	4,135,693	-	-	-
Agency Funds	25,067	26,866	11,251	-	15,615	-
Total Current Liabilities	19,005,074	8,166,333	4,720,294	1,959,269	1,016,683	470,087
Long-Term Liabilities:						
SBA PPP Loan (Note 8)	-	34,773	-	34,773	-	-
Deferred Revenue	-	694,970	694,970	-	-	-
Interest Payable	-	951,163	951,163	-	-	-
Other Post Employment Benefit Obligation (Note 11)	4,913,426	4,916,815	-	4,017,168	108,297	791,350
Notes Payable, net of Debt Issuance Costs (Note 8)	2,722,524	2,187,655	-	-	2,187,655	-
Capital Lease Obligations, net of Debt Issuance Costs (Note 9)	46,919,524	46,744,720	46,744,720	-	-	-
Total Long-Term Liabilities	54,555,474	55,530,096	48,390,853	4,051,941	2,295,952	791,350
TOTAL LIABILITIES	73,560,548	63,696,429	53,111,147	6,011,210	3,312,635	1,261,437
NET ASSETS:						
Without Donor Restrictions	55,848,588	55,731,831	4,744,456	29,692,913	18,325,830	2,968,632
Total Net Assets	55,848,588	55,731,831	4,744,456	29,692,913	18,325,830	2,968,632
TOTAL LIABILITIES AND NET ASSETS	\$ 129,409,136	\$ 119,428,260	\$ 57,855,603	\$ 35,704,123	\$ 21,638,465	\$ 4,230,069

The accompanying notes are an integral part of the financial statements

CALIFORNIA STATE UNIVERSITY, FRESNO ASSOCIATION, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020 WITH SUMMARIZED COMPARATIVE TOTALS FOR 2019

	2019 TOTAL	2020 TOTAL	INTRAFUND ELIMINATIONS	SAVE MART CENTER	COMMERCIAL OPERATIONS				STUDENT HOUSING	STUDENT FEE OPERATIONS		
					BOOKSTORE	DINING SERVICES	ADMIN	TOTAL		REC CENTER	STUDENT UNION	TOTAL
Operating Activities												
Revenues and Other Support												
Gross Sales	\$ 31,108,036	\$ 21,402,985	\$ (1,018,750)	\$ 1,733,106	\$ 640,136	\$ 8,024,015	\$ 1,798,975	\$ 10,463,126	\$ 5,568,165	\$ 1,539,307	\$ 3,118,031	\$ 4,657,338
Contributions	670,745	950,630	-	921,463	-	-	-	-	-	29,167	-	29,167
SBA PPP Federal Subsidy	-	1,647,127	-	263,818	224,146	653,503	246,964	1,124,613	258,696	-	-	-
Other Income	925,605	852,701	-	759,750	-	20,203	22,432	42,635	33,025	8,451	8,840	17,291
Total Revenues and Other Support	32,704,386	24,853,443	(1,018,750)	3,678,137	864,282	8,697,721	2,068,371	11,630,374	5,859,886	1,576,925	3,126,871	4,703,796
Expenses												
Cost of Goods Sold	9,038,236	2,559,683	-	-	1,042	2,545,876	-	2,546,918	-	12,765	-	12,765
Salaries/Wages	7,028,662	6,394,562	-	-	150,167	2,426,481	1,125,129	3,701,777	747,295	568,507	1,376,983	1,945,490
Employee Benefits	2,891,100	2,206,643	-	-	208,063	506,834	692,725	1,407,622	212,998	170,543	415,480	586,023
Administration-Food Services	589,967	586,241	(150,000)	-	-	736,241	-	736,241	-	-	-	-
Advances to SMG	1,557,176	1,757,113	-	1,757,113	-	-	-	-	-	-	-	-
Advertising/Printing	145,240	72,397	-	-	300	18,183	-	18,483	51,300	2,609	5	2,614
Athletic Corporation Entitlements	220,855	141,928	-	141,928	-	-	-	-	-	-	-	-
Audit/Legal Expense	36,090	53,073	-	-	-	-	53,073	53,073	-	-	-	-
Bad Debt Expense	72,899	42,451	-	-	-	16,945	-	16,945	25,419	87	-	87
Bank Charges	22,430	19,092	-	-	-	16,355	2,737	19,092	-	-	-	-
Chancellor's Office Fee	12,285	17,869	-	-	-	-	17,869	17,869	-	-	-	-
Computer Supplies/Expense	143,390	146,737	-	-	3,368	31,884	21,012	56,264	46,906	17,895	25,672	43,567
Consulting	4,741	4,604	-	-	-	-	300	300	4,304	-	-	-
Contract Services	1,066,464	983,420	-	-	-	102,800	-	102,800	818,511	62,109	-	62,109
Credit Card Fees	304,481	164,014	-	1,304	3,075	91,850	-	94,925	57,429	2,860	7,496	10,356
Depreciation/Amortization	4,319,868	4,450,264	-	2,855,227	8,325	229,632	101,360	339,317	980,048	57,378	218,294	275,672
Dues/Memberships/Subscriptions	37,692	24,712	-	-	6,000	7	4,857	10,864	233	1,806	11,809	13,615
Employee Recruitment/Development	25,540	17,748	-	-	-	885	15,524	16,409	525	28	786	814
Equipment Purchased	23,382	23,959	-	-	-	-	-	-	-	19,612	4,347	23,959
Housing Incentives	21,326	13,820	-	-	-	-	-	-	13,820	-	-	-
Insurance	393,311	400,783	-	245,246	22,819	-	8,526	31,345	101,235	7,799	15,158	22,957
Janitorial/Sanitation	149,442	103,976	-	-	-	55,913	-	55,913	29,354	18,709	-	18,709
Laundry	98,296	63,867	-	-	-	50,375	-	50,375	13,492	-	-	-
Licenses/Permits/Fees	168,115	198,560	-	227	231	39,648	157,007	196,886	1,447	-	-	-
Loss on Technology Investment	-	271,024	-	-	-	-	271,024	271,024	-	-	-	-
Management Services Fee	-	-	(568,750)	-	40,000	-	-	40,000	150,000	78,750	300,000	378,750
Miscellaneous	82,799	55,576	-	-	559	13,953	12,085	26,597	23,333	4,679	967	5,646
Non-Student Tax	14,296	10,492	-	-	-	10,492	-	10,492	-	-	-	-
Obsolete Merchandise	54,595	-	-	-	-	-	-	-	-	-	-	-
Office Supplies	108,642	90,580	-	-	-	12,560	31,622	44,182	39,495	923	5,980	6,903
Paper Supplies	274,900	212,223	-	-	-	166,441	-	166,441	22,963	-	22,819	22,819
Possessory Interest Tax	178,829	166,023	-	166,023	-	-	-	-	-	-	-	-
Postage/Freight	34,983	30,584	-	-	164	-	15,588	15,752	14,571	-	261	261
Rent/Rental	124,176	81,739	-	-	-	49,459	11,729	61,188	14,747	5,804	-	5,804
Repairs/Maintenance	589,381	461,265	-	2,662	17,272	164,676	30,181	212,129	109,959	11,360	125,155	136,515
Resident Advisor Meals	198,509	197,336	-	-	-	112,167	-	112,167	85,169	-	-	-
Royalties	142,703	110,985	-	-	-	110,985	-	110,985	-	-	-	-
Save Mart Seat Licenses	-	-	(300,000)	-	-	-	-	-	-	-	300,000	300,000

The accompanying notes are an integral part of the financial statements

CALIFORNIA STATE UNIVERSITY, FRESNO ASSOCIATION, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020 WITH SUMMARIZED COMPARATIVE TOTALS FOR 2019

	2019 TOTAL	2020 TOTAL	INTRAFUND ELIMINATIONS	SAVE MART CENTER	COMMERCIAL OPERATIONS				STUDENT HOUSING	STUDENT FEE OPERATIONS		
					BOOKSTORE	DINING SERVICES	ADMIN	TOTAL		REC CENTER	STUDENT UNION	TOTAL
Security Services	41,699	35,383	-	-	-	-	35,383	35,383	-	-	-	-
Smallwares	123,734	105,129	-	2,803	-	35,511	-	35,511	66,815	-	-	-
Student Programs	160,655	112,652	-	-	-	-	-	-	-	11,318	101,334	112,652
Telephone/Communications	35,890	41,119	-	-	8,716	4,706	6,190	19,612	13,417	996	7,094	8,090
Travel/Training	81,823	63,328	-	-	1,074	11,397	5,212	17,683	34,957	1,985	8,703	10,688
University Donations	96,600	142,957	-	4,482	-	30,330	50,000	80,330	-	-	58,145	58,145
USU Co-Sponsorships	2,555	1,043	-	-	-	-	-	-	-	-	1,043	1,043
Utilities	1,302,257	1,134,495	-	-	40,518	218,538	17,012	276,068	330,987	405,962	121,478	527,440
Warehouse Expense	5,948	3,051	-	-	-	3,051	-	3,051	-	-	-	-
Wilkinson Group Fee	180,000	180,000	-	180,000	-	-	-	-	-	-	-	-
Total Expenses	32,205,962	23,954,500	(1,018,750)	5,357,015	511,693	7,814,175	2,686,145	11,012,013	4,010,729	1,464,484	3,129,009	4,593,493
Change in Net Assets from Operations	498,424	898,943	-	(1,678,878)	352,589	883,546	(617,774)	618,361	1,849,157	112,441	(2,138)	110,303
Nonoperating Revenues (Expenses)												
Interest and Dividend Income	764,898	696,998	-	(136,629)	-	-	776,936	776,936	-	2,940	53,751	56,691
Investment Return, Net	373,872	30,005	-	(73,328)	-	-	103,333	103,333	-	-	-	-
Bond Expenses	(57,403)	(45,390)	-	(11,394)	-	-	-	-	(33,996)	-	-	-
Capital Lease Expense	(1,694,039)	(1,664,411)	-	(1,664,411)	-	-	-	-	-	-	-	-
Interest Expense	(83,458)	(32,902)	-	-	-	-	(75)	(75)	(32,827)	-	-	-
Total Nonoperating Activities	(696,130)	(1,015,700)	-	(1,885,762)	-	-	880,194	880,194	(66,823)	2,940	53,751	56,691
Change in Net Assets	(197,706)	(116,757)	-	(3,564,640)	352,589	883,546	262,420	1,498,555	1,782,334	115,381	51,613	166,994
Net Assets, Beginning of Year, Without Donor Restrictions	56,046,294	55,848,588		8,309,096				28,194,358	16,543,496			2,801,638
Net Assets, End of Year, Without Donor Restrictions	\$ 55,848,588	\$ 55,731,831		\$ 4,744,456				\$ 29,692,913	\$ 18,325,830			\$ 2,968,632

The accompanying notes are an integral part of the financial statements

CALIFORNIA STATE UNIVERSITY, FRESNO ASSOCIATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2020

	TOTAL	
	2019	2020
Cash Flows From Operating Activities		
Increase/(Decrease) in Net Assets	\$ (197,706)	\$ (116,757)
Adjustment to Reconcile Increase/(Decrease) in Net Assets to Net Cash Provided by Operating Activities		
Loss on Technology Investment	0	557,632
Realized and Unrealized (Gain) Loss on Investments	(485,318)	(129,841)
Provision for Doubtful Accounts	(2,758)	(21,297)
Depreciation	4,319,868	4,450,264
Amortization	(242,283)	(305,993)
Changes in:		
Accounts Receivable	(1,749,864)	8,572,643
Pledges Receivable-Save Mart Center	1,606,207	2,211,810
Inventories	945,094	31,359
Prepaid Expenses and Deferred Charges	55,117	(59,273)
Accounts Payable and Other Accrued Liabilities	1,051,026	(256,796)
Deferred Revenue	661,233	(7,952,039)
Interest Payable on Bonds	(2,916)	(10,903)
Interest Payable on Capital Lease Obligations	(90,458)	853,493
Agency Funds	(79,935)	1,799
Net Cash Provided by (Used in) Operating Activities	<u>5,787,307</u>	<u>7,826,101</u>
Cash Flows From Investing Activities		
Investment Income Reinvested	(226,144)	(196,468)
Acquisition of Fixed Assets	(2,451,168)	(1,151,286)
Net Cash Provided by (Used in) Investing Activities	<u>(2,677,312)</u>	<u>(1,347,754)</u>
Cash Flows from Financing Activities		
Proceeds of Borrowings for Capital Purposes	0	2,725,000
Principal Payments on Notes	(430,000)	(3,050,000)
Principal Payments on Capital Lease Obligations	(1,820,000)	(1,855,000)
Net Cash Provided by (Used in) Financing Activities	<u>(2,250,000)</u>	<u>(2,180,000)</u>
Net Increase (Decrease) in Cash	859,995	4,298,347
Cash and Cash Equivalents, Beginning of Year	<u>21,189,317</u>	<u>22,049,312</u>
Cash and Cash Equivalents, End of Year	<u>\$22,049,312</u>	<u>\$26,347,659</u>
Supplemental Disclosure of Cash Flow Information		
Cash Paid During the Year for Interest	<u>\$ 2,184,238</u>	<u>\$ 1,094,709</u>

The accompanying notes are an integral part of the financial statements

CALIFORNIA STATE UNIVERSITY, FRESNO ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2020

Note 1 – General Information

The California State University, Fresno Association, Inc. (the Association) administers and manages the commercial activities for California State University, Fresno including the Save Mart Center, Kennel Bookstore, University Dining Services, Student Housing, Recreation Center and the University Student Union. The Association also provides accounting and managerial services to other university auxiliary corporations. The Association is supported primarily by sales from commercial activities and contributions.

The California State University, Fresno Association, Inc. was incorporated on June 12, 1961 as a non-profit corporation. The Association was formed and is operated exclusively to receive, hold, invest and administer property and to make expenditures to and for the benefit of California State University, Fresno (the University). The Association is a tax-exempt corporation under section 501(c)(3) of the Internal Revenue Code.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation – The financial statements of the Association have been prepared in accordance with US generally accepted accounting principles (US GAAP), which require the Association to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Association. These net assets may be used at the discretion of the Association’s management and the Board of Directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Association or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Basis of Accounting – Basis of accounting refers to the timing of when various financial transactions are recognized in the accounts and reported in the financial statements. The accounting records of the Association are maintained using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when goods or services are received.

Measure of Operations – The statements of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Association’s ongoing commercial and management services and other miscellaneous income. Nonoperating activities are limited to resources that are considered to be of a more unusual or nonrecurring nature such as return on investments, interest/dividends and debt interest expense.

Note 2 – Summary of Significant Accounting Policies (continued)

Fund Accounting – The accounts of the Association are maintained in accordance with the principles of fund accounting. Under fund accounting, resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. Fund balances are classified on the Statements of Financial Position as net assets with or without donor restrictions based on the absence or existence and type of donor-imposed restrictions.

Cash and Cash Equivalents – Cash and cash equivalents consist of demand deposit accounts and money market funds with financial institutions. The Association considers all highly liquid investments with maturities of three months or less, when purchased, to be cash equivalents. At June 30, 2019 and 2020, cash and equivalents included \$8,874,365 and \$10,868,329, respectively, held in a commercial bank of which \$250,000 was insured by the Federal Deposit Insurance Corporation (FDIC).

Concentrations of Credit Risk – Financial instruments that potentially subject the Association to concentrations of credit risk consist principally of cash and cash equivalents. The Association maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. The Association's cash and cash equivalent accounts have been placed with high credit quality financial institutions. The Association has not experienced, nor does it anticipate, any losses with respect to such accounts.

Pledges Receivable-Save Mart Center – Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in gross sales and contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Management is of the opinion there is no need to have an allowance for uncollectible pledges given demand for suites and seats. In most cases, refunds for previously purchased seat licenses are not given unless there is an alternative buyer for those seats. Currently, there is an extensive waiting list for suites and all suite holders are required to pay their suite lease in advance. If necessary, tickets and other entitlements are withheld if payment is due.

Due to the impacts of the COVID-19 pandemic (Note 17), the pledge agreement with Pepsi will be revised for fiscal year 2020/21 to adjust the pledge amount based on volume and attendance. Additionally, suite terms will be extended at no additional cost based on the Save Mart Center's temporary closure.

Accounts Receivable – Accounts receivable 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 an 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 a credit to accounts receivable. Allowances for doubtful accounts in the amounts of \$93,724 and \$72,427 have been established as of June 30, 2019 and 2020, respectively.

Inventories – The Association's inventory consists of goods held for resale in University Dining Services, University Student Union, and Student Housing, and are valued at the lower of cost or market determined by the first-in, first-out (FIFO) method.

Note 2 – Summary of Significant Accounting Policies (continued)

Prepaid Expenses – Prepaid expenses are comprised of information technology maintenance and other prepaid maintenance pertaining to future periods.

Investments – Investments in securities are carried at market value and realized and unrealized gains or losses are included in “Nonoperating Activities” in the Statement of Activities.

Fair Value of Financial Instruments – US GAAP requires disclosure of an estimate of fair value of certain financial instruments. The Association’s significant financial instruments are cash, accounts receivable, investments, and other short-term assets and liabilities. For these financial instruments, carrying values approximate fair value.

Fixed Assets – Fixed assets are stated at cost at the date of purchase or, for donated assets, at fair value at the date of donation, less accumulated depreciation. Depreciation is calculated using the straight-line method over the lesser of the estimated useful lives of the assets or the lease term. The useful lives range from 3 to 55 years. The Association’s policy is to capitalize renewals and betterments acquired for greater than \$5,000 and expense normal repairs and maintenance as incurred. Fully depreciated assets, which have economic value, are retained on the books although fully depreciated.

In connection with University Dining Services provided on campus, the Association has paid franchise fees to Subway, Starbucks, and Taco Bell for the privilege of operating the quick service restaurants. The franchise fees are reported, net of amortization expense, in the fixed asset section of the Statements of Financial Position. These fees are amortized over the franchise period using the straight-line method.

Defined Benefit Pension Plan – As described in Note 10, the Association participates in a multi-employer public employee retirement system. The system provides disclosure information in accordance with the Governmental Accounting Standards Board (GASB). The latest information available from CalPERS is the actuarial valuation report as of June 30, 2018.

Deferred Revenue – Income from the University, Student Housing rent, board and summer conferences, and Campus Pointe are deferred and recognized over the periods to which the University, Student Housing, and Campus Point activities relate.

Contributions – All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), 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. The Association had no net assets with donor restrictions in 2019 or 2020.

Contributed fixed assets are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Note 2 – Summary of Significant Accounting Policies (continued)

Advertising Costs – Advertising costs are expensed as incurred and totaled \$145,240 and \$72,397 in 2019 and 2020, respectively.

Functional Expenses – The costs of providing various programs and other activities have been summarized on a functional basis in Note 15 – Expenses by Natural/Functional Classification. Accordingly, certain costs have been allocated among programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

Use of Estimates – The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Tax Status – The Association is organized and operated exclusively for educational purposes and is thus allowed tax exempt status under provisions of section 501(c)(3) of the Internal Revenue Code and section 23701(d) of the California Revenue and Taxation Code. The Association does, however, pay income taxes on any unrelated business income.

Comparative Financial Information – The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with US GAAP. Accordingly, such information should be read in conjunction with the Association’s financial statements for the year ended June 30, 2019, from which the summarized information was derived.

Note 3 – Availability and Liquidity

The following represents The Association’s financial assets at June 30, 2019 and 2020:

Financial assets at year end:	<u>2019</u>	<u>2020</u>
Cash and cash equivalents	\$ 22,049,312	\$ 26,347,659
Accounts receivable, net	11,005,517	2,454,171
Pledges receivable	2,968,897	2,089,694
Investments	<u>11,765,433</u>	<u>12,091,742</u>
Total financial assets	47,789,159	42,983,266
Less amounts not available to be used within one year:		
Net assets with donor restrictions	0	0
Less net assets with purpose restrictions to be met in less than one year	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 47,789,159</u>	<u>\$ 42,983,266</u>

Note 3 – Availability and Liquidity (continued)

The Association’s reserve policy for commercial operations is generally to maintain financial assets to meet 20% of budgeted operating expenses for next fiscal year, net of depreciation or \$4,000,000, whichever is greater. The minimum requirement is \$4,000,000 for both fiscal years 2019 and 2020.

The Association’s reserve policy for student housing operations is generally to maintain financial assets to meet 20% of budgeted operating expenses for next fiscal year, net of depreciation, whichever is greater. The minimum requirement is \$764,097 and \$525,721 for fiscal years 2019 and 2020, respectively.

The Association’s reserve policy for University Student Union and Student Recreation Center is to maintain financial assets to meet 35% of operating expenses for the current fiscal year, less capital equipment purchases, plus 100% of budgeted capital expenses. The minimum requirement for the University Student Union is \$1,470,298 and \$1,335,382 for fiscal years 2019 and 2020, respectively. The minimum requirement for the Student Recreation Center is \$583,183 and \$505,705 for fiscal years 2019 and 2020, respectively. In addition, the University Student Union and Student Recreation Center also have reserves on deposit with the University in a state trust account.

As part of its liquidity plan, excess cash is invested in short-term investments including money market and State of California Local Agency Investment Fund (LAIF) accounts. The Association also has excess funds invested in long-term, highly liquid funds. The Association also has accounts receivable and pledges receivable that are available to meet funding requirements.

The Association’s financial assets available to meet the general expenditures over the next twelve months is more than adequate to meet financial obligations.

Note 4 – Cash and Cash Equivalents

Cash and cash equivalents at June 30 consisted of the following:

	<u>2019</u>	<u>2020</u>
Deposits:		
Cash on hand and in banks	\$ 8,813,286	\$ 10,785,562
Pooled Funds:		
Cash in State of California Local Agency Investment Fund	<u>13,236,026</u>	<u>15,562,097</u>
Total	<u>\$ 22,049,312</u>	<u>\$ 26,347,659</u>

The Association maintains some cash in the State of California Local Agency Investment Fund (LAIF). The state pools these funds with those of other organizations and invests the cash. These pooled funds are carried at cost which approximates market value. Interest earned is remitted quarterly to the Association. Any investment losses are proportionately shared by all participants in the pool. The LAIF is part of the Pooled Money Investment Account (PMIA). The PMIA began in 1955 and oversight is provided by the Pooled Money Investment Board (PMIB) and an in-house Investment Committee. The PMIB members are the State Treasurer, Director of Finance, and State Controller.

Note 4 – Cash and Cash Equivalents (continued)

Additionally, the PMIA has Policies, Goals and Objectives for the portfolio to make certain that the goals of Safety, Liquidity and Yield are not jeopardized and that prudent management prevails. These policies are formulated by investment staff and reviewed by both the PMIB and the LAIF on an annual basis. All investment and LAIF claims are audited on a daily basis by the State Controller’s Office as well as an in-house audit process involving three separate divisions.

Under Federal Law, the State of California cannot declare bankruptcy, thereby allowing the Government Code Section 16429.3 to stand. This Section states that “moneys placed with the Treasurer for deposit in the LAIF by cities, counties, special districts, nonprofit corporations, or qualified quasi-governmental agencies shall not be subject to either of the following: (a) transfer or loan pursuant to Sections 16310, 16312, or 16313, or (b) impoundment or seizure by any state official or state agency.”

Note 5 – Pledges Receivable-Save Mart Center

Included in “Pledges Receivable” are the following unconditional promises to give at June 30:

	<u>2019</u>	<u>2020</u>
Unconditional Promises to Give Before		
Unamortized Discount	\$ 15,055,398	\$ 12,212,978
Less: Unamortized Discount	<u>(2,902,400)</u>	<u>(2,271,790)</u>
Net Unconditional Promises to Give	<u>12,152,998</u>	<u>9,941,188</u>
Amounts Due in:		
One Year	\$ 2,968,897	\$ 2,089,694
Two to Five Years	7,072,837	6,599,167
More Than Five Years	<u>2,111,264</u>	<u>1,252,327</u>
Total	<u>\$ 12,152,998</u>	<u>\$ 9,941,188</u>

The discount rate used to calculate the present value of promises to give is 7% for 2019 and 2020.

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Note 6 – Investments

Long-Term investments at June 30, 2019 consist of the following:

Long-term investments	Total
Long-term investments at beginning of year	\$ 11,053,971
Additions	0
Amounts withdrawn	(40,917)
Return on investments (net of investment fees of \$35,472):	
Dividends and interest	302,118
Net unrealized and realized gains (losses)	450,261
Total return on investments	752,379
Long-term investments at end of year	\$ 11,765,433

Long-Term investments at June 30, 2020 consist of the following:

Long-term investments	Total
Long-term investments at beginning of year	\$ 11,765,433
Additions	0
Amounts withdrawn	(21,495)
Return on investments (net of investment fees of \$37,366):	
Dividends and interest	258,939
Net unrealized and realized gains (losses)	88,865
Total return on investments	347,804
Long-term investments at end of year	\$ 12,091,742

Long-Term investments at fair value at June 30, 2019 and 2020 consist of the following:

Long-term investments	2019	2020
Corporate Bonds	\$ 1,496,903	\$ 1,689,570
Common fund	3,058,596	3,050,640
Mutual funds	4,240,337	3,748,098
Money Market funds	23,160	82,534
U.S. agency securities	545,067	903,718
U.S. treasury securities	710,974	1,176,100
Equity securities	989,559	1,441,082
Exchange traded funds (EFTs)	700,837	0
Total long-term investments, at market	\$ 11,765,433	\$ 12,091,742

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Note 7 – Fair Value Measurements

Generally accepted accounting principles define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant observable input (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 – Inputs are quoted market prices (unadjusted) in active markets for identical assets or liabilities. Valuations for assets and liabilities traded in active exchange markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Inputs other than quoted prices within Level 1 that are observable, either directly or indirectly. Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.

Level 3 – Inputs are unobservable. Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounts cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

The tables below present the balance of assets measured at fair value on a recurring basis at June 30:

<u>2019</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash and Cash Equivalents	\$ 22,049,312	\$ 22,049,312	\$ 0	\$ 0
Pledges Receivable – SMC	12,152,998	0	0	12,152,998
Long-term investments:				
Corporate Bonds	1,496,903	1,496,903	0	0
Multi strategy equity fund	3,058,596	0	3,058,596	0
Mutual funds	4,240,337	4,240,337	0	0
Money Market funds	23,160	23,160	0	0
U.S. agency securities	545,067	0	545,067	0
U.S. treasury securities	710,974	710,974	0	0
Equity securities	989,559	989,559	0	0
Exchange traded funds (EFTs)	700,837	700,837	0	0
Total long-term investments	<u>11,765,433</u>	<u>8,161,770</u>	<u>3,603,663</u>	<u>0</u>
Total	<u>\$ 45,967,743</u>	<u>\$ 30,211,082</u>	<u>\$ 3,603,663</u>	<u>\$ 12,152,998</u>

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Note 7 – Fair Value Measurements (continued)

2020	Fair Value	Level 1	Level 2	Level 3
Cash and Cash Equivalents	\$ 26,347,659	\$ 26,347,659	\$ 0	\$ 0
Pledges Receivable – SMC	9,941,188	0	0	9,941,188
Long-term investments:				
Corporate Bonds	1,689,570	1,689,570	0	0
Multi strategy equity fund	3,050,640	0	3,050,640	0
Mutual funds	3,748,098	3,748,098	0	0
Money Market funds	82,534	82,534	0	0
U.S. agency securities	903,718	0	903,718	0
U.S. treasury securities	1,176,100	1,176,100	0	0
Equity securities	1,441,082	1,441,082	0	0
Total long-term investments	12,091,742	8,137,384	3,954,358	0
Total	\$ 48,380,589	\$ 34,485,043	\$ 3,954,358	\$ 9,941,188

See Note 2 for valuation technique used to measure fair value for Investments and Pledges Receivable-Save Mart Center. There were no changes in valuation techniques during the current year.

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3 inputs):

Pledges Receivable – Save Mart Center:	2019	2020
Balance, July 1,	\$ 13,759,205	\$ 12,152,998
New Pledges	1,295,015	1,380,580
Pledge payments received	(3,723,899)	(3,250,851)
Write-off	(4,008)	(972,149)
Change in present value discount	826,685	630,610
Balance, June 30,	\$ 12,152,998	\$ 9,941,188

Note 8 – Notes Payable

In February 2020, the Association participated in the CSU Systemwide Revenue Bonds (SRB) Series 2020B program to refinance the Student Housing Refunding Revenue Bonds, Series 2011A – refinance of Series 2001. The effect of the refinancing was to incur a new note payable obligation payable to the Trustees of the California State University. Interest at 1.64% is payable semi-annually, with principal payments beginning in November 2020. The maturity schedule and interest rates of the outstanding note payable are as follows:

Maturity Date	Principal Amount	Coupon
November 1, 2020	\$ 515,000	1.473%
November 1, 2021	545,000	1.493%
November 1, 2022	550,000	1.523%
November 1, 2023	555,000	1.557%
November 1, 2024	560,000	1.646%
	<u>\$ 2,725,000</u>	

Note 8 – Notes Payable (continued)

The California State University, Fresno Association, Inc. is obligated to pay principal and interest as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 515,000	\$ 66,978	\$ 581,978
2022	545,000	38,284	583,284
2023	550,000	22,047	572,047
2024	555,000	13,538	568,538
2025	560,000	4,609	564,609
	<u>2,725,000</u>	<u>145,456</u>	<u>2,870,456</u>
Unamortized Debt Issuance Costs	<u>(22,345)</u>	<u>0</u>	<u>(22,345)</u>
	<u>\$ 2,702,655</u>	<u>\$ 145,456</u>	<u>\$ 2,848,111</u>

On April 19, 2020, the Association received a Small Business Administration Paycheck Protection Program (SBA PPP) loan in the amount of \$1,692,400. Principal and interest at 1.00% are payable monthly beginning after forgiveness is granted. Interest accrues between the date of disbursement and forgiveness on the amount of the loan that is not forgiven. The Association has 10 months from the completion of the covered period to apply for forgiveness.

The Association anticipates forgiveness of \$1,647,127 based on qualified payroll and nonpayroll costs as determined using the Small Business Administration's preliminary guidance dated August 4, 2020. As such, the forgiveness amount has been recognized as revenue on the Statement of Activities for the year ended June 30, 2020.

The Association anticipates paying principal and interest as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 10,500	\$ 447	\$ 10,947
2022	34,773	161	34,934
	<u>\$ 45,273</u>	<u>\$ 608</u>	<u>\$ 45,881</u>

Note 9 – Capital Lease Obligations

In August 2015, the Association participated in the CSU Systemwide Revenue Bonds (SRB) program to refinance the 2005 Save Mart Center bonds. The effect of the refinancing was to incur a new capital lease obligation payable to the University. Interest at 4.4% is payable semi-annually, with principal payments beginning in November 2015. The Association has amortized the net premium, underwriter's discount, and cost of issuance over the life of the SRB bonds, the unamortized portions are reported net of the long-term liability on the Statements of Financial Position.

Note 9 – Capital Lease Obligations (continued)

Capital Lease Obligation-Save Mart Center

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 1,965,000	\$ 2,170,693	\$ 4,135,693
2022	2,295,000	1,711,350	4,006,350
2023	6,630,000	3,992,767	10,622,767
2024	4,900,000	1,332,787	6,232,787
2025	5,085,000	1,101,475	6,186,475
2026	2,870,000	917,088	3,787,088
2027	3,200,000	771,275	3,971,275
Thereafter	16,245,000	2,159,365	18,404,365
	<u>43,190,000</u>	<u>14,156,800</u>	<u>57,346,800</u>
Unamortized Premium	5,650,753	0	5,650,753
Unamortized Debt Issuance Costs	<u>(131,033)</u>	<u>0</u>	<u>(131,033)</u>
	<u>\$48,709,720</u>	<u>\$14,156,800</u>	<u>\$62,866,520</u>

Note 10 – Employee Defined Benefit Pension Plan

California Public Employees’ Retirement System Plan Description – The California State University, Fresno Association, Inc. (Federal Tax ID# 94-1512286), is a participating employer in two separate multi-employer defined benefit pension plans. The plans generally provide retirement to employees based on years of service to the Association, and also provide disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Miscellaneous Plan of the California State University-Fresno Association, Inc. and PEPRA Miscellaneous Plan of the California State University-Fresno Association, Inc. (CalPERS ID: 3956399313) are part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), a cost-sharing multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements are established by State statutes within the Public Employees’ Retirement Law. The Association selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance (other local methods). CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS’ annual financial report may be obtained from the CalPERS Executive Office – 400 P Street, Sacramento, CA 95814 or by visiting the CalPERS website at www.calpers.ca.gov.

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Note 10 – Employee Defined Benefit Pension Plan (continued)

Funding Policy – Under the Public Employees’ Pension Reform Act of 2013, employees (who are brought into CalPERS membership for the first time on or after January 1, 2013) are required to contribute at least 50% of the annual required contributions under a defined benefit formula of 2% Miscellaneous at age 62. The current employee and employer contribution rate is 6.75%. For employees hired prior to January 1, 2013 under the defined benefit formula of 2% Miscellaneous at age 55, plan members are required to contribute 7.00% of their annual covered salary and the Association currently pays the employee portion of the required contribution (the 7.00%) for employees with 5 or more years of service with the Association. California State University, Fresno Association, Inc. is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal 2019/2020 was 10.221% plus \$620,120 towards the unfunded liability for the Miscellaneous Plan and 6.985% plus \$4,043 towards the unfunded liability for the PEPRA Miscellaneous Plan. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

Employers participating in multi-employer defined benefit pension plans are different from single-employer plans because: (a) assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers, (b) if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be required to be borne by the remaining participating employers, and (c) if the Association chooses to stop participating in one of its multiemployer plans, it may be required to pay a withdrawal liability to the plan.

Annual Pension Cost – For fiscal year 2019/2020, California State University, Fresno Association, Inc.’s annual pension cost of \$900,806 was equal to the Association’s required and actual contributions. The total pension cost for both employee and employer contributions was \$1,107,580. The required contribution for fiscal year 2019/2020 was determined as part of the June 30, 2017 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 7.250% investment rate of return (net of administrative expenses); (b) projected overall payroll growth of 2.875% compounded annually and (c) inflation factor of 2.625% compounded annually.

On December 21, 2016, the CalPERS Board of Administration lowered the discount rate from 7.50% to 7.00% using a three year phase-in beginning with the June 30, 2016 actuarial valuations. The minimum employer contributions for 2018/2019 and 2019/2020 were calculated using a discount rate of 7.375% and 7.25%, respectively. The discount rate will be lowered 7.00% for 2020/2021.

The actuarial value of California State University, Fresno Association, Inc.’s assets was determined using a technique that smooths the effect of short-term volatility in the market value of investments over a five year period depending on the size of investment gains and/or losses.

Miscellaneous Plan of the California State University, Fresno Association, Inc.’s unfunded actuarial excess assets are being amortized as a level percentage of projected payroll on a closed basis. The amortization period at June 30, 2017 was 30 years. Based upon the most recent valuation published for the period ending June 30, 2017, the Association did not contribute more than 5% of total contributions to the plan.

Note 10 – Employee Defined Benefit Pension Plan (continued)

Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/18	\$715,244	100%	\$0
6/30/19	\$811,912	100%	\$0
6/30/20	\$900,806	100%	\$0

The Association is included in a pooled plan as required by California law. The Association has less than 100 active employees, therefore, the Association’s portion of the pooled information is less than 1%. Beginning in fiscal year 2013, funding history for the miscellaneous risk pools are combined to include the PEPRAs and other MISC risk pools.

Valuation Date	Pooled Accrued Liabilities	Pooled Actuarial Value of Assets	Pooled Unfunded Accrued Liabilities (UAL)	Funded Ratio	Pooled Annual Covered Payroll	UAL as a % of Payroll
6/30/16	14,775,287,594	10,897,707,800	3,877,579,794	73.8%	2,153,642,973	180.0%
6/30/17	15,944,026,687	12,162,131,074	3,781,895,613	76.3%	2,277,295,097	166.1%
6/30/18	17,461,594,826	13,162,719,111	4,298,875,715	75.4%	2,359,859,508	182.2%

Note 11 – Other Post Employment Benefit Obligation

The Association sponsors a defined benefit post-retirement plan that provides medical benefits to retirees. The plan is contributory, with retiree contributions adjusted annually. The plan covers each employee and spouse. Employees, other than new hires after January 16, 2003, are eligible to receive full benefits at the age of 50 with 5 years of service. Employees hired after January 16, 2003 are eligible to receive benefits after 10 years of service with a vesting schedule that begins with 50% coverage after 10 years of service and increases by 5% per year. After 20 years of service, the employee is eligible for 100% of benefits.

Government Code Section 22825.6 provides that a local agency contracting under the Meyers-Geddes State Employers’ Medical and Hospital Care Act shall fix the amount of the employer’s contribution at an amount not less than the amount required under Section 22825 of the Act, and the Association is a local agency contracting under the Act. The Board of Directors shall take action to adjust the basis of the employer’s contribution for each employee or annuitant.

The Association changed its method of accounting for post-retirement benefits other than pensions, from the pay-as-you-go method to the accrual method, as required by ASC 810, on July 1, 1995.

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Note 11 – Other Post Employment Benefit Obligation (continued)

Following is the information on the plan as of and for the year ended June 30, 2020, in accordance with ASC 715 “Employers’ Accounting for Defined Benefit Pension and Other Post-Retirement Plans”:

	Net Periodic Post-Retirement Benefit Cost	Post-Retirement Benefit Liability
July 1, 2019		\$ 5,361,200
Recognition of components of net periodic post-retirement benefit cost:		
Service cost (benefit)	\$ 85,408	85,408
Interest cost	308,434	308,434
Actuarial (gain) or loss	37,259	37,259
Total	<u>\$ 431,101</u>	
Benefit payments		<u>(485,033)</u>
Net Change		<u>(53,932)</u>
June 30, 2020		<u>\$ 5,307,268</u>

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedules of funding progress, presented as required supplementary information following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The post-retirement obligation is included in accounts payable and other liabilities as follows:

	2019	2020
Current portion	\$ 447,774	\$ 390,453
Long-term portion	4,913,426	4,916,815
	<u>\$ 5,361,200</u>	<u>\$ 5,307,268</u>

The funded status of the plan is the following:

Accrued post-retirement benefit obligation	\$ 5,361,200	\$ 5,307,268
Plan assets	<u>0</u>	<u>0</u>
Unfunded plan obligation	<u>\$ 5,361,200</u>	<u>\$ 5,307,268</u>

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Note 11 – Other Post Employment Benefit Obligation (continued)

The following weighted-average assumptions were used in accounting for the post-retirement benefit obligation at June 30, 2020:

Discount rate	6%
Rate of insurance premium increase	7%

The 6% discount rate is consistent with expected rates of return for funds reported elsewhere in the financial statements.

Benefits paid under the plan in 2019 and 2020 were \$477,251 and \$485,033, respectively. Benefits expected to be paid for future years are as follows:

Year Ended June 30:	
2021	\$ 390,453
2022	395,772
2023	401,405
2024	408,627
2025-2028	2,211,543
Total	<u>\$ 3,807,800</u>

Note 12 – Lease Commitments

The Association has entered into several facility leases for which minimal consideration is required by the lessor as follows:

- Use of the Kennel Bookstore, between the Trustees of the CSU, expiring June 30, 2025.
- Use of the University Center, between the Trustees of the CSU, expiring June 30, 2025.
- Use of the University Student Union, between the Trustees of the CSU, expiring June 30, 2023.
- Use of the Residence Dining Facility, between the Trustees of the CSU, expiring June 30, 2023.
- Use of the Warehouse, between the Trustees of the CSU, expiring June 30, 2024.
- Use of southeast corner of second floor of Henry Madden Library (Starbucks store), between the Trustees of the CSU, expiring June 30, 2023.
- Ground lease for Student Housing, between the Trustees of the CSU, expiring February 1, 2025.
- Ground lease for Save Mart Center with the Trustees of the CSU, expiring December 13, 2033.
- Use of West Complex/SRC, between the Trustees of the CSU, expiring June 30, 2021.
- Use of West Complex/SRC, subleased to the County of Fresno, expiring September 14, 2020.
- Ground lease for Campus Pointe with the Trustees of the CSU, expiring June 28, 2096.
- Use of the east side of the North Gym for the Paws-N-Go Market, expiring June 30, 2023.
- Use of space at the Kremen Education Building and the Peters Business Building for the Paws-N-Go Market locations, expiring June 30, 2024.

Note 12 – Lease Commitments (continued)

The Association has entered into the following operating leases:

- Operating lease with De Lage Landen for Student Housing copier at \$649 per month, expiring February 13, 2022.
- Operating lease with De Lage Landen for Dining Services copier at \$373 per month, expiring February 13, 2022.
- Operating lease with De Lage Landen for Administration Division copier at \$632 per month, expiring September 25, 2020.
- Operating lease with De Lage Landen for Student Recreation Center copier at \$431 per month, expiring January 22, 2021.

Future minimum lease payments on the copiers are as follows:

Year Ended June 30:	
2021	17,790
2022	8,586
Total	<u>\$ 26,376</u>

Rent expense for 2018/19 and 2019/20 was \$31,640 and \$27,348, respectively.

Note 13 – Commitments and Contingencies

Save Mart Center – Effective July 2011, the Association amended its current contract with ASM Global (formerly SMG) to manage the Save Mart Center for a twelve-year term expiring June 30, 2023. The agreement provides for an initial annual fixed fee of \$516,875 inclusive of food and beverage services. Annual incentive fees are subject to negotiation and limitations after fiscal year 2013. The fixed fee is adjusted every three years for CPI increases.

Advances to ASM Global for the management fee/operating expenses and incentive fee for the year ended June 30, 2019 were \$1,275,292 and \$281,884, respectively. Advances to ASM Global for the management fee/operating expenses and incentive fee for the year ended June 30, 2020 were \$1,616,171 and \$140,942, respectively.

Kennel Bookstore – Effective April 10, 2019, the Association entered into a contract with Follett Higher Education Group (Follett) for the management of the Kennel Bookstore, expiring June 30, 2024. The agreement provides for commission to the Association of 5% of Immediate Access gross sales and 8.5% of all other commissionable sales up to \$9 million plus 10.5% of commissionable sales in excess of \$9 million. The current agreement calls for a minimum annual guarantee of \$625,000 per year in commission income for the years ended June 30, 2020 and 2021.

Claims and Litigation – The Association, during its normal course of business, may be subject from time to time to disputes and legal proceedings against it or may be indirectly impacted by litigation against the CSU or the University. This includes recent claim(s) against the CSU asserting that students who were enrolled in Spring 2020 are entitled to prorated refunds of Campus Fees as a result of transitioning to online instruction in response to the COVID-19 pandemic. Management, with the support of CSU counsel, believes that the entity has a valid defense against the lawsuits and will rigorously defend its position. Both management and legal counsel do not expect the ultimate outcome of any current claims or lawsuits to have a material adverse effect on the Association’s financial statements.

Note 14 – Related Parties

In addition to the University, the Association is related to The Agricultural Foundation of California State University, Fresno (the Agricultural Foundation), Associated Students California State University, Fresno (Associated Students), Fresno State Programs for Children, Inc (Programs for Children) and the California State University, Fresno Foundation (the Foundation) due to common management of the five entities. The Association had the following transactions with these entities during the years ended June 30, 2019 and 2020:

Pursuant to a management services agreement, the Foundation, The Agricultural Foundation, Programs for Children, and Associated Students pay administrative fees to the Association for management services. The Foundation's administrative fees for the years ended June 30, 2019 and June 30, 2020 were \$612,691 and \$677,684, respectively, allocated on the basis of gross revenue and services rendered. The Agricultural Foundation's administrative fees for the years ended June 30, 2019 and June 30, 2020 were \$164,624 and \$169,563, respectively, based on services rendered. Programs for Children's administrative fees for the years ended June 30, 2019 and June 30, 2020 were \$77,017 and \$80,868, respectively, based on services rendered. Associated Students administrative fees for the years ended June 30, 2019 and June 30, 2020 were \$64,876 and \$66,822, respectively, based on services rendered.

The Foundation also reimburses the Association twice a month for salaries and benefits of Foundation Financial Services staff in the amounts of \$824,480 and \$798,670 for the years ended June 30, 2019 and June 30, 2020, respectively.

The amounts due to the Association from the Foundation for miscellaneous expenses were \$6,089 and \$188,236 for the years ended June 30, 2019 and June 30, 2020, respectively. The amounts due to the Association from the Foundation for salaries and benefits were \$38,552 and \$24,535 for the years ended June 30, 2019 and June 30, 2020, respectively. The amounts due to the Foundation from the Association for miscellaneous expenses were \$251 and \$0 for the years ended June 30, 2019 and June 30, 2020, respectively. The amounts due to the Foundation from the Association for salaries and benefits were \$116,962 and \$53,506 for the years ended June 30, 2019 and June 30, 2020, respectively.

The amounts due to the Association from The Agricultural Foundation for miscellaneous expenses were \$0 for both the years ended June 30, 2019 and June 30, 2020. The amounts due to The Agricultural Foundation for miscellaneous expenses were \$85 and \$0 for the years ended June 30, 2019 and June 30, 2020, respectively.

The amounts receivable from the University were \$162,603 and \$161,705 for the years ended June 30, 2019 and June 30, 2020 respectively. The amounts payable to the University were \$678,441 and \$1,088,890 for the years ended June 30, 2019 and June 30, 2020, respectively.

The amounts due to the Association from Associated Students for miscellaneous expenses were \$1,875 and \$8,827 for the years ended June 30, 2019 and June 30, 2020, respectively.

Note 15 – Expenses by Natural/Functional Classification

The accompanying statement of activities reports certain categories of expenses that may be attributable to more than one program or supporting function. Therefore, expenses require allocation on a reasonable and systematic basis that is consistently applied by management in the preparation of its annual financial statements. All of the Association's expenses are directly allocated to the functional categories by cost center. Such methodologies are deemed by management to be reasonable and appropriate and reflective of the functional purpose of each cost incurred for the respective reporting period.

Note 15 - Expenses by Natural/Functional Classification (continued)

The following is a detailed list of expenses by natural/functional classification for the years ended June 30:

	2019			2020		
	Program	General & Admin	Total	Program	General & Admin	Total
Cost of Goods Sold	\$ 9,038,236	\$ 0	\$ 9,038,236	\$ 2,559,683	\$ 0	\$ 2,559,683
Salaries/Wages	5,827,609	1,201,053	7,028,662	5,269,433	1,125,129	6,394,562
Employee Benefits	2,024,824	866,276	2,891,100	1,513,918	692,725	2,206,643
Administration-Food Services	589,967	0	589,967	586,241	0	586,241
Advances to SMG	1,557,176	0	1,557,176	1,757,113	0	1,757,113
Advertising/Printing	145,240	0	145,240	72,397	0	72,397
Athletic Corporation Entitlements	220,855	0	220,855	141,928	0	141,928
Audit/Legal Expense	0	36,090	36,090	0	53,073	53,073
Bad Debt Expense	72,899	0	72,899	42,451	0	42,451
Bank Charges	21,229	1,201	22,430	16,355	2,737	19,092
Bond Expenses	57,403	0	57,403	45,390	0	45,390
Capital Lease Expense	1,694,039	0	1,694,039	1,664,411	0	1,664,411
Chancellor's Office Fee	12,285	0	12,285	17,869	0	17,869
Computer Supplies/Expense	117,886	25,504	143,390	125,725	21,012	146,737
Consulting	2,975	1,766	4,741	4,304	300	4,604
Contract Services	1,066,464	0	1,066,464	983,420	0	983,420
Credit Card Fees	304,481	0	304,481	164,014	0	164,014
Depreciation/Amortization	4,207,466	112,402	4,319,868	4,348,904	101,360	4,450,264
Dues/Memberships/Subscriptions	30,818	6,874	37,692	19,855	4,857	24,712
Employee Recruitment	3,171	22,369	25,540	2,224	15,524	17,748
Equipment Purchased	23,382	0	23,382	23,959	0	23,959
Housing Incentives	21,326	0	21,326	13,820	0	13,820
Insurance	386,137	7,174	393,311	392,257	8,526	400,783
Interest Expense	83,458	0	83,458	32,827	75	32,902
Janitorial/Sanitation	149,442	0	149,442	103,976	0	103,976
Laundry	98,296	0	98,296	63,867	0	63,867
Licenses/Permits/Fees	15,860	152,255	168,115	41,553	157,007	198,560
Loss on Technology Investment	0	0	0	0	271,024	271,024
Miscellaneous	73,043	9,756	82,799	43,491	12,085	55,576
Non-Student Tax	14,296	0	14,296	10,492	0	10,492
Obsolete Merchandise	54,595	0	54,595	0	0	0
Office Supplies	83,121	25,521	108,642	58,958	31,622	90,580
Paper Supplies	274,900	0	274,900	212,223	0	212,223
Possessory Interest Tax	178,829	0	178,829	166,023	0	166,023
Postage/Freight	19,543	15,440	34,983	14,996	15,588	30,584
Rent/Rental	113,416	10,760	124,176	70,010	11,729	81,739
Repairs/Maintenance	557,739	31,642	589,381	431,084	30,181	461,265
Resident Advisors Meals	198,509	0	198,509	197,336	0	197,336
Royalties	142,703	0	142,703	110,985	0	110,985
Security Services	0	41,699	41,699	0	35,383	35,383
Smallwares	123,734	0	123,734	105,129	0	105,129
Student Programs	160,655	0	160,655	112,652	0	112,652
Telephone/Communications	29,939	5,951	35,890	34,929	6,190	41,119
Travel/Training	70,840	10,983	81,823	58,116	5,212	63,328
University Donations	44,640	51,960	96,600	92,957	50,000	142,957
USU Co-Sponsorships	2,555	0	2,555	1,043	0	1,043
Utilities	1,285,598	16,659	1,302,257	1,117,483	17,012	1,134,495
Warehouse Expense	5,948	0	5,948	3,051	0	3,051
Wilkinson Group Fee	180,000	0	180,000	180,000	0	180,000
Totals	\$ 31,387,527	\$ 2,653,335	\$ 34,040,862	\$ 23,028,852	\$ 2,668,351	\$ 25,697,203

Note 16 – Salaries/Wages and Employee Benefits

Salaries/Wages at June 30, 2019 and 2020 are reflected on the Statements of Activities and consist of the following:

	2019	2020
Salaries/Wages	\$ 5,748,026	\$ 5,020,171
Salaries Reimbursed to the Foundation	1,118,841	1,198,030
Salaries Reimbursed to the University	161,795	176,361
Total Salaries/Wages	<u>\$ 7,028,662</u>	<u>\$ 6,394,562</u>

Employee Benefits at June 30, 2019 and 2020 are reflected on the Statements of Activities and consist of the following:

	2019	2020
Employee Benefits	\$ 2,530,088	\$ 1,799,029
Employee Benefits Reimbursed to the Foundation	352,036	396,552
Employee Benefits Reimbursed to the University	8,976	11,062
Total Employee Benefits	<u>\$ 2,891,100</u>	<u>\$ 2,206,643</u>

Note 17 – Subsequent Events

On March 11, 2020, the World Health Organization declared the outbreak of coronavirus (COVID-19) a pandemic, and on March 13, 2020, the President of the United States declared the COVID-19 outbreak in the United States of America a national emergency. Further, on March 19, 2020, the governor of the State of California issued a statewide Stay at Home Order to slow the spread of COVID-19. The Order required all individuals living in California to stay at home, except as needed to maintain continuity of the federal critical infrastructure sectors. As a result, some of the Association's operations will be limited to protect the health and safety of its employees and the campus community.

The effects of COVID-19 may have a negative impact on the revenue generating activities of the Association. The Association's investment activities may also sustain declines due to a volatile market. To offset the potential financial impact, the Association has adjusted the operating budget for the fiscal year ending June 30, 2021. The ultimate financial impact on the Association that could occur as a result of the pandemic is unknown at this time.

The Association has evaluated subsequent events through September 8, 2020, which is the date the financial statements were available to be issued. The Association is not aware of any other material subsequent events requiring disclosure in the financial statements for the year ended June 30, 2020.

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Note 18 – Uncertain Tax Positions

Income Taxes – The Association is exempt from Federal and State of California income tax under IRC section 501(c)(3) and California Revenue and Taxation Code Section 23701(d), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Association has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Association has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

Generally accepted accounting principles provide accounting and disclosures guidance about positions taken by an entity in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. The Association returns are subject to examination by federal and state taxing authorities, generally for three years and four years, respectively, after they are filed.

ADDITIONAL INFORMATION FOR
CALIFORNIA STATE UNIVERSITY, FRESNO

CALIFORNIA STATE UNIVERSITY, FRESNO ASSOCIATION, INC.
SCHEDULE OF NET POSITION
JUNE 30, 2020
(for inclusion in the California State University)

Assets:

Current assets:

Cash and cash equivalents	\$ 2,521,864
Short-term investments	23,825,795
Accounts receivable, net	2,454,171
Pledges receivable, net	2,089,694
Prepaid expenses and other current assets	371,502
Total current assets	31,263,026

Noncurrent assets:

Pledges receivable, net	7,851,494
Other long-term investments	12,091,742
Capital assets, net	68,221,998
Total noncurrent assets	88,165,234
Total assets	119,428,260

Liabilities:

Current liabilities:

Accounts payable	2,062,865
Accrued salaries and benefits	243,433
Accrued compensated absences, current portion	25,000
Unearned revenues	428,840
Capital lease obligations, current portion	1,965,000
Long-term debt obligations, current portion	525,500
Other liabilities	2,184,705
Total current liabilities	7,435,343

Noncurrent liabilities:

Accrued compensated absences, net of current portion	313,671
Unearned revenues	694,970
Capital lease obligations, net of current portion	46,744,720
Long-term debt obligations, net of current portion	2,222,428
Depository accounts	26,866
Net other postemployment benefits liability	5,307,268
Other liabilities	951,163
Total noncurrent liabilities	56,261,086
Total liabilities	63,696,429

Net position:

Net investment in capital assets	16,809,623
Unrestricted	38,922,208
Total net position	\$ 55,731,831

See accompanying Independent Auditor's Report

CALIFORNIA STATE UNIVERSITY, FRESNO ASSOCIATION, INC.
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2020
(for inclusion in the California State University)

Revenues:	
Operating revenues:	
Student tuition and fees, gross	\$ 3,901,200
Sales and services of auxiliary enterprises, gross	17,501,785
Other operating revenues	<u>2,499,828</u>
Total operating revenues	<u>23,902,813</u>
Expenses:	
Operating expenses:	
Auxiliary enterprise expenses	19,504,236
Depreciation and amortization	<u>4,450,264</u>
Total operating expenses	<u>23,954,500</u>
Operating income (loss)	<u>(51,687)</u>
Nonoperating revenues (expenses):	
Gifts, noncapital	950,630
Investment income (loss), net	727,003
Interest expense	(32,902)
Other nonoperating revenues (expenses) - excl. interagency transfers	<u>(1,709,801)</u>
Net nonoperating revenues (expenses)	<u>(65,070)</u>
Increase (decrease) in net position	(116,757)
Net position:	
Net position at beginning of year, as previously reported	<u>55,848,588</u>
Net position at end of year	<u><u>\$ 55,731,831</u></u>

See accompanying Independent Auditor's Report

CALIFORNIA STATE UNIVERSITY, FRESNO ASSOCIATION, INC.
OTHER INFORMATION
JUNE 30, 2020
(for inclusion in the California State University)

1 Cash and cash equivalents:

Current cash and cash equivalents	<u>\$ 2,521,864</u>
Total	<u>\$ 2,521,864</u>

2.1 Composition of investments:

Investment Type	Current	Noncurrent	Fair Value
Money market funds	\$ 8,263,698	82,534	8,346,232
U.S. agency securities	-	903,718	903,718
U.S. treasury securities	-	1,176,100	1,176,100
Corporate bonds	-	1,689,570	1,689,570
Mutual funds	-	3,748,098	3,748,098
Equity securities	-	4,491,722	4,491,722
State of California Local Agency Investment Fund (LAIF)	15,562,097	-	15,562,097
Total investments	<u>23,825,795</u>	<u>12,091,742</u>	<u>35,917,537</u>
Less endowment investments (enter as negative number)	-	-	-
Total investments, net of endowments	<u>\$ 23,825,795</u>	<u>12,091,742</u>	<u>35,917,537</u>

2.2 Fair value hierarchy in investments:

Investment Type	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value (NAV)
Money market funds	\$ 8,346,232	8,346,232	-	-	-
U.S. agency securities	903,718	-	903,718	-	-
U.S. treasury securities	1,176,100	1,176,100	-	-	-
Corporate bonds	1,689,570	1,689,570	-	-	-
Mutual funds	3,748,098	3,748,098	-	-	-
Equity securities	4,491,722	1,441,082	3,050,640	-	-
State of California Local Agency Investment Fund (LAIF)	15,562,097	-	-	-	15,562,097
Total investments	<u>\$ 35,917,537</u>	<u>16,401,082</u>	<u>3,954,358</u>	<u>-</u>	<u>15,562,097</u>

2.3 Investments held by the University under contractual agreements: Nothing to report

CALIFORNIA STATE UNIVERSITY, FRESNO ASSOCIATION, INC.
OTHER INFORMATION
JUNE 30, 2020
(for inclusion in the California State University)

3.1 Composition of capital assets:

	Balance June 30, 2019	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2019 (Restated)	Additions	Retirements	Transfer of completed CWIP/PWIP	Balance June 30, 2020
Non-depreciable/Non-amortizable capital assets:									
Construction work in progress (CWIP)	\$ 1,422,778	-	-	-	1,422,778	183,003	(557,632)	(994,494)	53,655
Total non-depreciable/non-amortizable capital assets	1,422,778	-	-	-	1,422,778	183,003	(557,632)	(994,494)	53,655
Depreciable/Amortizable capital assets:									
Buildings and building improvements	115,334,030	13,680	-	-	115,347,710	160,505	(13,680)	808,993	116,303,528
Improvements, other than buildings	715,706	-	-	-	715,706	-	-	-	715,706
Personal property:									
Equipment	21,171,999	-	-	-	21,171,999	777,778	-	185,501	22,135,278
Intangible assets:									
Other intangible assets:									
Franchise Fees	45,000	-	-	-	45,000	30,000	-	-	75,000
Total Other intangible assets:	45,000	-	-	-	45,000	30,000	-	-	75,000
Total intangible assets	45,000	-	-	-	45,000	30,000	-	-	75,000
Total depreciable/amortizable capital assets	137,266,735	13,680	-	-	137,280,415	968,283	(13,680)	994,494	139,229,512
Total capital assets	138,689,513	13,680	-	-	138,703,193	1,151,286	(571,312)	-	139,283,167
Less accumulated depreciation/amortization: (enter as negative)									
Buildings and building improvements	(50,778,646)	(13,680)	-	-	(50,792,326)	(3,096,994)	-	-	(53,889,320)
Improvements, other than buildings	(53,136)	-	-	-	(53,136)	(13,012)	-	-	(66,148)
Personal property:									
Equipment	(15,725,193)	-	-	-	(15,725,193)	(1,338,258)	-	-	(17,063,451)
Intangible assets:									
Other intangible assets:									
Franchise Fees	(40,250)	-	-	-	(40,250)	(2,000)	-	-	(42,250)
Total Other intangible assets:	(40,250)	-	-	-	(40,250)	(2,000)	-	-	(42,250)
Total intangible assets	(40,250)	-	-	-	(40,250)	(2,000)	-	-	(42,250)
Total accumulated depreciation/amortization	(66,597,225)	(13,680)	-	-	(66,610,905)	(4,450,264)	-	-	(71,061,169)
Total capital assets, net	\$ 72,092,288	-	-	-	72,092,288	(3,298,978)	(571,312)	-	68,221,998

3.2 Detail of depreciation and amortization expense:

Depreciation and amortization expense related to capital assets	\$ 4,450,264
Amortization expense related to other assets	-
Total depreciation and amortization	\$ 4,450,264

CALIFORNIA STATE UNIVERSITY, FRESNO ASSOCIATION, INC.
OTHER INFORMATION
JUNE 30, 2020
(for inclusion in the California State University)

4 Long-term liabilities:

	Balance June 30, 2019	Prior Period Adjustments/ Reclassifications	Balance June 30, 2019 (Restated)	Additions	Reductions	Balance June 30, 2020	Current Portion	Noncurrent Portion
1. Accrued compensated absences	\$ 343,992	-	343,992	245,580	(250,901)	338,671	25,000	313,671
3. Capital lease obligations:								
Gross balance	45,045,000	-	45,045,000	-	(1,855,000)	43,190,000	1,965,000	41,225,000
Unamortized net premium/(discount)	5,694,524	-	5,694,524	-	(174,804)	5,519,720	-	5,519,720
Total capital lease obligations	50,739,524	-	50,739,524	-	(2,029,804)	48,709,720	1,965,000	46,744,720
4. Long-term debt obligations:								
4.3 Notes payable (SRB related)	3,050,000	-	3,050,000	2,725,000	(3,050,000)	2,725,000	515,000	2,210,000
4.4 Others:								
SBA PPP Loan	-	-	-	1,692,400	(1,647,127)	45,273	10,500	34,773
Total others	-	-	-	1,692,400	(1,647,127)	45,273	10,500	34,773
Sub-total long-term debt	3,050,000	-	3,050,000	4,417,400	(4,697,127)	2,770,273	525,500	2,244,773
4.5 Unamortized net bond premium/(discount)	122,524	-	122,524	(24,828)	(120,041)	(22,345)	-	(22,345)
Total long-term debt obligations	3,172,524	-	3,172,524	4,392,572	(4,817,168)	2,747,928	525,500	2,222,428
Total long-term liabilities	\$ 54,256,040	-	54,256,040	4,638,152	(7,097,873)	51,796,319	2,515,500	49,280,819

5 Capital lease obligations schedule:

	Capital lease obligations related to SRB			All other capital lease obligations			Total capital lease obligations		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
Year ending June 30:									
2021	\$ 1,965,000	2,170,693	4,135,693	-	-	-	1,965,000	2,170,693	4,135,693
2022	2,295,000	1,711,350	4,006,350	-	-	-	2,295,000	1,711,350	4,006,350
2023	6,630,000	3,992,767	10,622,767	-	-	-	6,630,000	3,992,767	10,622,767
2024	4,900,000	1,332,787	6,232,787	-	-	-	4,900,000	1,332,787	6,232,787
2025	5,085,000	1,101,475	6,186,475	-	-	-	5,085,000	1,101,475	6,186,475
2026 - 2030	13,485,000	3,327,928	16,812,928	-	-	-	13,485,000	3,327,928	16,812,928
2031 - 2035	8,830,000	519,800	9,349,800	-	-	-	8,830,000	519,800	9,349,800
Total minimum lease payments	\$ 43,190,000	14,156,800	57,346,800	-	-	-	43,190,000	14,156,800	57,346,800
Less: amounts representing interest									(14,156,800)
Present value of future minimum lease payments									43,190,000
Unamortized net premium/(discount)									5,519,720
Total capital lease obligations									48,709,720
Less: current portion									(1,965,000)
Capital lease obligations, net of current portion									\$ 46,744,720

See accompanying Independent Auditor's Report

CALIFORNIA STATE UNIVERSITY, FRESNO ASSOCIATION, INC.
OTHER INFORMATION
JUNE 30, 2020
(for inclusion in the California State University)

6 Long-term debt obligations schedule:

	Auxiliary revenue bonds (non-SRB related)			All other long-term debt obligations			Total long-term debt obligations		
	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest
Year ending June 30:									
2021	\$ -	-	-	525,500	67,425	592,925	525,500	67,425	592,925
2022	-	-	-	579,773	38,445	618,218	579,773	38,445	618,218
2023	-	-	-	550,000	22,047	572,047	550,000	22,047	572,047
2024	-	-	-	555,000	13,538	568,538	555,000	13,538	568,538
2025	-	-	-	560,000	4,609	564,609	560,000	4,609	564,609
Total minimum payments	\$ -	-	-	2,770,273	146,064	2,916,337	2,770,273	146,064	2,916,337
Less: amounts representing interest									(146,064)
Present value of future minimum payments									<u>2,770,273</u>
Unamortized net premium/(discount)									(22,345)
Total long-term debt obligations									<u>2,747,928</u>
Less: current portion									(525,500)
Long-term debt obligations, net of current portion									<u><u>\$ 2,222,428</u></u>

7 Transactions with related entities:

Payments to University for salaries of University personnel working on contracts, grants, and other programs	171,937
Payments to University for other than salaries of University personnel	698,242
Payments received from University for services, space, and programs	3,008,020
Gifts (cash or assets) to the University from discretely presented	142,957
Accounts payable to University (enter as negative number)	(1,088,890)
Accounts receivable from University (enter as positive number)	161,705

8 Restatements: Nothing to report

9 Natural classifications of operating expenses:

	Salaries	Benefits - Other	Benefits - Pension	Benefits - OPEB	Scholarships and	Supplies and other	Depreciation and	Total operating
Auxiliary enterprise expenses	\$ 6,394,562	2,206,643	-	-		10,903,031		19,504,236
Depreciation and amortization							4,450,264	4,450,264
Total operating expenses	\$ 6,394,562	2,206,643	-	-	-	10,903,031	4,450,264	23,954,500

10 Deferred outflows/inflows of resources: Nothing to report

See accompanying Independent Auditor's Report