

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

**2020-21
Annual Report**

**Approved by the Audit Committee
September 14, 2021**

**CALIFORNIA STATE UNIVERSITY, FRESNO ASSOCIATION, INC.
JUNE 30, 2021 AND 2020**

TABLE OF CONTENTS

	<u>Page</u>
CORPORATE INFORMATION	i
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities	5
Statements of Cash Flows	7
Notes to the Financial Statements	8
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	32
ADDITIONAL INFORMATION FOR CALIFORNIA STATE UNIVERSITY, FRESNO	
Schedule of Net Position	35
Schedule of Revenues, Expenses and Changes in Net Position	36
Other Information	37

**CALIFORNIA STATE UNIVERSITY, FRESNO ASSOCIATION, INC.
CORPORATE INFORMATION
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

BOARD OF DIRECTORS

Ms. Deborah S. Adishian-Astone	Vice President for Administration
Dr. Michael Botwin	Academic Senate
Vacant	Associate Vice President of Student Affairs
Dr. Thomas Holyoke	Chair, Academic Senate
Dr. Carolyn Coon	Interim Vice President for Student Affairs and Enrollment Management
Ms. Jacqueline Campos	Chair, University Student Union Board of Directors
Vacant	Community Member
Mr. R. Gary Renner	Community Member
Mr. Nicholas Moore (designee) (thru 5/31/21)	Executive Vice President, Associated Students California State University, Fresno
Ms. Breanna Aguilar (beginning 6/1/21)	Executive Vice President, Associated Students California State University, Fresno
Ms. Elizabeth Rocha-Zuniga (thru 5/31/21)	President, Associated Students California State University, Fresno
Ms. D'Aungillique Jackson (beginning 6/1/21)	President, Associated Students California State University, Fresno
Dr. Saúl Jiménez-Sandoval (thru 12/31/20)	Provost and Vice President of Academic Affairs
Dr. Xuanning Fu (beginning 1/1/21)	Provost and Vice President of Academic Affairs

OFFICERS

Ms. Deborah S. Adishian-Astone	Chair
Dr. Carolyn Coon	Vice Chair
Dr. Saúl Jiménez-Sandoval (thru 12/31/20)	Secretary/Treasurer
Dr. Xuanning Fu (beginning 1/1/21)	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. Nicole Lane	Associate Executive Director

CORPORATE DATA

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



September 13, 2021

To the Audit Committee of
California State University, Fresno Association, Inc.
2771 E. Shaw Avenue, M/S OF33
Fresno, California 93710

We are engaged to audit the financial statements of California State University, Fresno Association, Inc. (the Association) for the year ended June 30, 2021. In our letter dated December 17, 2020 to you, we communicated certain matters related to the audit of the Association's financial statements as of June 30, 2021.

It is our understanding that the California State University, Fresno's (the University) Chancellor's Office has requested that the financial statements be audited in accordance with *Government Auditing Standards*. In complying with that request, we are providing additional information to you as it relates to our required communication under *Government Auditing Standards*.

- As stated in our engagement letter dated December 17, 2020, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.
- As part of our audit, we will consider the internal control of the Association. Such considerations are solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.
- As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Association's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests is not to provide an opinion on compliance with such provisions.
- We will provide a report (which does not include an opinion) on internal controls related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct effect on the financial statements as required by *Government Auditing Standards*.
- We will prepare the Association's financial statements and information returns for the year ended June 30, 2021 based on the information provided by the Association. These non-audit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*.

We appreciate the opportunity to be of service and believe this letter, in addition to the engagement letter dated December 17, 2020, summarizes the significant terms of our engagement under *Government Auditing Standards*. If you have any questions, please let us know.

Very truly yours,

Henry Oum, CPA
Price Paige & Company

570 N. Magnolia Avenue, Suite 100
Clovis, CA 93611

tel 559.299.9540
fax 559.299.2344



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), a nonprofit organization, which comprise the statements of financial position as of June 30, 2021, 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 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 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.

570 N. Magnolia Avenue, Suite 100
Clovis, CA 93611

tel 559.299.9540
fax 559.299.2344

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, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the California State University, Fresno Association, Inc.'s 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 8, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Additional Information for California State University, Fresno on pages 35-40 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 13, 2021, on our consideration of the California State University, Fresno Association, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the California State University, Fresno Association, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the California State University, Fresno Association, Inc.'s internal control over financial reporting and compliance.

Price Paige & Company

Clovis, California
September 13, 2021

CALIFORNIA STATE UNIVERSITY, FRESNO ASSOCIATION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 WITH SUMMARIZED COMPARATIVE TOTALS FOR 2020

	2020	2021	SAVE MART CENTER	COMMERCIAL OPERATIONS	STUDENT HOUSING	STUDENT UNION/REC CENTER
ASSETS						
Current Assets:						
Cash and Cash Equivalents:						
On-Hand and in Commercial Accounts	\$ 2,521,864	\$ 1,590,155	\$ (1,063,206)	\$ 1,301,893	\$ 1,042,119	\$ 309,349
Savings Accounts	<u>23,825,795</u>	<u>23,462,459</u>	<u>(15,687,400)</u>	<u>19,209,205</u>	<u>15,376,275</u>	<u>4,564,379</u>
Total Cash and Cash Equivalents (Note 4)	26,347,659	25,052,614	(16,750,606)	20,511,098	16,418,394	4,873,728
Pledges Receivable-Save Mart Center (Note 5)	2,089,694	2,848,860	2,848,860	-	-	-
Accounts Receivable (Note 2)	2,526,598	2,162,683	1,155,123	738,428	255,155	13,977
Allowance for Doubtful Accounts	(72,427)	(72,868)	-	(33,868)	(39,000)	-
Inventories (Note 2)	122,524	70,213	-	56,191	180	13,842
Prepaid Expenses (Note 2)	<u>248,978</u>	<u>120,113</u>	<u>-</u>	<u>99,303</u>	<u>6,412</u>	<u>14,398</u>
Total Current Assets	<u>31,263,026</u>	<u>30,181,615</u>	<u>(12,746,623)</u>	<u>21,371,152</u>	<u>16,641,141</u>	<u>4,915,945</u>
Long-Term Assets:						
Pledges Receivable-Save Mart Center (Note 5)	7,851,494	6,450,758	6,450,758	-	-	-
Investments (Note 6)	<u>12,091,742</u>	<u>14,554,232</u>	<u>-</u>	<u>14,554,232</u>	<u>-</u>	<u>-</u>
Total Long-Term Assets	<u>19,943,236</u>	<u>21,004,990</u>	<u>6,450,758</u>	<u>14,554,232</u>	<u>-</u>	<u>-</u>
Fixed Assets: (Note 2)						
Building and Improvements	116,317,208	114,224,825	100,178,781	2,012,451	12,033,593	-
Land Development Costs	715,706	715,706	715,706	-	-	-
Equipment, Furniture and Fixtures	22,135,278	22,078,081	6,503,252	5,666,617	7,513,943	2,394,269
Intangible Assets	75,000	75,000	-	75,000	-	-
Construction in Progress	<u>53,655</u>	<u>742,802</u>	<u>-</u>	<u>616,055</u>	<u>126,747</u>	<u>-</u>
Total Fixed Assets	139,296,847	137,836,414	107,397,739	8,370,123	19,674,283	2,394,269
Less Accumulated Depreciation	<u>(71,074,849)</u>	<u>(75,243,351)</u>	<u>(51,214,357)</u>	<u>(6,644,640)</u>	<u>(15,514,925)</u>	<u>(1,869,429)</u>
Total Fixed Assets, Net	<u>68,221,998</u>	<u>62,593,063</u>	<u>56,183,382</u>	<u>1,725,483</u>	<u>4,159,358</u>	<u>524,840</u>
Total Assets	<u>\$ 119,428,260</u>	<u>\$ 113,779,668</u>	<u>\$ 49,887,517</u>	<u>\$ 37,650,867</u>	<u>\$ 20,800,499</u>	<u>\$ 5,440,785</u>

See Independent Auditor's Report and Notes to the Financial Statements.

CALIFORNIA STATE UNIVERSITY, FRESNO ASSOCIATION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 WITH SUMMARIZED COMPARATIVE TOTALS FOR 2020

	2020	2021	SAVE MART CENTER	COMMERCIAL OPERATIONS	STUDENT HOUSING	STUDENT UNION/REC CENTER
LIABILITIES AND NET ASSETS						
Liabilities:						
Current Liabilities:						
Accounts Payable and Other Accrued Liabilities	\$ 3,045,997	\$ 4,062,799	\$ 650,241	\$ 2,293,926	\$ 788,392	\$ 330,240
Notes Payable	515,000	545,000	-	-	545,000	-
Deferred Revenue	428,840	400,662	384,387	16,275	-	-
Interest Payable	13,937	8,389	-	-	8,389	-
Capital Lease Obligations	4,135,693	-	-	-	-	-
Agency Funds	26,866	31,918	11,251	2,800	17,867	-
Total Current Liabilities	<u>8,166,333</u>	<u>5,048,768</u>	<u>1,045,879</u>	<u>2,313,001</u>	<u>1,359,648</u>	<u>330,240</u>
Long-Term Liabilities:						
SBA PPP Loan (Note 8)	34,773	1,272,900	-	1,272,900	-	-
Deferred Revenue	694,970	610,790	610,790	-	-	-
Interest Payable	951,163	1,529,843	1,529,843	-	-	-
Other Post Employment Benefit Obligation (Note 13)	4,916,815	5,865,888	-	4,792,586	129,201	944,101
Notes Payable, Net of Debt Issuance Costs (Note 8)	2,187,655	1,650,104	-	-	1,650,104	-
Capital Lease Obligations, Net of Debt Issuance Costs (Note 9)	46,744,720	46,078,893	46,078,893	-	-	-
Total Long-Term Liabilities	<u>55,530,096</u>	<u>57,008,418</u>	<u>48,219,526</u>	<u>6,065,486</u>	<u>1,779,305</u>	<u>944,101</u>
Total Liabilities	<u>63,696,429</u>	<u>62,057,186</u>	<u>49,265,405</u>	<u>8,378,487</u>	<u>3,138,953</u>	<u>1,274,341</u>
Net Assets:						
With Donor Restrictions	8,402,555	7,985,483	7,985,483	-	-	-
Without Donor Restrictions	47,329,276	43,736,999	(7,363,371)	29,272,380	17,661,546	4,166,444
Total Net Assets	<u>55,731,831</u>	<u>51,722,482</u>	<u>622,112</u>	<u>29,272,380</u>	<u>17,661,546</u>	<u>4,166,444</u>
Total Liabilities and Net Assets	<u>\$ 119,428,260</u>	<u>\$ 113,779,668</u>	<u>\$ 49,887,517</u>	<u>\$ 37,650,867</u>	<u>\$ 20,800,499</u>	<u>\$ 5,440,785</u>

See Independent Auditor's Report and Notes to the Financial Statements.

CALIFORNIA STATE UNIVERSITY, FRESNO ASSOCIATION, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021 WITH SUMMARIZED COMPARATIVE TOTALS FOR 2020

			COMMERCIAL OPERATIONS				STUDENT FEE OPERATIONS					
	2020	2021	INTRAFUND ELIMINATIONS	SAVE MART CENTER	BOOKSTORE	DINING SERVICES	ADMIN	TOTAL	STUDENT HOUSING	REC CENTER	STUDENT UNION	TOTAL
OPERATING ACTIVITIES												
Changes in Net Assets Without Donor Restrictions												
Revenues and Other Support:												
Gross Sales	\$ 21,402,985	\$ 8,510,166	\$ (680,000)	\$ 735,574	\$ 305,367	\$ 1,228,616	\$ 1,446,450	\$ 2,980,433	\$ 1,379,107	\$ 1,497,004	\$ 2,598,048	\$ 4,095,052
Contributions	548,999	1,099,315	-	120,000	-	447,998	-	447,998	523,339	7,978	-	7,978
SBA PPP Federal Subsidy	1,647,127	45,273	-	-	-	-	45,273	45,273	-	-	-	-
Other Income	852,701	873,637	-	797,499	-	27,795	27,265	55,060	9,615	2,502	8,961	11,463
Total Revenues and Other Support												
Without Donor Restrictions	24,451,812	10,528,391	(680,000)	1,653,073	305,367	1,704,409	1,518,988	3,528,764	1,912,061	1,507,484	2,607,009	4,114,493
Net Assets Released from Restrictions	2,346,244	702,285	-	702,285	-	-	-	-	-	-	-	-
Total Revenues and Other Support												
Without Donor Restrictions	26,798,056	11,230,676	(680,000)	2,355,358	305,367	1,704,409	1,518,988	3,528,764	1,912,061	1,507,484	2,607,009	4,114,493
Expenses:												
Cost of Goods Sold	2,559,683	516,598	-	-	-	515,197	1,401	516,598	-	-	-	-
Salaries and Wages	6,394,562	2,919,269	-	-	82,627	706,202	927,653	1,716,482	493,939	173,411	535,437	708,848
Employee Benefits	2,206,643	2,661,397	-	-	533,187	310,281	944,217	1,787,685	189,749	161,404	522,559	683,963
Administration-Food Services	586,241	833,651	-	-	-	833,651	-	833,651	-	-	-	-
Advances to SMG	1,757,113	2,858,103	-	2,858,103	-	-	-	-	-	-	-	-
Advertising and Printing	72,397	16,257	-	297	-	1,585	-	1,585	13,896	479	-	479
Athletic Corporation Entitlements	141,928	331,283	-	331,283	-	-	-	-	-	-	-	-
Audit and Legal Expense	53,073	32,626	-	-	-	-	32,626	32,626	-	-	-	-
Bad Debt Expense	42,451	597,934	-	545,567	-	20,715	-	20,715	31,072	-	580	580
Bank Charges	19,092	10,554	-	-	-	1,054	-	10,554	-	-	-	-
Chancellor's Office Fee	17,869	18,023	-	-	-	-	18,023	18,023	-	-	-	-
Computer Supplies and Expense	146,737	134,608	-	-	1,615	23,736	12,397	37,748	65,358	14,167	17,335	31,502
Consulting	4,604	5,909	-	-	-	-	5,909	5,909	-	-	-	-
Contract Services	983,420	479,048	-	-	-	-	-	-	434,297	44,751	-	44,751
Credit Card Fees	164,014	16,145	-	286	-	2,252	-	2,252	13,283	108	216	324
Depreciation	4,450,264	4,290,068	-	2,879,561	14,072	220,679	89,896	324,647	901,530	38,774	145,556	184,330
Dues, Memberships and Subscriptions	24,712	15,633	-	-	-	-	3,735	3,735	226	1,547	10,125	11,672
Employee Recruitment Development	17,748	11,070	-	-	-	-	10,475	10,475	425	-	170	170
Equipment Purchased	23,959	26,209	-	-	-	-	-	-	-	22,688	3,521	26,209
Housing Incentives	13,820	3,755	-	-	-	-	-	-	3,755	-	-	-
Insurance	400,783	421,443	-	266,936	22,896	-	6,717	29,613	104,811	6,722	13,361	20,083
Janitorial and Sanitation	103,976	39,979	-	-	-	30,024	-	30,024	8,938	1,017	-	1,017
Laundry	63,867	13,359	-	-	-	13,260	-	13,260	99	-	-	-
Licenses, Permits and Fees	198,560	139,001	-	240	180	8,004	128,926	137,110	1,067	-	584	584
Loss on Technology Investment	271,024	-	-	-	-	-	-	-	-	-	-	-
Management Services Fee	-	-	(380,000)	-	-	-	-	-	-	80,000	300,000	380,000
Miscellaneous	55,576	25,429	-	21	423	5,689	4,677	10,789	12,855	911	853	1,764
Non-Student Tax	10,492	441	-	-	-	441	-	441	-	-	-	-
Office Supplies	90,580	37,550	-	-	99	858	18,591	19,548	16,220	11	1,771	1,782
Paper Supplies	212,223	84,782	-	-	-	66,281	-	66,281	10,045	-	8,456	8,456
Possessory Interest Tax	166,023	190,767	-	190,767	-	-	-	-	-	-	-	-
Postage and Freight	30,584	16,076	-	-	56	-	11,801	11,857	3,659	-	560	560

See Independent Auditor's Report and Notes to the Financial Statements.

CALIFORNIA STATE UNIVERSITY, FRESNO ASSOCIATION, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021 WITH SUMMARIZED COMPARATIVE TOTALS FOR 2020

	2020	2021	INTRAFUND ELIMINATIONS	SAVE MART CENTER	COMMERCIAL OPERATIONS				STUDENT HOUSING	STUDENT FEE OPERATIONS		
					BOOKSTORE	DINING SERVICES	ADMIN	TOTAL		REC CENTER	STUDENT UNION	TOTAL
Rent and Rental Expense	81,739	25,914	-	-	-	1,320	9,719	11,039	9,184	5,691	-	5,691
Repairs and Maintenance	461,265	461,001	-	890	18,545	107,524	33,386	159,455	190,661	12,351	97,644	109,995
Resident Advisor Meals	197,336	109,972	-	-	-	54,986	-	54,986	54,986	-	-	-
Royalties	110,985	787	-	-	-	787	-	787	-	-	-	-
Save Mart Seat Licenses	-	-	(300,000)	-	-	-	-	-	-	-	300,000	300,000
Security Services	35,383	12,210	-	-	-	-	12,210	12,210	-	-	-	-
Smallwares	105,129	27,886	-	-	-	13,300	-	13,300	14,586	-	-	-
Student Programs	112,652	85,088	-	-	-	-	-	-	-	240	84,848	85,088
Telephone and Communications	41,119	43,511	-	-	9,389	4,602	6,621	20,612	15,081	1,057	6,761	7,818
Travel and Training	63,328	19,928	-	-	-	3,618	867	4,485	6,465	-	8,978	8,978
University Donations	142,957	2,871	-	-	-	2,871	-	2,871	-	-	-	-
USU Co-Sponsorships	1,043	-	-	-	-	-	-	-	-	-	-	-
Utilities	1,134,495	1,047,499	-	-	43,143	186,856	20,012	250,011	493,259	169,039	135,190	304,229
Warehouse Expense	3,051	(3,184)	-	-	-	(3,184)	-	(3,184)	-	-	-	-
Wilkinson Group Fee	180,000	-	-	-	-	-	-	-	-	-	-	-
Total Expenses	23,954,500	18,580,450	(680,000)	7,073,951	726,232	3,132,589	2,309,359	6,168,180	3,089,446	734,368	2,194,505	2,928,873
Change in Net Assets From Operations	2,843,556	(7,349,774)	-	(4,718,593)	(420,865)	(1,428,180)	(790,371)	(2,639,416)	(1,177,385)	773,116	412,504	1,185,620
Nonoperating Revenues (Expenses)												
Interest and Dividend Income	696,998	403,077	-	56,391	-	-	334,492	334,492	-	883	11,311	12,194
Investment Return, Net	30,005	2,169,117	-	284,790	-	-	1,884,327	1,884,327	-	-	-	-
Extinguishment of Capital and Bond Obligations	-	2,170,119	-	1,588,141	-	-	-	-	581,978	-	-	-
Bond Expenses	(45,390)	(18,842)	-	(11,394)	-	-	-	-	(7,448)	-	-	-
Capital Lease Expense	(1,664,411)	(904,608)	-	(904,608)	-	-	-	-	-	-	-	-
Interest Expense	(32,902)	(61,366)	-	-	-	-	63	63	(61,429)	-	-	-
Total Nonoperating Activities	(1,015,700)	3,757,497	-	1,013,320	-	-	2,218,882	2,218,882	513,101	883	11,311	12,194
Increase (Decrease) in Net Assets Without Donor Restrictions	1,827,856	(3,592,277)	-	(3,705,273)	(420,865)	(1,428,180)	1,428,511	(420,534)	(664,284)	-	-	1,197,814
Changes in Net Assets With Donor Restrictions												
Revenues and Other Support:												
Contributions	401,631	285,213	-	285,213	-	-	-	-	-	-	-	-
Net Assets Released from Restrictions	(2,346,244)	(702,285)	-	(702,285)	-	-	-	-	-	-	-	-
Increase (Decrease) in Net Assets With Donor Restrictions	(1,944,613)	(417,072)	-	(417,072)	-	-	-	-	-	-	-	-
Total Increase (Decrease) in Net Assets	(116,757)	(4,009,349)	-	(4,122,345)	(420,865)	(1,428,180)	1,428,511	(420,534)	(664,284)	-	-	1,197,814
Net Assets, Beginning of Year	55,848,588	55,731,831	-	4,744,457	-	-	-	29,692,914	18,325,830	-	-	2,968,630
Net Assets, End of Year	\$ 55,731,831	\$ 51,722,482	\$ -	\$ 622,112	-	-	-	\$ 29,272,380	\$ 17,661,546	-	-	\$ 4,166,444

See Independent Auditor's Report and Notes to the Financial Statements.

CALIFORNIA STATE UNIVERSITY, FRESNO ASSOCIATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
Cash Flows From Operating Activities		
Increase (Decrease) in Net Assets	\$ (4,009,349)	\$ (116,757)
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Loss on Technology Investment	-	557,632
Realized and Unrealized (Gain) Loss on Investments	(2,223,227)	(129,841)
Depreciation	4,290,068	4,450,264
Amortization	-	(305,993)
(Gain) Loss on Disposal of Assets	(22,500)	-
Provision for Doubtful Accounts	597,934	(21,297)
Extinguishment of Capital and Bond Obligations	(2,170,119)	-
Changes in:		
Accounts Receivable	311,989	8,572,643
Pledges Receivable-Save Mart Center	96,003	2,211,810
Inventories	52,311	31,359
Prepaid Expenses and Deferred Charges	128,865	(59,273)
Accounts Payable and Other Accrued Liabilities	1,973,324	(256,796)
Deferred Revenue	(147,131)	(7,952,039)
Interest Payable on Capital Lease and Bond Obligations	(239,819)	842,590
Agency Funds	5,052	1,799
	(1,356,599)	7,826,101
Cash Flows From Investing Activities		
Investment Income Reinvested	(239,263)	(196,468)
Proceeds From Sale of Fixed Assets	23,500	-
Acquisition of Fixed Assets	(995,583)	(1,151,286)
	(1,211,346)	(1,347,754)
Cash Flows From Financing Activities		
Proceeds on Borrowings (SBA PPP)	1,272,900	2,725,000
Principal Payments on Notes	-	(3,050,000)
Principal Payments on Capital Lease Obligations	-	(1,855,000)
	1,272,900	(2,180,000)
Net Cash Provided by (Used in) Operating Activities	(1,356,599)	7,826,101
Net Cash Provided by (Used in) Investing Activities	(1,211,346)	(1,347,754)
Net Cash Provided by (Used in) Financing Activities	1,272,900	(2,180,000)
Net Increase (Decrease) in Cash	(1,295,045)	4,298,347
Cash, Beginning of Year	26,347,659	22,049,312
Cash, End of Year	\$ 25,052,614	\$ 26,347,659
Supplemental Disclosure of Cash Flow Information		
Cash Paid During the Year for Interest	\$ 1,217,253	\$ 1,094,709
Noncash Financing Activities:		
Capital Lease Modification	\$ 2,333,450	\$ -

See Independent Auditor's Report and Notes to the Financial Statements.

CALIFORNIA STATE UNIVERSITY, FRESNO ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 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

New Accounting Pronouncement

In May 2014, the FASB issued guidance (Accounting Standards Codification [ASC] 606, Revenue from Contracts with Customers) which provides a five-step analysis of contracts to determine when and how revenue is recognized and replaces most existing revenue recognition guidance in U.S. generally accepted accounting principles. The core principle of the new guidance is that an entity should recognize revenue to reflect the transfer of goods and services to customers in an amount equal to the consideration the entity receives or expects to receive. ASC 606 is effective for annual reporting periods beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. The Association adopted ASC 606 with a date of the initial application of July 1, 2020.

The Association applied ASC 606 using the cumulative effect method, which resulted in recognizing the cumulative effect of initially applying the new guidance as an adjustment to the opening balance of net assets at July 1, 2020. The details of the significant changes and quantitative impact of the changes are discussed below.

As part of the adoption of ASC 606, the Association elected to use the following transition practical expedients: (1) all contract modifications that occurred prior to the date of initial application when identifying the satisfied and unsatisfied performance obligations, determining the transaction price, and allocating the transaction price have been reflected in the aggregate; and (2) ASC 606 is applied only to contracts that are not completed at the initial date of application. Because contract modifications are minimal, there is not a significant impact as a result of electing these practical expedients. There were no significant changes that resulted from the adoption of ASC 606.

The adoption of the new accounting policy did not have a significant impact on change in net assets, and therefore, there was no adjustment to the opening balance of net assets. The Association does not expect the adoption of the new revenue standard to have a material impact on its change in net assets on an ongoing basis.

CALIFORNIA STATE UNIVERSITY, FRESNO ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, whereby 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.

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, 2021 and 2020, the Association's uninsured cash balances totaled \$9,087,087 and \$10,868,329, respectively.

See Independent Auditor's Report.

CALIFORNIA STATE UNIVERSITY, FRESNO ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 a waiting list for suites. If necessary, tickets and other entitlements are withheld if payment is due.

Due to the impacts of the COVID-19 pandemic (Note 19), pledge agreements and suite terms were revised due to the Save Mart Center's temporary closure.

Contract Receivables

Contract receivables are recorded when invoices are issued and are presented in the Statement of Financial Position. 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 \$72,868 and \$72,427 have been established as of June 30, 2021 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.

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.

See Independent Auditor's Report.

CALIFORNIA STATE UNIVERSITY, FRESNO ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 12, 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, 2019.

Deferred Revenue

Income from the University, summer conferences, and Campus Pointe are deferred and recognized over the periods to which the activities relate.

Revenue Recognition

The Association recognizes revenue principally from commercial operations, including the operation of a bookstore, campus dining service, student housing program, student recreation center and student union. The Association also administers and manages the Save Mart Center, a multi-purpose sports and entertainment venue hosting events and performances. The Association's gross sales revenue is recognized based on consideration specified in a contract with a customer upon completion of performance obligations.

The Association recognizes revenue from performance obligations when it satisfies the obligation by transferring control over products or services to a customer at a point in time when the product has been delivered or when the service has been fully performed. The payment terms vary depending on the nature of the performance obligations and can be recognized at the point of sale or over time.

CALIFORNIA STATE UNIVERSITY, FRESNO ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 for the years ended June 30, 2021 and 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.

Advertising Costs

Advertising costs are expensed as incurred and totaled \$16,257 and \$72,397 for the years ended June 30, 2021 and 2020, respectively.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in Note 17 – 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, 2020, from which the summarized information was derived.

**CALIFORNIA STATE UNIVERSITY, FRESNO ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclassifications

Certain reclassifications were made to the 2020 financial statements in order to conform to the presentation shown. These reclassifications had no effect on the Association's net asset balances at June 30, 2020. During the year ended June 30, 2021, the Association determined that certain net asset balances should have been classified as net assets with donor restrictions. The reclassification had the effect of increasing the Association's net assets with donor restrictions by approximately \$8,403,000 and decreasing the Association's net assets without donor restrictions by the same amount at June 30, 2020.

NOTE 3 – AVAILABILITY AND LIQUIDITY

The following represents the Association's financial assets at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 25,052,614	\$ 26,347,659
Accounts receivable, net	2,089,815	2,454,171
Pledges receivable, current	2,848,860	2,089,694
Investments	<u>14,554,232</u>	<u>12,091,742</u>
Total financial assets	44,545,521	42,983,266
Less amounts not available to be used within one year:		
Net assets with donor restrictions	(7,985,483)	(8,402,555)
Less net assets with purpose restrictions to be met in less than one year	<u>-</u>	<u>-</u>
Total amounts not available to be used within one year	(7,985,483)	(8,402,555)
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 36,560,038</u>	<u>\$ 34,580,711</u>

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 2021 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 \$686,269 and \$525,721 for fiscal years 2021 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 \$766,842 and \$1,335,382 for fiscal years 2021 and 2020, respectively. The minimum requirement for the Student Recreation Center is \$249,088 and \$505,705 for fiscal years 2021 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.

See Independent Auditor's Report.

**CALIFORNIA STATE UNIVERSITY, FRESNO ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 4 – CASH AND CASH EQUIVALENTS

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

	<u>2021</u>	<u>2020</u>
Deposits:		
Cash on hand and in banks	\$ 9,358,693	\$ 10,785,562
Pooled funds:		
Cash in State of California Local Agency Investment Fund	<u>15,693,921</u>	<u>15,562,097</u>
Total	<u>\$ 25,052,614</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.

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>2021</u>	<u>2020</u>
Unconditional promises to give before unamortized discount	\$ 10,964,925	\$ 12,212,978
Less: unamortized discount	<u>(1,665,307)</u>	<u>(2,271,790)</u>
Net unconditional promises to give	<u>\$ 9,299,618</u>	<u>\$ 9,941,188</u>
Amounts due in:		
One year	\$ 2,848,864	\$ 2,089,694
Two to five years	6,274,037	6,599,167
More than five years	<u>176,717</u>	<u>1,252,327</u>
Total	<u>\$ 9,299,618</u>	<u>\$ 9,941,188</u>

See Independent Auditor’s Report.

CALIFORNIA STATE UNIVERSITY, FRESNO ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 5 – PLEDGES RECEIVABLE-SAVE MART CENTER (Continued)

The discount rate used to calculate the present value of promises to give is 7% for the years ending June 30, 2021 and 2020.

NOTE 6 – INVESTMENTS

Long-Term investments at June 30, 2021 consist of the following:

Long-term investments	Total
Long-term investments at beginning of year	\$ 12,091,742
Additions	-
Amounts withdrawn	(12,714)
Return on investments (net of investment fees of \$41,396):	
Dividends and interest	251,977
Net unrealized and realized gains (losses)	2,223,227
Total return on investments	2,475,204
Long-term investments at end of year	\$ 14,554,232

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	-
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 consist of the following at June 30:

Long-term investments	2021	2020
Corporate bonds	\$ 2,267,778	\$ 1,689,570
Common fund	4,198,616	3,050,640
Mutual funds	4,621,775	3,748,098
Money market funds	15,755	82,534
U.S. agency securities	650,254	903,718
U.S. treasury securities	1,384,093	1,176,100
Equity securities	1,415,961	1,441,082
Total long-term investments, at market	\$ 14,554,232	\$ 12,091,742

CALIFORNIA STATE UNIVERSITY, FRESNO ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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>2021</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash and cash equivalents	\$ 25,052,614	\$ 25,052,614	\$ -	\$ -
Pledges Receivable - SMC	9,299,618	-	-	9,299,618
Long-term investments:				
Corporate bonds	2,267,778	2,267,778	-	-
Multi strategy equity fund	4,198,616	-	4,198,616	-
Mutual funds	4,621,775	4,621,775	-	-
Money market funds	15,755	15,755	-	-
U.S. agency securities	650,254	-	650,254	-
U.S. treasury securities	1,384,093	1,384,093	-	-
Equity securities	1,415,961	1,415,961	-	-
Total long-term investments	<u>14,554,232</u>	<u>9,705,362</u>	<u>4,848,870</u>	<u>-</u>
Total	<u>\$ 48,906,464</u>	<u>\$ 34,757,976</u>	<u>\$ 4,848,870</u>	<u>\$ 9,299,618</u>

See Independent Auditor's Report.

CALIFORNIA STATE UNIVERSITY, FRESNO ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 7 – FAIR VALUE MEASUREMENTS (Continued)

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

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):

	<u>2021</u>	<u>2020</u>
Pledges receivable-Save Mart Center:		
Balances, July 1,	\$ 9,941,188	\$ 12,152,998
New pledges	318,000	1,380,580
Pledge payments received	(811,790)	(3,250,851)
Write-off	(754,263)	(972,149)
Change in present value discount	606,483	630,610
Balance, June 30,	<u>\$ 9,299,618</u>	<u>\$ 9,941,188</u>

NOTE 8 – NOTES PAYABLE

CSU Systemwide Revenue Bonds (SRB) Series 2020B

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:

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Coupon</u>
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>\$ 2,210,000</u>	

See Independent Auditor's Report.

**CALIFORNIA STATE UNIVERSITY, FRESNO ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 8 – NOTES PAYABLE (Continued)

CSU Systemwide Revenue Bonds (SRB) Series 2020B (Continued)

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

Year Ending June 30,	Principal	Interest	Total
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
	2,210,000	78,478	2,288,478
Unamortized debt issuance costs	(19,214)	-	(19,214)
	\$ 2,190,786	\$ 78,478	\$ 2,269,264

During the year ended June 30, 2021, due to the significant decrease in housing revenues year-to-date for the academic year (due to the pandemic), the Association was not able to financially make a payment this fiscal year, which resulted in a loss of revenue for the University.

As a result, the Association was relieved of the bond obligation consisting of both principal and interest due to the University for the year ended June 30, 2021. Due to this, the Association recognized a gain on the extinguishment of debt of approximately \$582,000 for the year ended June 30, 2021. The original terms of the bond agreement were not modified.

Small Business Administration Paycheck Protection Program

On April 26, 2021, the Association received a second Small Business Administration Paycheck Protection Program (SBA PPP) loan in the amount of \$1,272,900. The loan has a maturity of five years with principal and interest at 1.00% and payable monthly beginning after ten months of the covered period. The Association is in the covered period through October 2021 and anticipates to apply for and receive full forgiveness.

The Association would be required to make the following principal and interest payments if forgiveness is not granted:

Year Ending June 30,	Principal	Interest	Total
2022	\$ -	\$ -	\$ -
2023	207,757	9,830	217,587
2024	251,603	9,500	261,103
2025	254,131	6,973	261,104
2026	256,684	4,420	261,104
2027-2028	302,725	1,895	304,620
	\$ 1,272,900	\$ 32,618	\$ 1,305,518

See Independent Auditor's Report.

CALIFORNIA STATE UNIVERSITY, FRESNO ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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.

Year Ending June 30,	Principal	Interest	Total
2022	\$ -	\$ -	\$ -
2023	8,556,550	4,763,272	13,319,822
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
2028	2,405,000	636,950	3,041,950
Thereafter	<u>13,840,000</u>	<u>1,522,415</u>	<u>15,362,415</u>
	40,856,550	11,045,262	51,901,812
Unamortized premium	5,341,981	-	5,341,981
Unamortized debt issuance costs	<u>(119,638)</u>	<u>-</u>	<u>(119,638)</u>
	<u>\$ 46,078,893</u>	<u>\$ 11,045,262</u>	<u>\$ 57,124,155</u>

During the year ended June 30, 2021, the Association amended the terms of the capital lease obligation with the University. The executed memorandum of understanding (MOU) with the University modified the existing terms and conditions of the lease and the timing of certain payments. The University forgave 59% (same percentage used for determination of non-university use of SMC by county tax assessor) of the principal and interest due for fiscal years 2019/20 and 2020/21 due to the closure of the Save Mart Center caused by the COVID-19 pandemic.

As a result of the MOU, the Association was relieved (forgiven) of \$2,333,450 in principal payment obligations through June 30, 2021. The Association also recognized a gain on the extinguishment of debt of approximately \$1,588,000 of interest payable on the capital lease obligation (for prior years) as of June 30, 2021.

The MOU defers payment on any capital lease obligation until June 30, 2023.

NOTE 10 – DISAGGREGATION OF REVENUE

In the following table, revenue is disaggregated by timing of satisfaction of performance obligations for the years ended June 30:

	2021	2020
Performance obligations satisfied at a point in time	\$ 3,358,962	\$ 9,540,698
Performance obligations satisfied over time	<u>5,151,204</u>	<u>11,862,287</u>
Total	<u>\$ 8,510,166</u>	<u>\$ 21,402,985</u>

See Independent Auditor's Report.

**CALIFORNIA STATE UNIVERSITY, FRESNO ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 10 – DISAGGREGATION OF REVENUE (Continued)

Revenues from performance obligations satisfied at a point in time consist of revenue recognized from bookstore sales, Save Mart Center activities, dining services (excluding student dining hall), student recreation center sales and student union fees. Revenues from performance obligations satisfied over time consist of revenue recognized from management service fees, student housing and dining services and student body fees.

Bookstore Sales – includes commissions earned on the sale of textbooks, student learning materials, merchandise and other items. Revenue is earned at the time such items are purchased.

Save Mart Center – includes premium seating, naming rights, sponsorship/advertising, and ground rent from Campus Pointe. Revenue for premium seating, naming rights, and sponsorship/advertising is earned when such services are rendered or items are purchased. Revenue for ground rents from Campus Pointe is recognized monthly over the term of the lease.

Dining Services – includes housing resident meal plans, retail dining operations, and catering services to support the campus community. Revenue for housing resident meal plans is earned each month these services are used by the student. Revenue for retail dining operations and catering services is earned at the time such services are rendered or items are purchased.

Management Service Fees – the Association provides management and administrative services for other sister Fresno State auxiliary organizations. Revenue is earned as services are rendered throughout the year.

Student Housing – housing contracts are for the entire academic year. Revenue is earned each month these services are used by the student.

University Student Union (Student Body Center - Category II Mandatory Fee) - mandatory student fee to support the debt service and operations of both the Student Union and Student Recreation Center. Revenue is received from the University who collects the fee revenue from the students. The University transfers the approved annual amount of fees needed for operations twice each fiscal year. Both operations also have miscellaneous operating revenues generated by rental of facilities and retail sales that is earned at the time such services are rendered or items are purchased.

NOTE 11 – CONTRACT BALANCES

Contract assets include accounts receivable mainly from Save Mart Center activities, bookstore sales, and student housing. Contract liabilities include deferred revenue balances originated from the receipt of customer funds prior to the completion of performance obligations. Contract assets and contract liabilities were as follows for the years ended June 30:

	6/30/2021 <u>Closing Balance</u>	6/30/2020 <u>Closing Balance</u>	7/1/2019 <u>Opening Balance</u>
Contract assets:			
Contract receivables	\$ 2,162,683	\$ 2,526,598	\$ 11,099,241
Contract liabilities:			
Deferred revenue	\$ 1,011,452	\$ 1,123,810	\$ 9,075,849

See Independent Auditor's Report.

**CALIFORNIA STATE UNIVERSITY, FRESNO ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 11 – CONTRACT BALANCES (Continued)

The following table provides information about significant changes in the significant services paid in advance for the years ended June 30:

	2021	2020
Deferred revenue, beginning of the year	\$ 1,123,810	\$ 9,075,849
Revenue recognized that was included		
State of California Local Agency Investment Fund (LAIF)	(112,658)	(8,732,334)
Increase in deferred revenue due to cash		
received during the period	300	780,295
Deferred revenue, end of year	\$ 1,011,452	\$ 1,123,810

NOTE 12 – 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.

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 2021/2020 was 11.031% plus \$703,837 towards the unfunded liability for the Miscellaneous Plan and 7.732% plus \$6,052 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.

**CALIFORNIA STATE UNIVERSITY, FRESNO ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 12 – EMPLOYEE DEFINED BENEFIT PENSION PLAN (Continued)

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 2021/2020, California State University, Fresno Association, Inc.'s annual pension cost of \$950,922 was equal to the Association's required and actual contributions. The total pension cost for both employee and employer contributions was \$1,105,268. The required contribution for fiscal year 2021/2020 was determined as part of the June 30, 2018 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 7.00% investment rate of return (net of administrative expenses); (b) projected overall payroll growth of 2.75%; (c) inflation factor of 2.50% compounded annually and (d) discount rate of 7.00%.

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, 2019 was 20 years. Based upon the most recent valuation published for the period ending June 30, 2018, the Association did not contribute more than 5% of total contributions to the plan.

Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/19	\$ 811,912	100%	\$ -
6/30/20	\$ 900,806	100%	\$ -
6/30/21	\$ 950,922	100%	\$ -

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 PEPPRA 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
6/30/17	15,944,026,687	12,162,131,074	3,781,985,613	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%
6/30/19	18,394,114,919	13,985,117,157	4,408,997,762	76.0%	2,482,824,265	177.6%

See Independent Auditor's Report.

**CALIFORNIA STATE UNIVERSITY, FRESNO ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 13 – 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.

Following is the information on the plan as of and for the year ended June 30, 2021, in accordance with ASC 715 "Employers' Accounting for Defined Benefit Pension and Other Post-Retirement Plans":

	<u>Net Periodic Post-Retirement Benefit Cost</u>	<u>Post-Retirement Benefit Liability</u>
July 1, 2020		\$ 5,307,268
Recognition of components of net periodic post-retirement benefit cost:		
Service cost (benefit)	\$ 43,917	43,917
Interest cost	303,325	303,325
Actuarial (gain) or loss	<u>1,324,135</u>	1,324,135
Total	<u>\$ 1,671,377</u>	
Benefit payments		<u>(511,138)</u>
Net change		<u>1,160,239</u>
June 30, 2021		<u>\$ 6,467,507</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.

CALIFORNIA STATE UNIVERSITY, FRESNO ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 13 – OTHER POST EMPLOYMENT BENEFIT OBLIGATION (Continued)

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

	<u>2021</u>	<u>2020</u>
Current portion	\$ 601,619	\$ 390,453
Long-term portion	<u>5,865,888</u>	<u>4,916,815</u>
	<u>\$ 6,467,507</u>	<u>\$ 5,307,268</u>

The funded status of the plan is the following:

	<u>2021</u>	<u>2020</u>
Accrued post-retirement benefit obligation	\$ 6,467,507	\$ 5,307,268
Plan assets	<u>-</u>	<u>-</u>
Unfunded plan obligation	<u>\$ 6,467,507</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.

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

<u>Year Ending June 30,</u>	
2022	\$ 550,077
2023	528,260
2024	531,196
2025	514,851
2026-2030	<u>2,509,731</u>
Total	<u>\$ 4,634,115</u>

**CALIFORNIA STATE UNIVERSITY, FRESNO ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 14 – 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 SRC, between the Trustees of the CSU, expiring June 30, 2026.
- Use of 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 space at 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.

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 Ray Morgan for Administration Division copier at \$607 per month, expiring December 14, 2025.
- Operating lease with Ray Morgan for Student Recreation Center copier at \$561 per month, expiring March 14, 2026.

Future minimum lease payments on the copiers are as follows:

<u>Year Ending June 30,</u>		
2022	\$	22,608
2023		14,022
2024		14,022
2025		10,378
2026		5,054
Total	<u>\$</u>	<u>66,084</u>

Rent expense for the years ended June 30, 2021 and 2020 was \$26,628 and \$27,348, respectively.

CALIFORNIA STATE UNIVERSITY, FRESNO ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 15 – 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 years ended June 30, 2021 and 2020 were \$2,858,103 and \$0, 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.

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 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 16 – 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, 2021 and 2020:

Pursuant to a management services agreement, the Foundation, The Agricultural Foundation, Programs for Children, and Associated Students. The Foundation's administrative fees for each of the years ended June 30, 2021 and 2020 were \$677,684, allocated on the basis of gross revenue and services rendered. The Agricultural Foundation's administrative fees for the years ended June 30, 2021 and 2020 were \$161,385 and \$169,563, respectively, based on services rendered. Programs for Children's administrative fees for the years ended June 30, 2021 and 2020 were \$80,112 and \$80,868, respectively, based on services rendered. Associated Students administrative fees for the years ended June 30, 2021 and 2020 were \$62,262 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 \$817,502 and \$798,670 for the years ended June 30, 2021 and 2020, respectively.

See Independent Auditor's Report.

CALIFORNIA STATE UNIVERSITY, FRESNO ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 16 – RELATED PARTIES (Continued)

The amounts due to the Association from the Foundation for miscellaneous expenses were \$193 and \$188,236 for the years ended June 30, 2021 and 2020, respectively. The amounts due to the Association from the Foundation for salaries and benefits were \$35,799 and \$24,535 for the years ended June 30, 2021 and 2020, respectively. The amounts due to the Foundation from the Association for miscellaneous expenses were \$2,789 and \$0 for the years ended June 30, 2021 and 2020, respectively. The amounts due to the Foundation from the Association for salaries and benefits were \$59,857 and \$53,506 for the years ended June 30, 2021 and 2020, respectively.

The amounts due to the Association from The Agricultural Foundation for miscellaneous expenses were \$17,709 and \$0 for the years ended June 30, 2021 and 2020, respectively. The amounts due to The Agricultural Foundation for miscellaneous expenses were \$35 and \$0 for the years ended June 30, 2021 and 2020, respectively.

The amounts receivable from the University were \$302,467 and \$161,705 for the years ended June 30, 2021 and 2020 respectively. The amounts payable to the University were \$815,646 and \$1,088,890 for the years ended June 30, 2021 and 2020, respectively.

The amounts due to the Association from Associated Students for miscellaneous expenses were \$9,586 and \$8,827 for the years ended June 30, 2021 and 2020, respectively.

NOTE 17 – 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.

CALIFORNIA STATE UNIVERSITY, FRESNO ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 17 – EXPENSES BY NATURAL/FUNCTIONAL CLASSIFICATION (Continued)

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

	2021			2020		
	Program	General & Admin	Total	Program	General & Admin	Total
Cost of Goods Sold	\$ 515,197	\$ 1,401	\$ 516,598	\$ 2,559,683	\$ -	\$ 2,559,683
Salaries/Wages	1,991,616	927,653	2,919,269	5,269,433	1,125,129	6,394,562
Employee Benefits	1,717,180	944,217	2,661,397	1,513,918	692,725	2,206,643
Administration-Food Services	833,651	-	833,651	586,241	-	586,241
Advances to SMG	2,858,103	-	2,858,103	1,757,113	-	1,757,113
Advertising/Printing	16,257	-	16,257	72,397	-	72,397
Athletic Corporation Entitlements	331,283	-	331,283	141,928	-	141,928
Audit/Legal Expense	-	32,626	32,626	-	53,073	53,073
Bad Debt Expense	597,934	-	597,934	42,451	-	42,451
Bank Charges	1,054	9,500	10,554	16,355	2,737	19,092
Bond Expenses	18,842	-	18,842	45,390	-	45,390
Capital Lease Expense	904,608	-	904,608	1,664,411	-	1,664,411
Chancellor's Office Fee	-	18,023	18,023	17,869	-	17,869
Computer Supplies/Expense	122,211	12,397	134,608	125,725	21,012	146,737
Consulting	-	5,909	5,909	4,304	300	4,604
Contract Services	479,048	-	479,048	983,420	-	983,420
Credit Card Fees	16,145	-	16,145	164,014	-	164,014
Depreciation/Amortization	4,200,172	89,896	4,290,068	4,348,904	101,360	4,450,264
Dues/Memberships/Subscriptions	11,898	3,735	15,633	19,855	4,857	24,712
Employee recruitment	595	10,475	11,070	2,224	15,524	17,748
Equipment purchased	26,209	-	26,209	23,959	-	23,959
Housing incentives	3,755	-	3,755	13,820	-	13,820
Insurance	414,726	6,717	421,443	392,257	8,526	400,783
Interest expense	61,429	(63)	61,366	32,827	75	32,902
Janitorial/Sanitation	39,979	-	39,979	103,976	-	103,976
Laundry	13,359	-	13,359	63,867	-	63,867
Licenses/Permits/Fees	10,075	128,926	139,001	41,553	157,007	198,560
Loss on technology investment	-	-	-	-	271,024	271,024
Miscellaneous	20,752	4,677	25,429	43,491	12,085	55,576
Non-student tax	441	-	441	10,492	-	10,492
Office supplies	18,959	18,591	37,550	58,958	31,622	90,580
Paper supplies	84,782	-	84,782	212,223	-	212,223
Possessory interest tax	190,767	-	190,767	166,023	-	166,023
Postage/Freight	4,275	11,801	16,076	14,996	15,588	30,584
Rent/Rental	16,195	9,719	25,914	70,010	11,729	81,739
Repairs/Maintenance	427,615	33,386	461,001	431,084	30,181	461,265
Resident advisors meals	109,972	-	109,972	197,336	-	197,336
Royalties	787	-	787	110,985	-	110,985
Security services	-	12,210	12,210	-	35,383	35,383
Smallwares	27,886	-	27,886	105,129	-	105,129
Student programs	85,088	-	85,088	112,652	-	112,652
Telephone/Communications	36,890	6,621	43,511	34,929	6,190	41,119
Travel/Training	19,061	867	19,928	58,116	5,212	63,328
University donations	2,871	-	2,871	92,957	50,000	142,957
USU Co-sponsorships	-	-	-	1,043	-	1,043
Utilities	1,027,487	20,012	1,047,499	1,117,483	17,012	1,134,495
Warehouse expense	(3,184)	-	(3,184)	3,051	-	3,051
Wilkinson group fee	-	-	-	180,000	-	180,000
Total	\$ 17,255,970	\$ 2,309,296	\$ 19,565,266	\$ 23,028,852	\$ 2,668,351	\$ 25,697,203

See Independent Auditor's Report.

CALIFORNIA STATE UNIVERSITY, FRESNO ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 18 – SALARIES/WAGES AND EMPLOYEE BENEFITS

Salaries/Wages reflected on the Statement of Activities consist of the following for the years ended June 30:

	<u>2021</u>	<u>2020</u>
Salaries/wages	\$ 2,151,020	\$ 5,020,171
Salaries reimbursed to the Foundation	664,484	1,198,030
Salaries reimbursed to the University	<u>103,765</u>	<u>176,361</u>
Total salaries/wages	<u>\$ 2,919,269</u>	<u>\$ 6,394,562</u>

Employee benefits reflected on the Statement of Activities consist of the following for the years ended June 30:

	<u>2021</u>	<u>2020</u>
Employee benefits	\$ 2,419,290	\$ 1,799,029
Salaries reimbursed to the Foundation	234,130	396,552
Salaries reimbursed to the University	<u>7,977</u>	<u>11,062</u>
Total employee benefits	<u>\$ 2,661,397</u>	<u>\$ 2,206,643</u>

NOTE 19 – UNCERTAINTY

On March 11, 2020, the World Health Organization declared the outbreak of coronavirus, COVID-19, a pandemic. As a result of the pandemic, the Association's operations were negatively impacted by the closure of the University's campus in complying with health and safety guidelines. As a result of the closures, the Association experienced a significant reduction of revenues including activities related to the Save Mart Center, commercial operations, student housing, and student union and recreation centers. The Association also limited its operations to protect the health and safety of its employees.

To help offset the impact of revenue loss, the Association implemented reduced discretionary spending and adjusted the operating budget accordingly. The ultimate financial impact on the Association that could occur as a result of the pandemic is unknown at this time.

NOTE 20 – NET ASSETS WITH DONOR RESTRICTIONS

The Association's net assets with donor restrictions comprise of contributions related to pledges made that will be collected in future periods. The Association's net assets with donor restrictions are all restricted due to time and totaled \$7,985,483 and \$8,402,555 for the years ended June 30, 2021 and 2020, respectively.

NOTE 21 – SUBSEQUENT EVENTS

Management has evaluated and concluded that there are no subsequent events that have occurred from June 30, 2021 through the date the financial statements were available to be issued at September 13, 2021 that would require disclosure or adjustment.

CALIFORNIA STATE UNIVERSITY, FRESNO ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 22 - 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's returns are subject to examination by federal and state taxing authorities, generally for three years and four years, respectively, after they are filed.

THIS PAGE IS LEFT BLANK INTENTIONALLY.



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of California State University, Fresno Association, Inc. (the Association) which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 13, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Association's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

570 N. Magnolia Avenue, Suite 100
Clovis, CA 93611

tel 559.299.9540

fax 559.299.2344

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Association's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in blue ink that reads "Price Paige & Company". The signature is written in a cursive, flowing style.

Clovis, California
September 13, 2021

ADDITIONAL INFORMATION
FOR CALIFORNIA STATE UNIVERSITY, FRESNO

CALIFORNIA STATE UNIVERSITY, FRESNO ASSOCIATION, INC.
SCHEDULE OF NET POSITION
JUNE 30, 2021
(for inclusion in the California State University)

ASSETS

Current assets:

Cash and cash equivalents	\$ 1,590,155
Short-term investments	23,462,459
Accounts receivable, net	2,089,815
Pledges receivable, net	2,848,860
Prepaid expenses and other current assets	<u>190,326</u>
Total current assets	<u>30,181,615</u>

Noncurrent assets:

Pledges receivable, net	6,450,758
Other long-term investments	14,554,232
Capital assets, net	<u>62,593,063</u>
Total noncurrent assets	<u>83,598,053</u>

Total assets	<u>113,779,668</u>
--------------	--------------------

LIABILITIES

Current liabilities:

Accounts payable	2,969,096
Accrued salaries and benefits	214,856
Accrued compensated absences, current portion	25,000
Unearned revenues	400,662
Long-term debt obligations, current portion	545,000
Other liabilities	<u>8,389</u>
Total current liabilities	<u>4,163,003</u>

Noncurrent liabilities:

Accrued compensated absences, net of current portion	252,228
Unearned revenues	610,790
Capital lease obligations, net of current portion	47,608,736
Long-term debt obligations, net of current portion	2,923,004
Depository accounts	31,918
Net other postemployment benefits liability	<u>6,467,507</u>
Total noncurrent liabilities	<u>57,894,183</u>

Total liabilities	<u>62,057,186</u>
-------------------	-------------------

NET POSITION

Net investment in capital assets	11,516,323
Unrestricted	<u>40,206,159</u>
Total net position	<u>\$ 51,722,482</u>

See Independent Auditor's Report.

CALIFORNIA STATE UNIVERSITY, FRESNO ASSOCIATION, INC.
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021
(for inclusion in the California State University)

Operating revenues:	
Student tuition and fees, gross	\$ 3,901,200
Sales and services of auxiliary enterprises, gross	4,608,966
Other operating revenues	<u>918,910</u>
Total operating revenues	<u>9,429,076</u>
 Operating expenses:	
Auxiliary enterprise expenses	14,290,382
Depreciation and amortization	<u>4,290,068</u>
Total operating expenses	<u>18,580,450</u>
 Operating income (loss)	 <u>(9,151,374)</u>
 Nonoperating revenues (expenses):	
Gifts, noncapital	1,384,528
Investment income (loss), net	2,572,194
Extinguishment of capital and bond obligations	2,170,119
Interest expense	(61,366)
Other nonoperating revenues (expenses) - excel. Interagency transfers	<u>(923,450)</u>
Net nonoperating revenues (expenses)	<u>5,142,025</u>
 Increase (decrease) in net position	 (4,009,349)
 Net position, beginning of year	 <u>55,731,831</u>
 Net position, end of year	 <u>\$ 51,722,482</u>

See Independent Auditor's Report.

CALIFORNIA STATE UNIVERSITY, FRESNO ASSOCIATION, INC.
OTHER INFORMATION
JUNE 30, 2021
(for inclusion in the California State University)

1 Cash and cash equivalents:
Current cash and cash equivalents
Total

\$	1,590,155
\$	<u>1,590,155</u>

2.1 Composition of investments:

Investment Type	Current	Noncurrent	Fair Value
Money market funds	\$ 7,768,538	15,755	7,784,293
U.S. agency securities	-	650,254	650,254
U.S. treasury securities	-	1,384,093	1,384,093
Corporate bonds	-	2,267,778	2,267,778
Mutual funds	-	4,621,775	4,621,775
Equity securities	-	5,614,577	5,614,577
State of California Local Agency Investment Fund (LAIF)	15,693,921	-	15,693,921
Total investments	<u>23,462,459</u>	<u>14,554,232</u>	<u>38,016,691</u>
Less endowment investments (enter as negative number)	-	-	-
Total investments, net of endowments	<u>\$ 23,462,459</u>	<u>14,554,232</u>	<u>38,016,691</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	\$ 7,784,293	7,784,293	-	-	-
U.S. agency securities	650,254	-	650,254	-	-
U.S. treasury securities	1,384,093	1,384,093	-	-	-
Corporate bonds	2,267,778	2,267,778	-	-	-
Mutual funds	4,621,775	4,621,775	-	-	-
Equity securities	5,614,577	1,415,961	4,198,616	-	-
State of California Local Agency Investment Fund (LEIF)	15,693,921	-	-	-	15,693,921
Total Investments	<u>\$ 38,016,691</u>	<u>17,473,900</u>	<u>4,848,870</u>	<u>-</u>	<u>15,693,921</u>

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

See Independent Auditor's Report.

CALIFORNIA STATE UNIVERSITY, FRESNO ASSOCIATION, INC.
OTHER INFORMATION
JUNE 30, 2021
(for inclusion in the California State University)
(Continued)

3.1 Composition of capital assets:

	Balance June 30, 2020	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2020 (Restated)	Additions	Retirements	Transfer of Completed CWIP/PWIP	Balance June 30, 2021
Non-depreciable/Non-amortizable capital assets:									
Construction work in progress (CWIP)	\$ 53,655	-	-	-	53,655	689,147	-	-	742,802
Total non-depreciable/non-amortizable capital assets	53,655	-	-	-	53,655	689,147	-	-	742,802
Depreciable/Amortizable capital assets:									
Buildings and building improvements	116,303,528	13,680	-	-	116,317,208	241,068	(2,333,450)	-	114,224,826
Improvements, other than buildings	715,706	-	-	-	715,706	-	-	-	715,706
Personal property:	-	-	-	-	-	-	-	-	-
Equipment	22,135,278	-	-	-	22,135,278	79,876	(137,073)	-	22,078,081
Intangible assets:	-	-	-	-	-	-	-	-	-
Other intangible assets:	-	-	-	-	-	-	-	-	-
Franchise fees	75,000	-	-	-	75,000	-	-	-	75,000
Total other intangible assets	75,000	-	-	-	75,000	-	-	-	75,000
Total intangible assets	75,000	-	-	-	75,000	-	-	-	75,000
Total depreciable/amortizable capital assets	139,229,512	13,680	-	-	139,243,192	320,944	(2,470,523)	-	137,093,613
Total capital assets	139,283,167	13,680	-	-	139,296,847	1,010,091	(2,470,523)	-	137,836,415
Less accumulated depreciation/amortization: (enter as negative number, except for reductions, enter as positive number)									
Buildings and building improvements	(53,889,320)	(13,680)	-	-	(53,903,000)	(3,121,927)	-	-	(57,024,927)
Improvements, other than buildings	(66,148)	-	-	-	(66,148)	(13,013)	-	-	(79,161)
Personal property:	-	-	-	-	-	-	-	-	-
Equipment	(17,063,451)	-	-	-	(17,063,451)	(1,151,628)	121,565	-	(18,093,514)
Other intangible assets:	-	-	-	-	-	-	-	-	-
Franchise fees	(42,250)	-	-	-	(42,250)	(3,500)	-	-	(45,750)
Total other intangible assets	(42,250)	-	-	-	(42,250)	(3,500)	-	-	(45,750)
Total intangible assets	(42,250)	-	-	-	(42,250)	(3,500)	-	-	(45,750)
Total accumulated depreciation/amortization	(71,061,169)	(13,680)	-	-	(71,074,849)	(4,290,068)	121,565	-	(75,243,352)
Total capital assets, net	\$ 68,221,998	-	-	-	68,221,998	(3,279,977)	(2,348,958)	-	62,593,063
3.2 Detail of depreciation and amortization expense:									
Depreciation and amortization expense related to capital assets	\$ 4,290,068	-	-	-	-	-	-	-	-
Amortization expense related to other assets	-	-	-	-	-	-	-	-	-
Total depreciation and amortization	\$ 4,290,068	-	-	-	-	-	-	-	-

See Independent Auditor's Report.

CALIFORNIA STATE UNIVERSITY, FRESNO ASSOCIATION, INC.
OTHER INFORMATION
JUNE 30, 2021
(for inclusion in the California State University)
(Continued)

4 Long-term liabilities:

	Balance June 30, 2020	Prior Period Adjustments/ Reclassifications	Balance June 30, 2020 (Restated)	Additions	Reductions	Balance June 30, 2021	Current Portion	Noncurrent Portion
1. Accrued compensated absences	\$ 338,671	-	338,671	178,936	(240,379)	277,228	25,000	252,228
Total long-term liabilities								
3. Capital lease obligations:								
Gross balance	43,190,000		43,190,000	-	(2,333,450)	40,856,550	-	40,856,550
Unamortized net premium/(discount)	5,519,720		5,519,720	-	(297,377)	5,222,343	-	5,222,343
Total capital lease obligations	<u>48,709,720</u>	<u>-</u>	<u>48,709,720</u>	<u>-</u>	<u>(2,630,827)</u>	<u>46,078,893</u>	<u>-</u>	<u>46,078,893</u>
4. Long-term debt obligations schedule: Nothing to report								
4.3 Notes payable (SRB related)	2,725,000	-	2,725,000	-	(515,000)	2,210,000	545,000	1,665,000
4.4 Others:								
SBA PPP loan	45,273	-	45,273	1,272,900	(45,273)	1,272,900	-	1,272,900
Total others	45,273	-	45,273	1,272,900	(45,273)	1,272,900	-	1,272,900
Sub-total long-term debt	<u>2,770,273</u>	<u>-</u>	<u>2,770,273</u>	<u>1,272,900</u>	<u>(560,273)</u>	<u>3,482,900</u>	<u>545,000</u>	<u>2,937,900</u>
4.5 Unamortized net bond premium/(discount)	(22,345)	-	(22,345)	-	3,131	(19,214)	-	(19,214)
Total long-term debt obligations	<u>2,747,928</u>	<u>-</u>	<u>2,747,928</u>	<u>1,272,900</u>	<u>(557,142)</u>	<u>3,463,686</u>	<u>545,000</u>	<u>2,918,686</u>
Total long-term liabilities	<u>\$ 51,796,319</u>	<u>-</u>	<u>51,796,319</u>	<u>1,451,836</u>	<u>(3,428,348)</u>	<u>49,819,807</u>	<u>570,000</u>	<u>49,249,807</u>

5 Capital lease obligations schedule:

	Auxiliary revenue bonds (non-SRB related)			All other long-term debt obligations			Total long-term debt obligations		
	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest
Year ending June 30:									
2022	\$ -	-	-	-	-	-	-	-	-
2023	8,556,550	4,763,272	13,319,822	-	-	-	8,556,550	4,763,272	13,319,822
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	2,870,000	917,088	3,787,088	-	-	-	2,870,000	917,088	3,787,088
2027 - 2031	13,215,000	2,774,890	15,989,890	-	-	-	13,215,000	2,774,890	15,989,890
2032	6,230,000	155,750	6,385,750	-	-	-	6,230,000	155,750	6,385,750
Total minimum payments	<u>\$ 40,856,550</u>	<u>11,045,262</u>	<u>51,901,812</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,856,550</u>	<u>11,045,262</u>	<u>51,901,812</u>
Less: amounts representing interest									<u>(11,045,262)</u>
Present value of future minimum lease payments									<u>40,856,550</u>
Unamortized net premium/(discount)									<u>5,222,343</u>
Total capital lease obligations									<u>46,078,893</u>
Less: current portion									<u>-</u>
Capital lease obligations, net of current portion									<u>\$ 46,078,893</u>

See Independent Auditor's Report.

CALIFORNIA STATE UNIVERSITY, FRESNO ASSOCIATION, INC.
OTHER INFORMATION
JUNE 30, 2021
(for inclusion in the California State University)
(Continued)

6 Long-term debt obligation schedule

	Auxiliary revenue bonds (non-SRB related)			All other long-term debt obligations			Total long-term debt obligations		
	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest
Year ending June 30:									
2022	\$ -	-	-	545,000	38,284	583,284	545,000	38,284	583,284
2023	-	-	-	757,757	31,877	789,634	757,757	31,877	789,634
2024	-	-	-	806,603	23,038	829,641	806,603	23,038	829,641
2025	-	-	-	814,131	11,582	825,713	814,131	11,582	825,713
2026	-	-	-	256,684	4,420	261,104	256,684	4,420	261,104
2027-2028	-	-	-	302,725	1,895	304,620	302,725	1,895	304,620
Total minimum payments	\$ -	-	-	3,482,900	111,096	3,593,996	3,482,900	111,096	3,593,996
Less: amounts representing interest									(111,096)
Present value of future minimum payments									3,482,900
Unamortized net premiums/(discount)									(19,214)
Total long-term debt									3,463,686
Less: current portion									(545,000)
Long-term debt obligations, net of current portion									\$ 2,918,686

7 Transactions with related entities:

Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$ 137,229
Payments to University for other than salaries of University personnel	\$ 205,326
Payments received from University for services, space, and programs	\$ 3,732,518
Gifts (cash or assets) to the University from discretely presented	\$ 2,871
Accounts (payable to) University (enter as a negative number)	\$ (815,646)
Accounts receivable from university (enter as positive number)	\$ 302,467
Other payables to University	\$ 1,529,843

8 Restatements: Nothing to report

9 Natural classifications of operating expenses:

	Salaries	Benefits - Other	Benefits - Pension	Benefits - OPEB	Scholarships and	Supplies and other	Depreciation	Total operating
Auxiliary enterprise expenses	\$ 2,919,269	2,661,397	-	-	-	8,709,716	-	14,290,382
Depreciation and amortization	-	-	-	-	-	-	4,290,068	4,290,068
Total operating expenses	\$ 2,919,269	2,661,397	-	-	-	8,709,716	4,290,068	18,580,450

10 Deferred outflows/inflows of resources: Nothing to report

See Independent Auditor's Report.