

Chico State Enterprises

Financial Statements and Supplemental Information

Years Ended June 30, 2020 and 2019



CHICO STATE ENTERPRISES
Financial Statements and Supplemental Information
Years Ended June 30, 2020 and 2019

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Chico State Enterprises

Report on the Financial Statements

We have audited the accompanying financial statements of Chico State Enterprises (CSE), which comprise the statements of net position as of June 30, 2020 and 2019, and the related statements of revenues, expenses, and changes in net position, and cash flows for the years 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.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Chico State Enterprises as of June 30, 2020 and 2019, and the changes in its net position and its cash flows for the year then ended in accordance with principles generally accepted in the United States of America.

Emphasis-of Matter

COVID-19 Pandemic

As described in Note 1 to the financial statements, on March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The ultimate financial impact and duration of these events cannot be reasonably estimated at this time. Our opinion is unmodified with respect to this matter.

**INDEPENDENT AUDITORS' REPORT,
CONTINUED**

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the financial statements. The supplemental information presented on pages 32-36 and 38-46 is presented for the purposes of additional analysis as required by the California State University Chancellor's Office 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 17, 2020 on our consideration of CSE'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 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 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 CSE's internal control over financial reporting and compliance.

Aldrich CPAs + Advisors LLP

San Diego, California
September 17, 2020

CHICO STATE ENTERPRISES

Management's Discussion and Analysis

Years Ended June 30, 2020 and 2019

Introduction

Chico State Enterprises (CSE) is a not-for-profit auxiliary organization formed to develop and administer those activities that aid and supplement the educational mission of California State University, Chico (University). The CSU, Chico Research Foundation (RF) was incorporated in 1997 following a reorganization of the responsibilities of the University Foundation. The University Foundation was incorporated in 1940 as an auxiliary organization authorized by the Education Code of the State of California and is currently responsible for fundraising and philanthropic endeavors on behalf of the University. In June of 2019, the RF was reorganized, combining the Office of Research and Sponsored Programs and RF Administration and renamed as Chico State Enterprises. A new Chief Executive Officer (CEO) was brought on board in October of 2019 to oversee the revamped organization. CSE has assumed responsibility for the administration of grants and contracts for the campus along with other entrepreneurial activities. CSE is governed by a Board of Directors consisting of campus administration, faculty, a student, and members of the community. The CEO reports to the CSE Board of Directors and is responsible for the administration of CSE activities and to University administration for adherence to campus policy. To fulfill its mission, CSE pursues a wide range of opportunities in the areas of development and administration of research and educational grants and contracts including the following activities:

- Solicits and manages externally funded projects orientated toward research, education, or public service, and which present opportunities for scholarship, creative activity and professional development.
- Provides a source of supplemental income and discretionary funds to support University needs, such as Faculty and College Unit Incentive funds and activities which cannot be supported by State funds.
- Operates academically-related enterprises such as the University Farm and operates public radio station KCHO serving northern California.
- Acts as a fiscal agent for numerous campus programs, such as Regional and Continuing Education, University Public Events, and the revenue-generating special projects of university departments, and provides gift administration services of the University Foundation.
- Funds and manages various ecological preserves and reserves, as well as property acquired for investment purposes or to provide space for University programs.

Critical activities for the fiscal year included:

- Addressing significant and long-standing organizational and operational inefficiencies.
- Right sizing of the organization to ensure appropriate allocation of staff and resources.
- Clarification and realignment of roles and responsibilities.
- Cross functional efforts to correct system deficiencies.

For the year ended June 30, 2020, CSU, Chico researchers received awards totaling \$31,653,357 in external funding from federal, state, non-governmental and community funders to support a rich diversity of research, public service and collaborative partnerships

The following discussion and analysis provides an overview of the financial position and activities of CSE for the years ended June 30, 2020 and 2019. The discussion has been prepared by management and should be read in conjunction with the financial statements and notes thereto, which follow this section.

CHICO STATE ENTERPRISES

Management's Discussion and Analysis

Years Ended June 30, 2020 and 2019

Introduction to the Financial Statements and Supplementary Information

This audit report consists of a series of financial statements prepared in accordance with Governmental Accounting Standards Board (GASB) principles. One of the most important questions asked is whether CSE is better or worse off as a result of the year's activities. The main keys to answering this question are the Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows.

The Statement of Net Position is one indicator of CSE's financial health and reports the difference between assets and liabilities. Over time, increases or decreases in net position are one indicator of the improvement or decline of the CSE's financial condition when considered in combination with other non-financial information.

The Statement of Revenues, Expenses, and Changes in Net Position presents revenues earned and expenses incurred during the year. Activities are reported as either operating or non-operating; with the above mentioned activities reported as operating revenues and expenses and investment results reported as non-operating revenues and expenses. This statement is prepared using the accrual basis of accounting, whereby revenues and receivables are recognized when the service is provided and expenses and liabilities are recognized when incurred, regardless of when cash is exchanged.

Another way to assess the financial health of CSE is to review the Statement of Cash Flows. Its primary purpose is to provide relevant information about the sources and uses of cash of an entity during a given period. The information provided in this statement can help financial report users assess CSE's ability to generate future net cash flows, its ability to meet its current and non-current obligations as they become due, and its need for external financing. It also provides insight into the reasons for differences between operating income and associated cash receipts and payments and the effects on CSE's financial position from its cash and noncash investing, capital, and related financing transactions during the year.

CSE's financial statements must be read in conjunction with the Notes to the Financial Statements in order to fully understand the financial position and activities of CSE. The Notes to the Financial Statements provide information intended to paint a more detailed picture for the financial statement reader. Key information provided in the Notes to the Financial Statements are definitions of relevant terms, significant accounting policies, the use of estimates, additional detail on items such as capital assets and long-term debt, investments and investment classifications, postemployment benefits and important disclosures related to potential litigation or subsequent events that occurred after June 30, 2020 that could impact the financial resources of CSE.

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. While the Statement of Net Position and Statement of Revenues, Expenditures and Changes in Net Position look at CSE as a whole, the Schedule of Net Position by Fund and the Schedule of Revenue, Expenses and Changes in Net Position by Fund are presented at the fund level.

Another integral part of CSE's audit report is the Schedule of Expenditures of Federal Awards (SEFA). The SEFA is a supplemental schedule that is required under the Uniform Guidance at 2 CFR 200.502 for organizations that expend more than \$750,000 in federal awards. Key reporting requirements of the SEFA include the Catalog of Federal Domestic Assistance (CFDA) number, the amount of expenditures by each CFDA number, the name of the federal funding agency, the contract or agreement number and the grouping of similar programs by cluster.

All sections and financial statement reports must be considered together to obtain a complete understanding of the financial picture of CSE.

CHICO STATE ENTERPRISES

Management's Discussion and Analysis

Years Ended June 30, 2020 and 2019

Statement of Net Position

The Statement of Net Position presents the financial position of CSE as of June 30, 2020 and 2019. It includes all assets, liabilities and the net position – the residual between the assets and liabilities of CSE. Assets and liabilities are generally measured using current values. However, investments are typically measured at fair value using quoted market process or Net Asset Value (NAV) and capital assets are typically carried at historical cost less accumulated depreciation. The difference between current and non-current is measured from the date of the Statement of Net Position. Current means within one year and non-current would be anything past one year from the date of the Statement of Net Position. Therefore, current assets would be expected to be converted to cash within one year and current liabilities are expected to be paid within one year from current resources (assets).

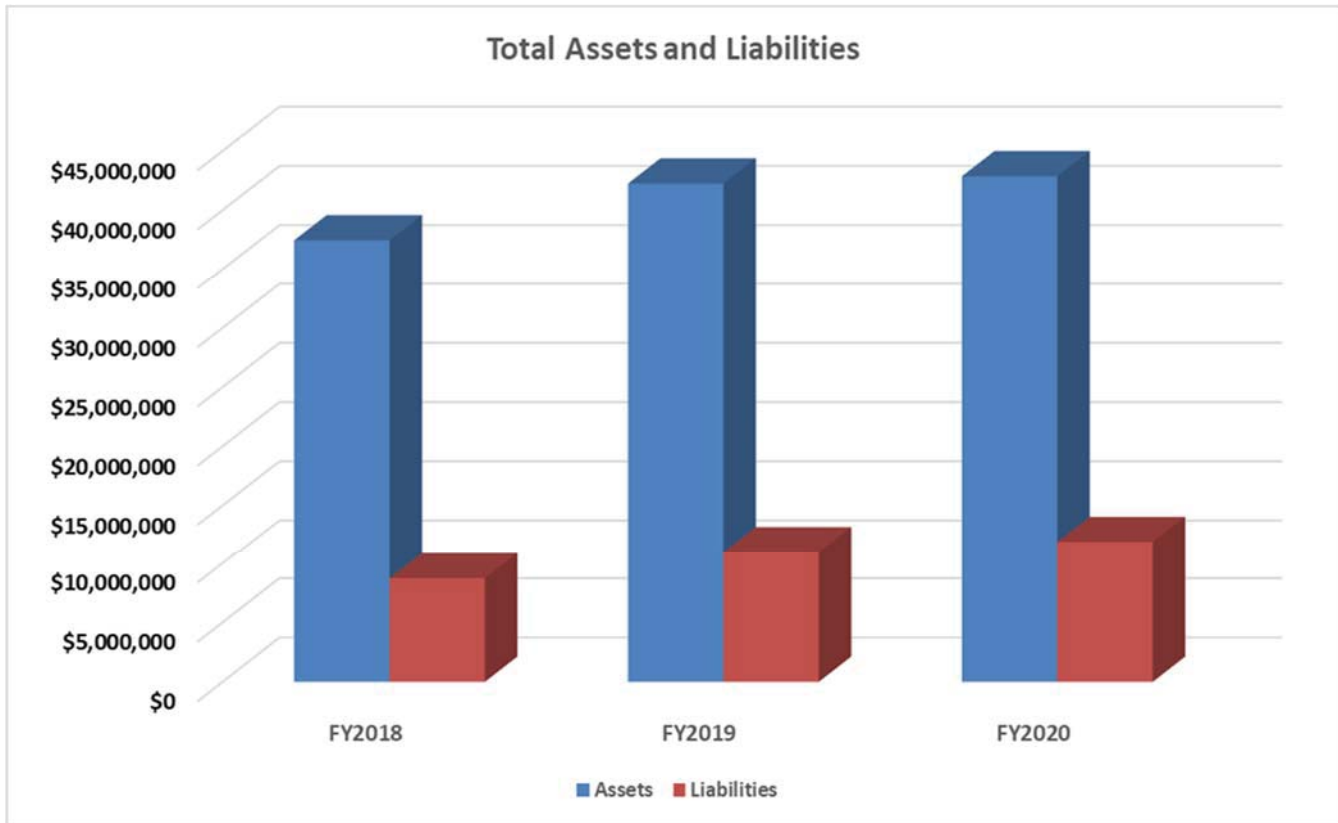
	<u>2020</u>	<u>2019</u>	<u>2018</u>
ASSETS			
Current assets			
Cash and short-term investments	\$ 10,155,255	\$ 5,367,899	\$ 10,220,533
Accounts receivable, net	12,648,452	16,774,797	9,310,107
Prepaid expenses and other assets	288,469	430,189	376,172
Total current assets	<u>23,092,176</u>	<u>22,572,885</u>	<u>\$ 19,906,812</u>
Non-current assets			
Long-term investments	8,602,252	7,828,232	6,534,439
Capital assets, net	10,504,556	11,164,543	10,178,555
Other assets	665,423	687,929	836,213
Total Noncurrent Assets	<u>19,772,231</u>	<u>19,680,704</u>	<u>17,549,207</u>
Total Assets	<u>\$ 42,864,407</u>	<u>\$ 42,253,589</u>	<u>\$ 37,456,019</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	\$ 2,695,373	\$ 3,233,320	\$ 1,358,438
Accrued salaries and benefits payable	2,333,134	2,370,413	2,229,900
Unearned revenue	2,819,870	1,713,570	1,730,403
Other current liabilities	744,260	489,420	133,777
Total Current Liabilities	<u>8,592,637</u>	<u>7,806,723</u>	<u>5,452,518</u>
Non-current Liabilities:			
Long-term debt obligations, net of current portion	2,172,604	2,283,733	2,411,328
Other postemployment benefits obligation	821,398	608,733	529,756
Other long-term liabilities	329,483	343,436	329,478
Total Noncurrent Liabilities	<u>3,323,485</u>	<u>3,235,902</u>	<u>3,270,562</u>
Total Liabilities	<u>11,916,122</u>	<u>11,042,625</u>	<u>8,723,080</u>
NET POSITION			
Net investment in capital assets	8,221,952	8,753,215	7,643,502
Restricted for:			
Expendable:			
Research	4,351,025	5,478,308	3,673,338
Other	12,068,554	10,930,646	7,575,410
Unrestricted	6,306,754	6,048,795	9,840,689
Total Net Position	<u>\$ 30,948,285</u>	<u>\$ 31,210,964</u>	<u>\$ 28,732,939</u>

See independent auditors report.

CHICO STATE ENTERPRISES

Management's Discussion and Analysis

Years Ended June 30, 2020 and 2019



Total current assets increased by \$519,291 (2.30%) from FY2019 to FY2020 and total assets increased by \$610,818 (1.44%) to \$42,864,407 for the same period. The increase is primarily due to the collection of accounts receivable and investment purchases. Total current assets increased by \$2,666,073 (13.39%) from FY2018 to FY2019, due to the decrease in cash and short-term investments and the increase of accounts receivable. Total assets increased by \$4,797,570 (12.81%) from FY2018 to FY2019 due to the increases in accounts receivable and capital assets. Total current liabilities increased by \$785,914 (10.07%) from FY2019 to FY2020 and total liabilities increased by \$873,497 (7.91%) from FY2019 to FY2020. The increase in total liabilities is primarily due to the increase in unearned revenue received from a funder shortly before the close of the fiscal year and the increase in other postemployment benefits (OPEB) due to the significant drop in rates for the 20 Year Municipal Index rate for the latest OPEB Valuation. Total current liabilities increased by \$2,354,205 from FY2018 to FY2019 due to an increased focus on accounts payable and accruals associated with fiscal year-end grants and contract activity. Total liabilities increased by \$2,319,545 from FY2018 to FY2019 due to the increase in accounts payable. The ratio of current assets to current liabilities decreased from 3.65 in FY2018 to 2.89 in FY2019 and to 2.69 in FY2020.

For FY2020, CSE showed a slight decline (-0.84%) in overall net position of \$262,679 from FY2019. Although there are several factors that are included in this number, the largest factors would be, the significant drop in the 20 Year Municipal Index rate which negatively impact the OPEB liability and resulted in a net cost increase of \$215,665 to the OPEB liability, the cost of the overall market loss from the last half of the fiscal year combined with the increase in unearned revenue and a slight down turn in revenue for the last quarter of the fiscal year due to the global pandemic. For FY2019, CSE showed an increase (8.62%) in net position of \$2,478,022 from FY2018, mostly related to the increase of accounts receivable and capital assets.

See independent auditors report.

CHICO STATE ENTERPRISES
Management's Discussion and Analysis
Years Ended June 30, 2020 and 2019

Capital asset balances for the year ended June 30 were as follows:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Nondepreciable Capital Assets:			
Land and land improvements	\$ 4,078,046	\$ 4,078,046	\$ 4,078,046
Construction in progress	10,464	-	553,469
Breeding livestock	149,449	108,440	89,300
Total Nondepreciable Capital Assets	<u>4,237,959</u>	<u>4,186,486</u>	<u>4,720,815</u>
Depreciable Capital Assets:			
Building and improvements	8,613,229	8,635,496	8,523,656
Equipment and furnishings	14,369,707	14,354,608	12,210,995
Total Depreciable Capital Assets	<u>22,982,936</u>	<u>22,990,104</u>	<u>20,734,651</u>
Total Capital Assets	27,220,895	27,176,590	25,455,466
Less: Accumulated Depreciation:			
Building and improvements	(5,723,839)	(5,536,969)	(5,274,659)
Equipment and furnishings	(10,992,500)	(10,475,078)	(10,002,252)
Total Accumulated Depreciation	<u>(16,716,339)</u>	<u>(16,012,047)</u>	<u>(15,276,911)</u>
Net Capital Assets	<u>\$ 10,504,556</u>	<u>\$ 11,164,543</u>	<u>\$ 10,178,555</u>

Capital asset purchases were \$773,281, \$2,039,963 and \$1,611,209 for the years ending June 30, 2020, 2019 and 2018, respectively. The basis of retirements, disposals and transfers of capital assets was \$728,976, \$317,979 and \$2,187,244 for the years ending June 30, 2020, 2019 and 2018, respectively. Depreciation expense was \$1,209,259, \$1,037,156 and \$874,070 for the years ending June 30, 2020, 2019 and 2018, respectively. Net capital assets of \$10,504,556, \$11,164,543 and \$10,178,555 for the years ending June 30, 2020, 2019 and 2018, respectively, are the amounts of capital assets net of accumulated depreciation. Net investment in capital assets (net capital assets less associated debt) for the years ending June 30, 2020, 2019 and 2018 were \$8,221,952, \$8,753,215 and \$7,643,502, respectively.

Long-Term Debt

Long-term debt obligations at June 30:	<u>2020</u>	<u>2019</u>	<u>2018</u>
Principal amount	\$ 1,990,000	\$ 2,095,000	\$ 2,195,000
Less current portion	(110,000)	(127,595)	(123,725)
Plus unamortized premium	292,604	316,328	340,053
	<u>\$ 2,172,604</u>	<u>\$ 2,283,733</u>	<u>\$ 2,411,328</u>

The long-term debt consists of a note payable to the California State University Chancellor's Office. The debt was incurred to refund the Auxiliary Organization Bond Series 2003. The note is to be repaid in eighteen (18) annual installments with interest rates ranging from 3% to 5%. The debt includes an unamortized premium component. Interest is payable twice yearly and principal payments are annual. The final payment is scheduled to be made in November of 2032.

CHICO STATE ENTERPRISES

Management's Discussion and Analysis

Years Ended June 30, 2020 and 2019

Statement of Revenues, Expenses and Changes in Net Position

The statement of revenues, expenses and changes in net position presents the results from CSE's operations. A summary of that statement is presented below.

Operating Revenue:	2020	2019	2018
Grants and contracts - noncapital:	\$ 33,659,425	\$ 33,728,983	\$ 32,037,032
Sales and services of educational activities	4,209,094	4,326,347	4,029,832
Sales and services of auxiliary enterprises	2,956,457	2,737,262	3,147,757
Other operating revenues	1,078,837	877,110	1,707,521
Total Operating Revenue and Other Support	41,903,813	41,669,702	\$ 40,922,142
Operating Expenses:			
Instruction	2,208,813	3,110,978	4,339,955
Research	3,155,034	2,368,996	2,293,448
Public service	22,599,984	20,144,370	21,263,438
Academic support	2,122,064	2,152,933	2,540,174
Student services	2,014,753	2,053,915	2,074,486
Institutional support	4,315,735	3,655,412	3,578,803
Operation and maintenance of plant	395,437	356,352	244,892
Student grants and scholarships	1,343,169	1,697,652	110,795
Auxiliary enterprises expenditures	3,332,075	3,021,067	2,666,421
Depreciation and amortization	1,209,259	1,037,156	874,070
Total Operating Expenses	42,696,323	39,598,831	39,986,482
Net Operating Gain (Loss)	(792,510)	2,070,871	935,660
Non-Operating Revenues:	80,649	407,154	761,376
Income (Loss) Before Other Additions	(711,861)	2,478,025	1,697,036
Capital grants	449,182	-	839,790
Increase (Decrease) in Net Position	(262,679)	2,478,025	2,536,826
Net Position, beginning	31,210,964	28,732,939	26,196,113
Net Position, ending	\$ 30,948,285	\$ 31,210,964	\$ 28,732,939

In FY2019, CSE issued its financial statements with FY2018 numbers restated for consistency to FY2019 statement presentation and to incorporate a \$493,231 prior period adjustment to capture revenue amounts related to unbilled revenue, unearned revenue and federal contract revenue. Overall, revenues have remained fairly consistent when compared in total year over year from FY2018 to FY2020, although FY2018 did include a large disposal of property (housing and land) of approximately \$2,000,000.

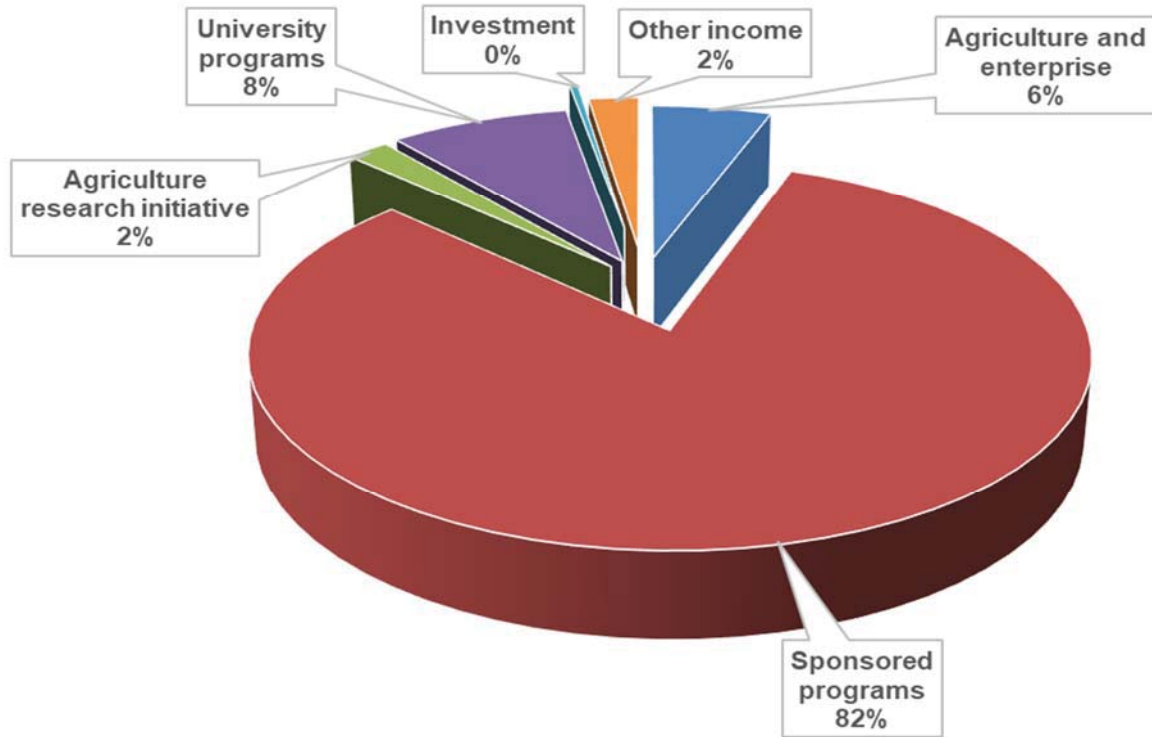
Overall operating expenses remained fairly consistent between FY2018 and FY2019 although there were noted changes in functional expenses between the two years, most notably due to fine tuning the proper categorization of expenses. FY2020 shows an increase of \$3,097,492 (7.82%) in expenses most notable due to increase in Public Service expenditures due to a full year of the Cal Fresh Outreach program, increased costs in Institutional Support with slight increases in Auxiliary Enterprise expenditures and Depreciation and Amortization costs.

CHICO STATE ENTERPRISES

Management’s Discussion and Analysis

Years Ended June 30, 2020 and 2019

Fund Level Total Revenue



Fund Level Revenues for the Year Ended June 30:

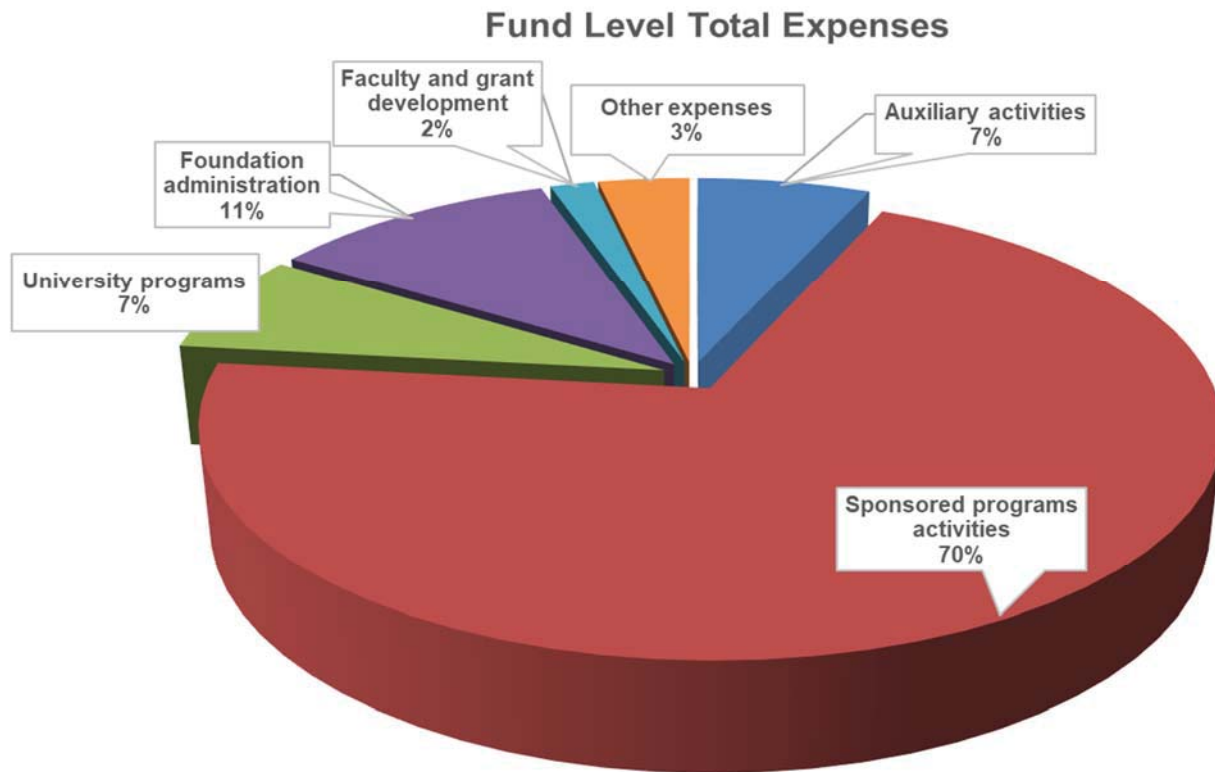
	2020	2019	2018
Agriculture and enterprise sales	\$ 2,186,728	\$ 2,014,421	2,438,949
Sponsored program receipts	32,867,059	33,419,448	31,975,166
Agriculture research initiative	793,714	293,071	768,745
University program receipts	3,291,717	3,872,452	3,710,774
Interest and investment income	150,927	522,032	422,181
Other income	915,976	819,137	2,040,080
Totals:	<u>\$ 40,206,121</u>	<u>\$ 40,940,561</u>	<u>\$ 41,355,895</u>

At the fund level, a slight downward trend has developed when comparing year over year numbers from FY2018 to FY2020. FY2020 revenues were down from FY2019 by \$734,440 (-1.79%). As discussed earlier, the slight decrease is most notably due to the global pandemic which impacted operations the last quarter of the fiscal year. FY2019 revenues were down \$415,334 (-1.00%) from FY2018. The large amount of Other Income for FY2018 includes the previously mentioned sales of housing and land. Removing this from the analysis, FY2019 revenues actually would have been greater than FY2018 revenue numbers.

CHICO STATE ENTERPRISES

Management's Discussion and Analysis

Years Ended June 30, 2020 and 2019



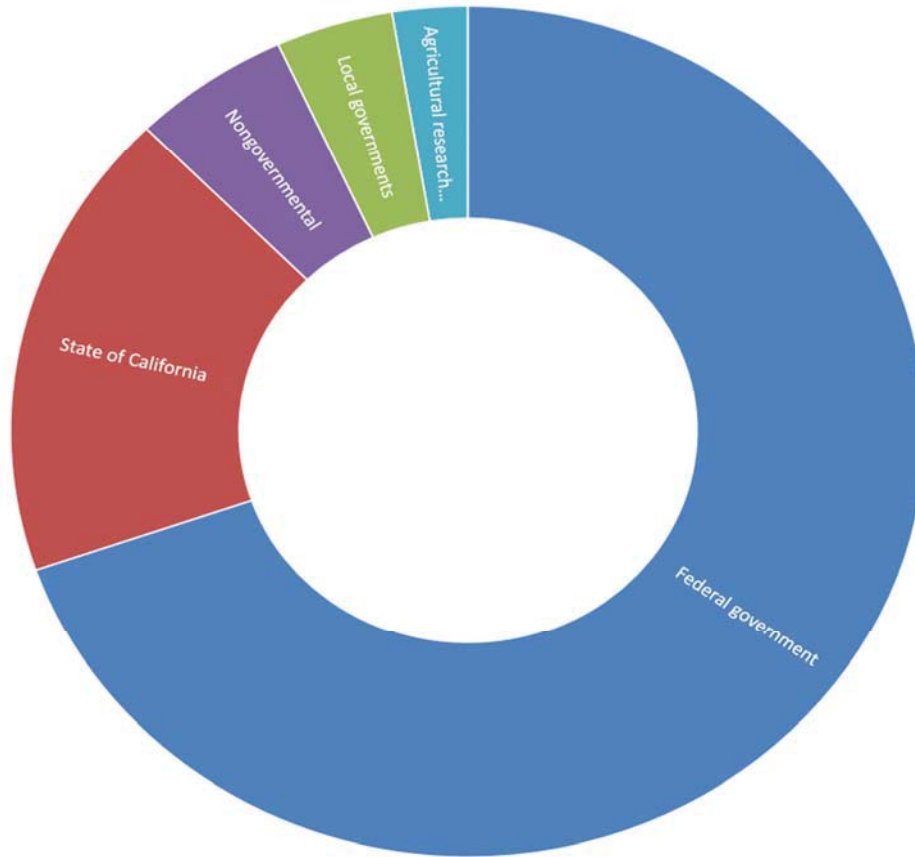
Fund Level Expenses for the Year Ended June 30:

	2020	2019	2018
Auxiliary activities' cost of sales	\$ 262,403	\$ 258,539	401,072
Auxiliary activities' expense	2,482,755	2,233,796	2,569,430
Sponsored programs' disbursements	29,376,600	27,199,370	27,225,047
University programs' expenses	2,997,221	3,434,710	3,480,069
CSE administration	4,553,442	4,203,717	4,191,706
Faculty and grant development	699,929	510,484	732,487
Interest expense	68,916	72,411	86,274
Other expense	1,377,600	1,296,815	553,797
Totals:	\$ 41,818,866	\$ 39,209,842	\$ 39,239,882

Overall, fund level expenses have remained fairly consistent across all three fiscal years with a noted uptick in FY2020. Expenses increased by \$2,609,024 (6.65%) from FY2019 to FY2020 largely due to OPEB expenses and capital asset purchases. As noted earlier, the Sponsored Programs have seen increased activity due to a full year of the Cal Fresh Outreach program. FY2018 to FY2019 changes are noted as decreases in Auxiliary Activities and Cost of Sales, Sponsored Programs and Faculty and Grant expenditures offset by increases in CSE Administration and Other Expenses.

CHICO STATE ENTERPRISES
Management's Discussion and Analysis
 Years Ended June 30, 2020 and 2019

Grant and Contracts Revenue by Source



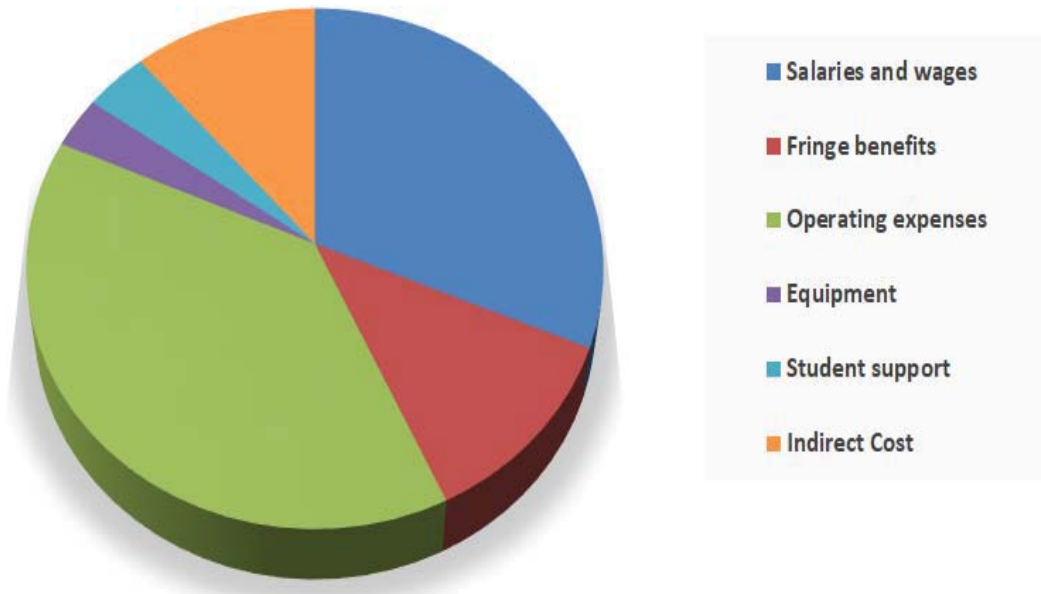
Grant and Contracts Revenue

For the year ended June 30:	2020	2019	2018
Federal government	\$ 22,978,741	\$ 21,909,088	\$ 20,457,388
State of California	6,344,618	6,517,773	7,042,870
Local governments	1,483,270	1,316,850	1,313,256
Nongovernmental	2,065,347	3,612,321	3,098,799
Agricultural research initiative	793,714	378,359	768,745
Noncash contributions	-	-	86,385
Totals:	\$ 33,665,690	\$ 33,734,391	\$ 32,767,443

FY2020 grant and contracts revenue decreased slightly by \$68,701 (-.20%) compared to FY2019 figures with the change mostly attributed to the global pandemic the last quarter of the fiscal year. FY2019 grant and contracts revenue increased by \$966,948 (2.95%) from FY2018 with the change attributable to an increase in activity from the Federal government and nongovernmental sources. Grant and contracts from the federal government account for 68.26%, 64.95% and 62.43% of the grants and contract revenue for FY2020, FY2019 and FY2018, respectively. Grants and contracts from the State of California account for 18.85%, 19.32% and 21.49% of the grant and contracts revenue for FY2020, FY2019 and FY2018, respectively.

See independent auditors report.

Grant and Contracts Expenses



Grant and Contracts Expenses

For the Year Ended June 30:	2020	2019	2018
Salaries and wages	\$ 10,765,180	\$ 10,131,217	\$ 10,954,993
Fringe benefits	4,039,972	4,141,185	3,767,547
Operating expenses	13,187,431	11,878,979	10,515,425
Equipment	1,108,609	406,314	1,138,302
Student support	1,333,683	1,485,908	895,185
Totals:	\$ 30,434,875	\$ 28,043,603	\$ 27,271,452

Overall, total grants and contract expenses have increased by \$3,163,423 (11.60%) from FY2018 to FY2020. Total grant and contracts expenses for FY2020 increased by \$2,391,272 (8.53%) when compared to FY2019 figures. Total grants and contract expenses for FY2019 increased by \$772,151 (2.75%) from FY2018. In October of 2018, CSE was awarded a contract for the Cal Fresh Outreach (CFO) program. CSE serves as the prime contractor on this grant and oversees forty-three (43) subcontractors who provide services under the CFO. The subcontracts range in value from \$10,000 to \$200,000 per year per subcontract. Expenses related to this program are one of the largest contributing factors to the increase in expenses for FY2020 and FY2019.

CHICO STATE ENTERPRISES

Statements of Net Position

June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 8,140,631	\$ 4,294,723
Short-term investments	2,014,624	1,073,176
Accounts receivable, net	9,927,109	11,577,465
Unbilled revenue	2,721,343	5,197,332
Prepaid expenses and other assets	288,469	430,189
Total Current Assets	<u>23,092,176</u>	<u>22,572,885</u>
Non-current Assets:		
Long-term investments	8,602,252	7,828,232
Capital assets, net	10,504,556	11,164,543
Other assets	665,423	687,929
Total Noncurrent Assets	<u>19,772,231</u>	<u>19,680,704</u>
Total Assets	<u>\$ 42,864,407</u>	<u>\$ 42,253,589</u>
Current Liabilities:		
Accounts payable	\$ 2,695,373	\$ 3,233,320
Accrued salaries and benefits payable	1,838,912	1,980,447
Accrued compensated absences	494,222	389,966
Unearned revenue	2,819,870	1,713,570
Long-term debt obligations, current portion	110,000	127,595
Other current liabilities	634,260	361,825
Total Current Liabilities	<u>8,592,637</u>	<u>7,806,723</u>
Non-current Liabilities:		
Accrued compensated absences, net of current portion	108,488	85,602
Long-term debt obligations, net of current portion	2,172,604	2,283,733
Other postemployment benefits obligation	821,398	608,733
Other long-term liabilities	220,995	257,834
Total Noncurrent Liabilities	<u>3,323,485</u>	<u>3,235,902</u>
Total Liabilities	<u>11,916,122</u>	<u>11,042,625</u>
Net Position:		
Net investment in capital assets	8,221,952	8,753,215
Restricted for:		
Expendable:		
Research	4,351,025	5,478,308
Other	12,068,554	10,930,646
Unrestricted	6,306,754	6,048,795
Total Net Position	<u>\$ 30,948,285</u>	<u>\$ 31,210,964</u>

See accompanying notes to the financial statements.

CHICO STATE ENTERPRISES

Statements of Revenue, Expenses and Changes in Net Position

Years Ended June 30, 2020 and 2019

	2020	2019
Operating Revenue:		
Grants and contracts - noncapital:		
Federal	\$ 22,693,354	\$ 21,684,467
State	7,258,066	6,857,645
Local	1,421,229	1,344,996
Non-governmental	2,286,776	3,841,875
Sales and services of educational activities	4,209,094	4,326,347
Sales and services of auxiliary enterprises	2,956,457	2,737,262
Other operating revenues	1,078,837	877,110
Total Operating Revenue and Other Support	<u>41,903,813</u>	<u>41,669,702</u>
Expenses:		
Operating Expenses:		
Instruction	2,208,813	3,110,978
Research	3,155,034	2,368,996
Public service	22,599,984	20,144,370
Academic support	2,122,064	2,152,933
Student services	2,014,753	2,053,915
Institutional support	4,315,735	3,655,412
Operation and maintenance of plant	395,437	356,352
Student grants and scholarships	1,343,169	1,697,652
Auxiliary enterprises expenditures	3,332,075	3,021,067
Depreciation and amortization	1,209,259	1,037,156
Total Operating Expenses	<u>42,696,323</u>	<u>39,598,831</u>
Net Operating Gain (Loss)	(792,510)	2,070,871
Non-Operating Revenues (Expenses):		
Investment income, net	82,259	485,424
Interest expense	(68,916)	(72,411)
Other non-operating revenue (expense)	67,306	(5,859)
Total Non-Operating Income	<u>80,649</u>	<u>407,154</u>
Income (Loss) Before Other Additions	(711,861)	2,478,025
Grants and gifts - capital	449,182	-
Increase (Decrease) in Net Position	<u>(262,679)</u>	<u>2,478,025</u>
Net Position, beginning	<u>31,210,964</u>	<u>28,732,939</u>
Net Position, ending	<u>\$ 30,948,285</u>	<u>\$ 31,210,964</u>

See accompanying notes to the financial statements.

CHICO STATE ENTERPRISES

Statements of Cash Flows

Years Ended June 30, 2020 and 2019

	2020	2019
Cash Flows From Operating Activities:		
Federal grants and contracts	\$ 25,664,559	\$ 15,505,375
State grants and contracts	7,329,963	5,730,261
Local grants and contracts	1,126,362	1,335,996
Nongovernmental grants and contracts	2,299,545	3,835,875
Payments to suppliers	(18,621,600)	(16,737,596)
Payments to employees	(19,149,432)	(18,732,375)
Payments to students	(830,937)	(755,586)
Sales and services of educational activities	4,178,121	4,275,760
Sales and services of auxiliary enterprises	2,692,580	2,692,695
Other receipts	1,020,380	1,064,135
	<u>5,709,541</u>	<u>(1,785,460)</u>
Net Cash Provided (Used) by Operating Activities		
Cash Flows From Capital and Related Financing Activities:		
Capital grants and gifts	449,182	-
Acquisitions of capital assets	(773,281)	(2,039,103)
Principal paid on capital debt	(128,724)	(123,725)
Interest paid on capital debt	(68,916)	(83,525)
	<u>(521,739)</u>	<u>(2,246,353)</u>
Net Cash Used by Capital and Related Financing Activities		
Cash Flows From Investing Activities:		
Investment income	82,259	485,424
Notes receivable payments	17,500	49,523
Purchase of investments	(3,610,095)	(542,678)
Withdrawals from investments	2,168,442	4,265,246
	<u>(1,341,894)</u>	<u>4,257,515</u>
Net Cash Provided (Used) by Investing Activities		
Net Increase in Cash	3,845,908	225,702
Cash, beginning	<u>4,294,723</u>	<u>4,069,021</u>
Cash, ending	<u>\$ 8,140,631</u>	<u>\$ 4,294,723</u>

See accompanying notes to the financial statements.

CHICO STATE ENTERPRISES
Statements of Cash Flows, continued
Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Reconciliation of net operating gain (loss) to net cash provided by (used in) operating activities:		
Net operating gain (loss)	\$ (792,510)	\$ 2,070,871
Adjustments to reconcile net operating gain (loss) to net cash from operating activities:		
Depreciation and amortization	1,209,259	1,037,156
Changes in assets and liabilities:		
Accounts receivable, net	1,650,356	(6,127,864)
Unbilled revenue	2,475,989	(1,336,826)
Prepaid expenses and other assets	164,226	94,267
Accounts payable	(537,947)	1,874,882
Accrued salaries and benefits payable	(141,535)	108,758
Accrued compensated absences	127,142	38,725
Unearned revenue	1,106,300	16,833
Other postemployment benefits obligation	212,665	78,977
Other liabilities	<u>235,596</u>	<u>358,761</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 5,709,541</u>	<u>\$ (1,785,460)</u>
Supplemental schedule of noncash capital and related financing activities:		
Capital Grants and Gifts:		
Capital grants and gifts received	<u>\$ 449,182</u>	<u>\$ -</u>
Principal Paid on Capital Debt:		
Principal paid on capital debt	<u>\$ (128,724)</u>	<u>\$ (123,725)</u>

CHICO STATE ENTERPRISES

Notes to the Financial Statements

Years Ended June 30, 2020 and 2019

Note 1 – Organization and Summary of Significant Accounting Policies

Nature of Activities

Chico State Enterprises (CSE) is a not-for-profit auxiliary organization of California State University, Chico (CSU, Chico) that administers various funds and performs other activities related to the CSU, Chico community. CSE administers grants and contracts, as well as non-philanthropic agency accounts, incentive accounts, and enterprise activities.

Formerly The CSU, Chico Research Foundation, the organization changed its name to Chico State Enterprises in June of 2019. This name change resulted from a reorganization of the auxiliary to include activities of The Office of Research and Sponsored Programs which had previously been managed through Academic Affairs of CSU, Chico. In addition to administering grant and contract activities, CSE also oversees the development of grants and contracts, a function that had previously resided with The Office of Research and Sponsored Programs.

Basis of Accounting

Pursuant to the requirements established by the Chancellor of the California State University, CSE has adopted the provisions of Statement No. 35 of the Governmental Accounting Standards Board (GASB), *Basic Financial Statements—and Management’s Discussion and Analysis—for Public Colleges and Universities*. With minor exceptions, this statement provides that public colleges and universities are subject to the financial reporting requirements of GASB Statement No. 34, which is applicable to state and local governments. CSE is an auxiliary organization to CSU, Chico. Therefore, CSE is determined to be a component unit of CSU, Chico, in accordance with GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. All component units are required to adopt GASB Statement Nos. 34 and 35. CSE adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. These statements establish standards for reporting deferred outflows of resources, deferred inflows of resources, and net position for all state and local governments.

The financial statements are prepared using the economic measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when incurred.

Cash and Cash Equivalents

Cash and cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and present insignificant risk of change in value because of a change in interest rates. They consist of cash on hand and in commercial checking and savings accounts

Investments

Short-term investments consist of deposits in Local Agency Investment Fund (LAIF), hedge funds, and money market accounts.

In December of 2018, CSE entered into a memorandum of understanding (MOU) with the University Foundation (UF) to invest CSE’s cash balances that exceed operating needs. As the auxiliary managing the investment of over \$85,000,000 on behalf of CSU, Chico, a primary focus of the UF is investment oversight. The MOU between the two auxiliaries leverages the investment expertise of UF and maximizes investment earnings of CSE efficiently. CSE funds are invested in an account belonging to CSE, and management of the funds is subject to the Investment Policy of the UF. Fees paid to the UF are 10% of earnings on an annual basis, paid monthly.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at the time of purchase are stated at amortized cost. All other investments are stated at fair value.

CSE participates in LAIF managed by the State of California. The fair value of CSE’s investment in LAIF is the same as the carrying value of the pool shares. There were no LAIF funds invested in derivatives as of June 30, 2020 and 2019. Oversight of LAIF is provided by the Local Investment Advisory Board (LIAB), which consists of five members as designated by statute. The Chairman of the LIAB is the CA State Treasurer or their designated representative.

CHICO STATE ENTERPRISES

Notes to the Financial Statements

Years Ended June 30, 2020 and 2019

Note 1 – Organization and Summary of Significant Accounting Policies, continued

Investments, continued

CSE is considered to be a voluntary participant in the LAIF investment pool.

Fair Value Measurements GASB Statement No. 72, *Fair Value Measurement and Application*, defines fair value and establishes a framework for measuring fair value under generally accepted accounting principles.

CSE classifies its fair value assets and liabilities into a hierarchy of three levels based on the markets in which they are traded and the reliability of the assumptions used to determine fair value. The asset or liability measurement level within the hierarchy is based on the lowest level of any assumption that is significant to the measurement. The three levels are defined as follows:

- Level 1 – Quoted market prices for identical instruments traded in active exchange markets.
- Level 2 – Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable or can be corroborated by observable market data.
- Level 3 – Model-based techniques that use at least one significant assumption not observable in the market. These unobservable assumptions reflect CSE's estimates of assumptions that market participants would use on pricing the asset or liability. Valuation techniques include management judgment and estimation, which may be significant.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. As a practical expedient, certain financial instruments may be valued using net asset value (NAV) per share. NAV is the amount of net assets attributable to each share of outstanding capital stock at the end of the period.

Accounts Receivable

Accounts receivable include amounts due from federal, state and local governments, and private sources in connection with reimbursement of allowable expenditures made pursuant to CSE's grants and contracts. CSE utilizes the allowance method where uncollectible accounts are determined based on past payment history. There was no allowance recorded for the years ended June 30, 2020 and 2019.

Unbilled Revenue

Unbilled revenue includes amounts which have been expended through grants and contracts that as of June 30, 2020 and 2019, had yet to be billed to the grant or contract funder.

Unearned Revenue

Unearned revenue represents payments received for grants and contracts, for which services or other deliverables have not yet been provided as well as upfront billing for amounts in which CSE is entitled to the funds but services or other deliverables have yet to be provided.

Prepaid Expenses and Other Assets

Prepaid expenses include advance payments and deposits for grant and contract expenses for contracted services, materials and supplies, and travel. Other assets include inventories. Also included in other assets is the reserve for post-retirement health benefits held as a quasi-endowment in the University Foundation.

Capital Assets

Capital assets are stated at cost or, if acquired by gift, are recorded at estimated market value at the date of acquisition. Livestock is recorded at a unit value which approximates average cost for the particular species, gender, size, and age of the animal. Capital assets are not capitalized by CSE if the title remains with or reverts to the grantor. Planned major maintenance is accounted for using the direct expense method. Expenditures for new

CHICO STATE ENTERPRISES

Notes to the Financial Statements

Years Ended June 30, 2020 and 2019

Note 1 – Organization and Summary of Significant Accounting Policies, continued

Capital Assets, continued

construction, major renewals and replacements, and equipment over \$5,000 are capitalized.

Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method. Depreciation for capital assets purchased with grant and contract funds has been charged using an estimated useful life of five years. Livestock is not depreciated because management considers the unit values to approximate amounts to be realized on the ultimate disposition of livestock.

Net Position

CSE's net position is classed as follows:

- Net Investment in Capital Assets – This represents CSE's total investment in capital assets, net of outstanding debt obligations related to those capital assets.
- Restricted Net Position – Expendable – This includes resources in which CSE is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties. Restricted net position amounts include funds held for CSU, Chico for campus licensing agreements.
- Unrestricted – This represents amounts that are not restricted for any project or other purposes.

When an expense is incurred for purposes of which both restricted and unrestricted net positions are available, restricted resources are applied first.

Operating and Non-operating Revenues (Expenses)

All revenues that relate to the ongoing operations of CSE are included in operating revenues. Gains and losses not directly related to the ongoing operations and interest incurred on capital related debt are reported as nonoperating.

Charges for services include revenues based on exchange transactions, namely sales of educational and student activities and sales of agricultural products.

Grants and contracts are received from federal and state governmental agencies and various other organizations. CSE receives an administration fee to cover indirect overhead costs and recognizes this fee as income over the life of the grant or contract as a percentage of total expenditures or salaries and wages as specified in the grant or contract.

Grants and Gifts – Capital

Includes real property or equipment received from donors, federal, state and other funding agencies.

Administrative Expenses

Administrative overhead charges are included in operating expenses. When these charges are made to various programs, they are included in the direct expenses of those programs. Allocations of overhead expenses from one function to another, and those within one function, are eliminated in the statement of activities so that allocated expenses are reported only by the function to which they were allocated.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

CSE is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. However, income from certain activities not directly related to the tax-

CHICO STATE ENTERPRISES

Notes to the Financial Statements

Years Ended June 30, 2020 and 2019

Note 1 – Organization and Summary of Significant Accounting Policies, continued

Income Taxes, continued

exempt purpose is subject to taxation as unrelated business income. Expenses have exceeded the business income; accordingly, no provision for income taxes has been recorded. CSE functionally supports CSU, Chico and has been classified in accordance with Section 509(a)(3), Type I.

CSE files exempt organization returns in the U.S. federal and California jurisdictions. The federal returns for tax years 2015 and beyond, and the California returns for tax years 2014 and beyond, remain subject to examination by the taxing authorities.

CSE accounts for income taxes in accordance with FASB ASC 740, Income Taxes, which clarifies the accounting for uncertainty in income taxes recognized in CSE's financial statements and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FASB ASC 740, Income Taxes, also provides guidance on derecognition and measurement of a tax position taken or expected to be taken in a tax return. Based on this analysis, a liability is recorded if uncertain tax benefits have been received. CSE's practice is to recognize interest and penalties, if any, related to uncertain tax positions in the tax expense.

Subsequent Events

Management has evaluated subsequent events through September 17, 2020, the date which the report was available to be issued.

COVID-19 Pandemic

In December 2019, a novel strain of coronavirus (COVID-19) was reported in Wuhan, China. On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses and shelter in place orders, including California, where the Organization is headquartered. In response, the U.S. Government enacted the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which includes significant provisions to provide relief and assistance to affected organizations. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of business closures, shelter-in-place orders, and the ultimate impact of the CARES Act and other governmental initiatives. It is at least reasonably possible that this matter will negatively impact CSE. However, the financial impact and duration cannot be reasonably estimated at this time.

Note 2 – Concentrations of Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, CSE's deposits may not be returned. The California Government Code and Education Code do not contain legal or policy requirements that limit exposure to custodial credit risk for deposits, other than the provision that a financial institution must secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. This risk is mitigated in that CSE's deposits are maintained at financial institutions that are collateralized as required by state law. The balances at times may exceed Federal Deposit Insurance Corporation (FDIC) limits. Accounts at each financial institution are insured by the FDIC up to \$250,000.

CHICO STATE ENTERPRISES

Notes to the Financial Statements

Years Ended June 30, 2020 and 2019

Note 3 – Investments

Investments consist of the following at June 30, 2020:

	Current Unrestricted	Noncurrent Unrestricted	Total
LAIF	\$ 1,108,699	\$ -	\$ 1,108,699
Certificates of deposit	-	746,857	746,857
Money market funds	9,450	-	9,450
Mutual funds - fixed income	-	1,988,208	1,988,208
Mutual funds - equity	-	5,848,655	5,848,655
Hedge funds	896,475	-	896,475
Private equity	-	18,532	18,532
	<u>\$ 2,014,624</u>	<u>\$ 8,602,252</u>	<u>\$ 10,616,876</u>

Investments consist of the following at June 30, 2019:

	Current Unrestricted	Noncurrent Unrestricted	Total
LAIF	\$ 1,063,865	\$ -	\$ 1,063,865
Certificates of deposit	-	737,224	737,224
Money market funds	9,311	-	9,311
Mutual funds - fixed income	-	2,380,612	2,380,612
Mutual funds - equity	-	4,691,864	4,691,864
Private equity	-	18,532	18,532
	<u>\$ 1,073,176</u>	<u>\$ 7,828,232</u>	<u>\$ 8,901,408</u>

The fair value of investments is categorized as follows at June 30, 2020:

	Level 1	Level 2	Level 3	NAV	Total
LAIF	\$ -	\$ -	\$ -	\$ 1,108,699	\$ 1,108,699
Certificates of deposit	-	746,857	-	-	746,857
Money market funds	9,450	-	-	-	9,450
Mutual funds - fixed income	1,988,208	-	-	-	1,988,208
Mutual funds - equity	5,848,655	-	-	-	5,848,655
Hedge funds	-	-	-	896,475	896,475
Private equity	-	-	18,532	-	18,532
	<u>\$ 7,846,313</u>	<u>\$ 746,857</u>	<u>\$ 18,532</u>	<u>\$ 2,005,174</u>	<u>\$ 10,616,876</u>

The fair value of investments is categorized as follows at June 30, 2019:

	Level 1	Level 2	Level 3	NAV	Total
LAIF	\$ -	\$ -	\$ -	\$ 1,063,865	\$ 1,063,865
Certificates of deposit	-	737,224	-	-	737,224
Money market funds	9,311	-	-	-	9,311
Mutual funds - fixed income	2,380,612	-	-	-	2,380,612
Mutual funds - equity	4,691,864	-	-	-	4,691,864
Private equity	-	-	18,532	-	18,532
	<u>\$ 7,081,787</u>	<u>\$ 737,224</u>	<u>\$ 18,532</u>	<u>\$ 1,063,865</u>	<u>\$ 8,901,408</u>

CHICO STATE ENTERPRISES

Notes to the Financial Statements

Years Ended June 30, 2020 and 2019

Note 3 – Investments, continued

The following schedules summarize the change in the fair value of CSE's Level 3 assets. The gains and losses included in the following schedules are reported as non-operating revenue in the statement of revenues, expenses, and changes in net position.

Change in Level 3 investments for the year ending June 30, 2020:

	<u>Private Equity</u>
June 30, 2019 balance	\$ 18,532
Interest and dividends	-
Realized gains (losses)	-
Unrealized gains (losses)	-
Purchases, sales and conversions, net	-
June 30, 2020 balance	\$ <u>18,532</u>

Change in Level 3 investments for the year ending June 30, 2019:

	<u>Private Equity</u>
June 30, 2018 balance	\$ 18,532
Interest and dividends	-
Realized gains (losses)	-
Unrealized gains (losses)	-
Purchases, sales and conversions, net	-
June 30, 2019 balance	\$ <u>18,532</u>

CSE's investment policy does not limit its investment choices. CSE's investment in LAIF, money market, equity securities and mutual funds are unrated.

Financial instruments which potentially subject CSE to concentrations of credit risk consist primarily of cash investments. At June 30, 2020, LAIF and investments in interest bearing certificates of deposit were 10.44% and 7.03%, respectively, of CSE's total investments. At June 30, 2019, LAIF and investments in interest bearing certificates of deposit were 11.95%, and 8.28%, respectively, of CSE's total investments.

Interest rate risk is the risk whereby changes in market interest rates could adversely affect the fair value of an investment. CSE does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The average maturity for investments held within LAIF is less than one year.

Note 4 – Accounts Receivable

Accounts receivable consist of the following at June 30:

	<u>2020</u>	<u>2019</u>
Federal, state, and other grants and contracts	\$ 8,675,723	\$ 10,168,404
Due from other auxiliaries	638,596	681,911
Other	612,790	727,150
	\$ <u>9,927,109</u>	\$ <u>11,577,465</u>

CHICO STATE ENTERPRISES
Notes to the Financial Statements
Years Ended June 30, 2020 and 2019

Note 5 – Capital Assets

Capital asset activity for the year ended June 30, 2020 was as follows:

	Balance July 1, 2019	Additions	Disposals	Transfers	Balance June 30, 2020
Nondepreciable Capital Assets:					
Land and land improvements	\$ 4,078,046	\$ -	\$ -	\$ -	\$ 4,078,046
Construction in progress	-	10,464	-	-	10,464
Breeding livestock	108,440	41,009	-	-	149,449
Total Nondepreciable Capital Assets	<u>4,186,486</u>	<u>51,473</u>	<u>-</u>	<u>-</u>	<u>4,237,959</u>
Depreciable Capital Assets:					
Building and improvements	8,635,496	88,698	(110,965)	-	8,613,229
Equipment and furnishings	14,354,608	633,110	(618,011)	-	14,369,707
Total Depreciable Capital Assets	<u>22,990,104</u>	<u>721,808</u>	<u>(728,976)</u>	<u>-</u>	<u>22,982,936</u>
Total Capital Assets	27,176,590	773,281	(728,976)	-	27,220,895
Less: Accumulated Depreciation:					
Building and improvements	(5,536,969)	(297,835)	110,965	-	(5,723,839)
Equipment and furnishings	(10,475,078)	(911,424)	394,002	-	(10,992,500)
Total Accumulated Depreciation	<u>(16,012,047)</u>	<u>(1,209,259)</u>	<u>504,967</u>	<u>-</u>	<u>(16,716,339)</u>
Net Capital Assets	<u>\$ 11,164,543</u>	<u>\$ (435,978)</u>	<u>\$ (224,009)</u>	<u>\$ -</u>	<u>\$ 10,504,556</u>

Capital asset activity for the year ended June 30, 2019 was as follows:

	Balance July 1, 2018	Additions	Disposals	Transfers	Balance June 30, 2019
Nondepreciable Capital Assets:					
Land and land improvements	\$ 4,078,046	\$ -	\$ -	\$ -	\$ 4,078,046
Construction in progress	553,469	-	-	(553,469)	-
Breeding livestock	89,300	19,140	-	-	108,440
Total Nondepreciable Capital Assets	<u>4,720,815</u>	<u>19,140</u>	<u>-</u>	<u>(553,469)</u>	<u>4,186,486</u>
Depreciable Capital Assets:					
Building and improvements	8,523,656	25,300	(43,949)	130,489	8,635,496
Equipment and furnishings	12,210,995	1,994,663	(274,030)	422,980	14,354,608
Total Depreciable Capital Assets	<u>20,734,651</u>	<u>2,019,963</u>	<u>(317,979)</u>	<u>553,469</u>	<u>22,990,104</u>
Total Capital Assets	25,455,466	2,039,103	(317,979)	-	27,176,590
Less: Accumulated Depreciation:					
Building and improvements	(5,274,659)	(304,179)	43,949	(2,080)	(5,536,969)
Equipment and furnishings	(10,002,252)	(732,977)	258,071	2,080	(10,475,078)
Total Accumulated Depreciation	<u>(15,276,911)</u>	<u>(1,037,156)</u>	<u>302,020</u>	<u>-</u>	<u>(16,012,047)</u>
Net Capital Assets	<u>\$ 10,178,555</u>	<u>\$ 1,001,947</u>	<u>\$ (15,959)</u>	<u>\$ -</u>	<u>\$ 11,164,543</u>

	2020	2019
Depreciation and amortization expense related to capital assets	<u>1,209,259</u>	<u>\$ 1,037,156</u>

CHICO STATE ENTERPRISES

Notes to the Financial Statements

Years Ended June 30, 2020 and 2019

Note 6 – Other Assets

	<u>2020</u>	<u>2019</u>
Deposits held by unemployment insurance trust	\$ 135,856	\$ 143,350
Reserve for post-retirement health benefit held as a quasi-endowment in the University Foundation	497,695	515,421
Notes receivable	<u>31,872</u>	<u>29,158</u>
	<u>\$ 665,423</u>	<u>\$ 687,929</u>

Note 7 – Accrued Compensated Absences

Employees of CSE are entitled to paid vacation and paid sick leave based on length of service and other factors. CSE negotiates a fixed (with carry-forward) fringe benefit rate with the Department of Health and Human Services to be applied to regular wages for all CSE activities. This fringe rate includes all payroll related costs, including accrued vacation, holiday, and estimated sick leave. The liability for compensated absences relating to paid vacation has been accrued for all employees. CSE's policy is to recognize the costs of sick leave absences when actually paid to employees as sick leave does not vest to the employee.

Note 8 – Long-Term Debt Obligations

Long-term debt obligations consisted of the following at June 30:

	<u>2020</u>	<u>2019</u>
Chancellor's Office note payable in the amount of \$2,475,000 was used to refund the Auxiliary Organization Bonds Series 2003. The note will be paid to the Chancellor's Office in 18 annual installments including principal and interest, with interest rates ranging from 3.00% to 5.00% and principal payments ranging from \$90,000 to \$200,000. The note is secured by revenues of CSE and the final payment is scheduled to be made in November of 2032.	\$ 1,990,000	\$ 2,095,000
Less current portion	(110,000)	(127,595)
Plus unamortized premium	<u>292,604</u>	<u>316,328</u>
	<u>\$ 2,172,604</u>	<u>\$ 2,283,733</u>

The note payable to the Trustees included a premium related to the debt refunding with an original amount of \$431,986. Amortization expense was \$23,724 and \$23,725 for the years ended June 30, 2020 and 2019, respectively.

CHICO STATE ENTERPRISES

Notes to the Financial Statements

Years Ended June 30, 2020 and 2019

Note 8 – Long-Term Debt Obligations, continued

Debt service requirements are as follows:

Year Ending June 30,	Note Payable to CSU, Chancellor's Office		
	Principal	Interest	Total
2021	\$ 110,000	\$ 96,750	\$ 206,750
2022	115,000	91,125	206,125
2023	125,000	85,125	210,125
2024	130,000	78,750	208,750
2025	135,000	72,125	207,125
2026-2030	795,000	248,125	1,043,125
2031-2033	580,000	44,250	624,250
	<u>\$ 1,990,000</u>	<u>\$ 716,250</u>	<u>\$ 2,706,250</u>

Note 9 – Health Care Benefits

CSE has fully insured medical and vision healthcare plans for benefited (30 hours/week or more) employees contracted through The LBL Group. Fully insured medical coverage is offered through Blue Shield and fully insured dental & vision coverage is offered through Principal Financial Services. Post-retirement health benefits (medical only) are available to those employees meeting eligibility requirements detailed in the CSE Employee Handbook.

Note 10 – Retirement Plan

CSE sponsors a 403(b) savings plan, which covers fully benefited employees in a funded position. The employer contributions to the plan are at the discretion of the Board of Directors. The employer contribution is based upon an employee's year of service. At the beginning of the second year of service, CSE contributes 2% of the employee's pay to the plan. The percentage increases by 2% for each year of service up to a maximum contribution of 8%. Employer contributions vest immediately to the employee. Expenses recognized for the plan amounted to \$622,879 and \$576,613 for the years ended June 30, 2020 and 2019, respectively.

Note 11 – Postemployment Benefits Other Than Pension Benefits (OPEB)

Plan Description

CSE administers an endowment-funded single-employer defined benefit healthcare plan. CSE currently provides retiree health benefits to eligible employees to the extent sustainable by the provided endowment and can be terminated at any time. The postretirement health care plan is contributory with retiree contributions adjusted annually. Separate stand-alone financial statements for the plan are not prepared.

Eligibility and Benefits

Tier 1: Employees hired before January 1, 2006 who have attained age 55 and have completed 15 years of credited CSE service will be eligible to receive a CSE-paid medical plan contribution upon retirement. Eligibility is lost for breaks in service that exceed one year. CSE will pay up to \$200 per month for those with single coverage and \$400 for those with dual or family coverage. Benefits are paid for the lifetime of the retiree. As of July 1, 2019, there are 37 active employees and 3 retirees under this benefit structure.

Tier 2: Employees hired on or after January 1, 2006 who have attained age 60 and have completed 15 years of credited CSE service will be eligible to receive a CSE-paid medical plan contribution upon retirement. Eligibility is lost for breaks in service that exceed one year. CSE will pay up to \$200 per month for those with single coverage and \$400 for those with dual or family coverage. Benefits are paid until the retiree reaches age 65. As of July 1, 2019, there are 176 active employees under this benefit structure.

CHICO STATE ENTERPRISES

Notes to the Financial Statements

Years Ended June 30, 2020 and 2019

Note 11 – Postemployment Benefits Other Than Pension Benefits (OPEB), continued

As of July 1, 2019, the date of the most recent actuarial valuation, plan participation consisted of:

Retirees and beneficiaries receiving benefits	3
Active employees	213
Total plan participants	<u>216</u>

Funding Policy

CSE has the right to establish and amend the funding policy for its OPEB plan. CSE will fund the plan monthly, on a pay-as-you-go basis for members who meet the eligibility criteria. The contribution requirements of plan members and CSE are established and may be amended by CSE's Board of Directors. For the year ended June 30, 2020, CSE contributed \$17,326, which was the annual required contribution per the July 1, 2019 Actuarial Report for the OPEB.

OPEB Liabilities, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OEPB

CSE's Net OPEB Liability was measured as of June 30, 2020. CSEs' annual OPEB cost (expense) is an amount actuarially determined in accordance with Governmental Accounting Standards Board (GASB) Statement Number 75. The Actuarially Determined Contribution (ADC) is an amount actuarially determined by the Actuarial Standards of Practice and applicable Federal and State laws. The ADC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty (30) years. The following table shows the components of CSE's annual OPEB cost for the year, the amount actually contributed, and the changes in CSE's net OPEB plan position as of June 30, 2020.

	2020	2019
Service cost	\$ 55,357	\$ 41,923
Interest on net OPEB Obligation	23,155	18,930
Change of assumptions	151,389	31,900
Annual OPEB cost (expense)	<u>229,901</u>	<u>92,753</u>
Benefit payments	<u>(17,236)</u>	<u>(13,776)</u>
Net change in total OPEB liability	212,665	78,977
Net OPEB Obligation - Beginning of Year	<u>608,733</u>	<u>529,756</u>
Net OPEB Obligation - End of Year	<u>\$ 821,398</u>	<u>\$ 608,733</u>

The Net OPEB liability of \$821,398 is presented as a non-current liability on CSE's Statement of Net Position.

Year Ended June 30,	Annual OPEB Cost	Actual Employer Contributions	Percentage Contributed	Net Ending OPEB Obligation
2020	\$ 229,901	\$ 17,236	7.50%	\$ 821,398
2019	\$ 92,753	\$ 13,776	14.85%	\$ 608,733
2018	\$ 32,171	\$ 17,701	55.02%	\$ 529,756
2017	\$ 55,214	\$ 22,967	41.60%	\$ 598,646
2016	\$ 54,096	\$ 58,427	108.01%	\$ 566,399

(NOTE: The schedule above is intended to show information for the previous ten (10) years. Since 2018 was the first year for the presentation of this information, only data from 2016 and forward is available.)

CHICO STATE ENTERPRISES

Notes to the Financial Statements

Years Ended June 30, 2020 and 2019

Note 11 – Postemployment Benefits Other Than Pension Benefits (OPEB), continued

Funded Status and Funding Progress

The most recent actuarial valuation report for CSE's OPEB plan was prepared as of July 1, 2019. As of June 30, 2020, the actuarial accrued liability for benefits was \$821,398 and the fair value of other assets held at the University Foundation was \$497,695. The annual covered payroll was \$11,046,092 and the ratio of the unfunded actuarial accrued liability to covered payroll was 7.44%.

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 healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	3.00 percent
Inflation rate	3.00 percent
Healthcare cost trend rate	5.90 percent for 2020; 5.80 percent for 2021; 5.70 percent for 2022; decreasing 0.10 percent per year to 5.00 percent for 2029 and later years
Cap increases	None

Pre-retirement mortality rates were based on the RP-2014 Employee Mortality Table for Males or Females, as appropriate, without projection. Post-retirement mortality rates were based on the RP-2014 Health Annuitant Mortality Table for Males or Females, as appropriate, without projection.

Retirement and termination assumptions used were based on a review of plan experience and our best estimate of future plan experience.

GASB 75 requires a discount rate that reflects the following:

a) The long-term expected rate of return on OPEB plan investments – to the extent that the OPEB plan's fiduciary net position (if any) is projected to be sufficient to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return;

b) A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher – to the extent that the conditions in (a) are not met.

To determine a resulting single (blended) rate, the amount of the plan's projected fiduciary net position (if any) and the amount of projected benefit payments is compared in each period of projected benefit payments.

CHICO STATE ENTERPRISES

Notes to the Financial Statements

Years Ended June 30, 2020 and 2019

Note 11 – Postemployment Benefits Other Than Pension Benefits (OPEB), continued

The discount rate used to measure CSE's Total OPEB liability is based on these requirements and the following information:

Reporting date	Measurement Date	Long-Term Expected Rate of Plan Investments	Municipal Bond 20-Year High Grade Rate Index	Discount Rate
June 30, 2019	June 30, 2019	4.00%	3.13%	3.13%
June 30, 2020	June 30, 2020	4.00%	2.45%	2.45%

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.45%) or 1 percentage point higher (3.45%) than the current discount rate:

	1% Decrease (1.45%)	Discount Rate (2.45%)	1% Increase (3.45%)
Net OPEB liability	\$ 933,657	\$ 821,398	\$ 724,937

Sensitivity of the Net OPEB Liability to Changes in the Trend Rate The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (4.00%) or 1 percentage point higher (6.00%) than the current healthcare cost trend rate of 5%:

	1% Decrease (4.90% decreasing to 4.00%)	Trend Rate (5.90% decreasing to 5.00%)	1% Increase (6.90% decreasing to 6.00%)
Net OPEB liability	\$ 769,563	\$ 821,398	\$ 885,005

Note 12 – Self-Insurance

CSE is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. CSE participates in the California State University Risk Management Authority (CSURMA), a public entity risk pool currently operating as a common risk management and insurance program. CSE pays annual premiums for general liability, property, and workers' compensation insurance to the Auxiliary Organizations Risk Management Alliance (AORMA), which operates within CSURMA to provide tailored coverage for CSU Auxiliaries.

CSE participates in AORMA's Unemployment Insurance Program (UIP). At June 30, 2020 and 2019 the deposit requirement within AORMA UIP were \$135,856 and \$143,350, respectively, and are included in other assets as a long-term deposit. CSE will maintain a vested interest in the amount held by AORMA UIP.

CSURMA is economically dependent on its members for funding and has secured a commitment from members to provide sufficient cash flow to meet its operating needs and to fund losses over a period of time. The CSURMA has reinsurance policies through a joint powers authority as well as commercial companies.

CHICO STATE ENTERPRISES

Notes to the Financial Statements

Years Ended June 30, 2020 and 2019

Note 13 – Related-Party Transactions

Operating Lease and Faculty Use Agreement - CSE operates as an auxiliary organization to CSU, Chico under an operating agreement negotiated every ten years. The current operating and lease agreements expire on June 30, 2027. CSE uses certain CSU, Chico and other facilities under lease agreements requiring annual or monthly rental payments, or space trades.

Information Technology Services - The Associated Students of CSU, Chico (Associated Students) provided information technology services to CSE through June 2019. Beginning in March of 2019, CSE outsourced its IT functions to CSU, Chico for all IT activities except for maintenance and support of CSE's enterprise resource planning (ERP) software, OneSolution.

Facilities Management Services – CSU, Chico provides facilities management support services to CSE for its office buildings, 25 and 35 Main Street.

CSE provides administrative and financial services to the University Foundation.

The University Foundation provides investment oversight to CSE through an MOU. CSE cash balances in excess of operating needs are invested under the investment policy of the University Foundation. CSE pays the University Foundation 10% of earnings on an annual basis, paid on a monthly basis.

Receivable/Payable with CSU, Chico - As required by the operating lease agreement between CSU, Chico and the Associated Students, all payments related to this agreement are directed to CSE.

Receivables and payables with CSU, Chico are a result of grant and contract transactions and other miscellaneous supplies and services.

CSE provides personnel services to the University Foundation under contract. The University Foundation reimburses CSE for the cost of these services. The personnel hired are employees of CSE and participate in CSE's benefit plans. The University Foundation indemnifies CSE for the acts of its employees under the University Foundation's supervision.

CHICO STATE ENTERPRISES

Notes to the Financial Statements

Years Ended June 30, 2020 and 2019

Note 13 – Related-Party Transactions, continued

The following is a schedule of transactions with related parties at June 30:

	<u>2020</u>	<u>2019</u>
Transactions with CSU, Chico		
Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$ 2,300,402	\$ 2,395,193
Payments to University for other than salaries of University personnel	1,843,379	1,800,526
Payments received from University for services, space, and programs	1,897,471	1,267,949
Gifts-in-kind to the University from recognized Auxiliary Organizations	150,252	-
Gifts (cash or assets) to the University from recognized Auxiliary Organizations	289,430	427,647
Accounts (payable to) University	(177,503)	(243,326)
Accounts receivable from University	250	3,273
Transactions with Associated Students		
Payments for information technology services	\$ -	\$ 44,000
Accounts receivable from Associated Students	473,839	536,972
Accounts (payable to) Associated Students	(29,500)	(39,925)
Transactions with University Foundation		
Payments received for administrative and financial services	\$ 608,676	\$ 590,000
Amount receivable for personnel service expenses	681,426	763,122
Accounts (payable to) University Foundation	(68,030)	(62,905)

SUPPLEMENTAL INFORMATION

CHICO STATE ENTERPRISES
Schedules of Net Position by Fund
June 30, 2020 and 2019

	General Fund	Plant and Bond Fund	Board Designated Fund	Auxiliary Activities Fund	Sponsored Programs Fund	Campus Program Fund	2020	2019
Assets								
Cash and cash equivalents	\$ 812,750	\$ 8,626	\$ 691,439	\$ 206,431	\$ 1,217,679	\$ 5,203,706	\$ 8,140,631	\$ 4,294,723
Short-term investments	184,403	1,964	157,243	211,058	277,047	1,182,909	2,014,624	1,073,176
Accounts receivable, net	157,652	-	-	227,356	8,725,128	816,973	9,927,109	11,577,465
Unbilled revenue	-	-	-	-	2,694,343	27,000	2,721,343	5,197,332
Inventories	-	-	-	135,491	-	-	135,491	170,402
Prepaid expenses and other assets	648,786	-	6,232	11,895	56,237	46,529	769,679	873,208
Long-term investments	865,829	9,223	738,304	115,417	1,300,820	5,572,659	8,602,252	7,828,232
Notes receivable	-	-	-	-	-	48,722	48,722	74,508
Capital assets, net	-	7,755,786	16,540	2,442,353	-	289,877	10,504,556	11,164,543
Total Assets	\$ 2,669,420	\$ 7,775,599	\$ 1,609,758	\$ 3,350,001	\$ 14,271,254	\$ 13,188,375	\$ 42,864,407	\$ 42,253,589
Liabilities								
Accounts payable	\$ 23,883	\$ 19,813	\$ 217,899	\$ 129,811	\$ 1,988,728	\$ 315,239	\$ 2,695,373	\$ 3,233,320
Accrued expenses and other liabilities	2,554,855	-	15,840	2,639	13,213	520,073	3,106,620	2,846,096
Unearned revenue	-	-	-	13,372	2,727,995	78,503	2,819,870	1,713,570
Interfund (receivables) payables	(5,351,003)	-	(500,705)	661,415	5,190,293	-	-	-
Long-term debt obligations	-	2,282,604	-	-	-	-	2,282,604	2,411,328
Other postemployment benefits obligation	821,398	-	-	-	-	-	821,398	608,733
Reserve for grant cost disallowance	190,257	-	-	-	-	-	190,257	229,578
Total Liabilities	(1,760,610)	2,302,417	(266,966)	807,237	9,920,229	913,815	11,916,122	11,042,625
Total Net Position	\$ 4,430,030	\$ 5,473,182	\$ 1,876,724	\$ 2,542,764	\$ 4,351,025	\$ 12,274,560	\$ 30,948,285	\$ 31,210,964

See notes to the supplementary information.

CHICO STATE ENTERPRISES

Schedules of Revenue, Expenses, and Changes in Net Position by Fund

Years Ended June 30, 2020 and 2019

	General Fund	Plant and Bond Fund	Board Designated Fund	Auxiliary Activities Fund	Sponsored Programs Fund	Campus Program Fund	2020	2019
Revenues and Other Support:								
Agriculture and enterprise sales	\$ -	\$ -	\$ -	\$ 2,186,728	\$ -	\$ -	\$ 2,186,728	\$ 2,014,421
Sponsored program receipts	-	-	-	-	32,867,059	-	32,867,059	33,419,448
Agriculture research initiative	-	-	-	-	793,714	-	793,714	293,071
University program receipts	-	-	-	-	-	3,291,717	3,291,717	3,872,452
Interest and investment income	137,278	-	-	7,586	3,350	2,713	150,927	522,032
Other income	723,394	99,852	2,497	74,567	115	15,551	915,976	819,137
Total Revenues and Other Support	860,672	99,852	2,497	2,268,881	33,664,238	3,309,981	40,206,121	40,940,561
Expenses:								
Auxiliary activities' cost of sales	-	-	-	262,403	-	-	262,403	258,539
Auxiliary activities' expense	-	-	-	2,482,755	-	-	2,482,755	2,233,796
Sponsored programs' disbursements	-	-	-	-	29,376,600	-	29,376,600	27,199,370
University programs' expenses	-	-	-	-	313	2,996,908	2,997,221	3,434,710
CSE administration	4,427,790	125,652	-	-	-	-	4,553,442	4,203,717
Faculty and grant development	15,204	-	684,725	-	-	-	699,929	510,484
Interest expense	-	68,916	-	-	-	-	68,916	72,411
Other expense	-	812,424	-	565,176	-	-	1,377,600	1,296,815
Total Expenses	4,442,994	1,006,992	684,725	3,310,334	29,376,913	2,996,908	41,818,866	39,209,842
Change in Operations Before Transfer	(3,582,322)	(907,140)	(682,228)	(1,041,453)	4,287,325	313,073	(1,612,745)	1,730,719
Transfers:								
Transfers with CSU, Chico	215,000	(80,446)	(44,025)	183,921	(398)	(144,044)	130,008	106,678
Transfers with other auxiliaries	(17,727)	-	8	552,980	(21,040)	705,837	1,220,058	640,628
Indirect cost recovery transfers	3,882,696	-	-	-	(3,880,764)	(1,932)	-	-
Administrative fee transfers	397,888	-	-	(158,713)	-	(239,175)	-	-
Interfund transfers	(626,211)	987,135	714,880	57,801	(1,512,406)	378,801	-	-
Net Transfers	3,851,646	906,689	670,863	635,989	(5,414,608)	699,487	1,350,066	747,306
Change in Net Position	269,324	(451)	(11,365)	(405,464)	(1,127,283)	1,012,560	(262,679)	2,478,025
Net Position, beginning	4,160,706	5,473,633	1,888,089	2,948,228	5,478,308	11,262,000	31,210,964	28,732,939
Net Position, ending	\$ 4,430,030	\$ 5,473,182	\$ 1,876,724	\$ 2,542,764	\$ 4,351,025	\$ 12,274,560	\$ 30,948,285	\$ 31,210,964

See notes to the supplementary information.

CHICO STATE ENTERPRISES**Schedules of Activity of the Auxiliary Activities Fund**

Years Ended June 30, 2020 and 2019

	<u>University Farm</u>	<u>Other Enterprise</u>	<u>2020</u>	<u>2019</u>
Sales:				
Livestock and dairy	\$ 739,516	\$ -	\$ 739,516	\$ 704,046
Crop and orchard	849,566	-	849,566	864,873
Enterprise receipts	98,250	499,396	597,646	445,502
Total Sales	<u>1,687,332</u>	<u>499,396</u>	<u>2,186,728</u>	<u>2,014,421</u>
Cost of Sales:				
Livestock and dairy	<u>262,403</u>	<u>-</u>	<u>262,403</u>	<u>258,539</u>
Gross Profit	<u>1,424,929</u>	<u>499,396</u>	<u>1,924,325</u>	<u>1,755,882</u>
Operating Expenses:				
Salaries and employee benefits	-	788,120	788,120	695,367
Operating supplies	639,450	13,310	652,760	553,958
Accounting and contractual services	322,233	242,943	565,176	409,796
Depreciation	232,291	123,217	355,508	453,717
Other operating expenses	208,706	83,372	292,078	221,298
Repair and maintenance	206,937	8,197	215,134	157,689
Rent and leasing	79,991	19,654	99,645	109,701
Utilities and telephone	23,254	9,635	32,889	28,895
Travel and meetings	4,785	16,513	21,298	21,991
Registration fees	10,833	4,169	15,002	14,137
Postage and printing	3,561	3,838	7,399	11,888
Insurance	1,511	1,412	2,923	9,076
Total Operating Expenses	<u>1,733,552</u>	<u>1,314,380</u>	<u>3,047,932</u>	<u>2,687,513</u>
Loss from Operations	<u>(308,623)</u>	<u>(814,984)</u>	<u>(1,123,607)</u>	<u>(931,631)</u>
Other Income (Expense):				
Other income	16,505	58,062	74,567	5,859
Interest income	7,586	-	7,586	4,016
Interest expense	-	-	-	(6)
Total Other Income	<u>24,091</u>	<u>58,062</u>	<u>82,153</u>	<u>9,869</u>
Transfers:				
In	1,703	270,030	271,733	1,442,078
Out	(94,899)	(93,824)	(188,723)	(271,959)
From other auxiliaries	6,800	546,180	552,980	433,701
Net Transfers	<u>(86,396)</u>	<u>722,386</u>	<u>635,990</u>	<u>1,603,820</u>
Net Income (Loss), Including Administration				
Fees Paid to the General Fund	\$ <u>(370,928)</u>	\$ <u>(34,536)</u>	\$ <u>(405,464)</u>	\$ <u>682,058</u>

See notes to the supplementary information.

CHICO STATE ENTERPRISES**Schedules of Source of Funding and Expenditures for Grants and Contracts**

Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Source of Direct Funding:		
Federal government	\$ 20,755,870	\$ 19,774,887
State of California	5,333,098	5,674,402
Local governments	1,236,328	1,114,890
Nongovernmental funds	1,665,916	3,163,932
Agricultural research initiative	793,714	378,359
Total Direct Sources and Transfers	<u>29,784,926</u>	<u>30,106,470</u>
Source of Indirect Cost Reimbursements		
Federal government	2,222,871	2,134,201
State of California	1,011,520	843,371
Local governments	246,942	201,960
Nongovernmental funds	399,431	448,389
Total Indirect Cost Reimbursements	<u>3,880,764</u>	<u>3,627,921</u>
Total Funding	<u>33,665,690</u>	<u>33,734,391</u>
Direct Expenditures:		
Salaries and wages	10,765,180	10,131,217
Fringe benefits	4,039,972	4,141,185
Operating expenses	13,187,431	11,878,979
Equipment	1,108,609	406,314
Student support	1,333,683	1,485,908
Total Direct Expenditures	<u>30,434,875</u>	<u>28,043,603</u>
Indirect Expenditures:		
Salaries, wages, and fringe benefits	1,855,422	1,901,247
Administrative expenses	1,069,172	434,772
Development	469,361	554,032
Program allocation	184,978	500,705
Other	301,831	237,164
Total Indirect Expenditures	<u>3,880,764</u>	<u>3,627,920</u>
Total Expenditures	<u>34,315,639</u>	<u>31,671,523</u>
Sponsored Programs, Net	<u>(649,949)</u>	2,062,868
Surplus distribution	<u>(477,334)</u>	(257,898)
Sponsored Programs Fund, Net	<u>\$ (1,127,283)</u>	<u>\$ 1,804,970</u>

See notes to the supplementary information.

CHICO STATE ENTERPRISES

Notes to the Supplemental Information

Years Ended June 30, 2020 and 2019

Note A – Fund Accounting

The accounts of CSE 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. The funds are organized as follows:

- **General Fund:** This fund is used to account for all financial resources except those required to be accounted for in another fund. This fund recognizes as income various administrative from other funds.
- **Plant and Bond Fund:** This fund is used to account for acquisition of physical properties and funds expended and invested in physical properties for the General Fund, Board Designated Fund, Sponsored Programs Fund, and Campus Programs Fund.
- **Board Designated Fund:** This fund is used to account for all amounts specifically allocated by the Board of Directors to certain programs. These funds are used primarily for the development of grant and contract proposals. Funding is also allocated to support and to finance other CSU, Chico related projects.
- **Auxiliary Activities Fund:** This fund is used to account for the operations of the University Farm, North State Public Radio, and other enterprise activities. These operations reimburse the General Fund for accounting and data processing administration expenses based on the usage of these services.
- **Sponsored Programs Fund:** This fund reflects the activity of various programs designed for instruction, research, and community services. These programs are funded by federal and state governmental agencies and various other organizations. The General Fund receives administrative fees to cover the indirect overhead costs of these programs.
- **Campus Program Fund:** This fund accounts for certain special activities of Foundation-affiliated programs. These funds are carried as unrestricted net position. CSE receives an administrative fee equal to 8% of Campus Program Fund expenditures.

OTHER INFORMATION
For inclusion in the California State University

CHICO STATE ENTERPRISES

Other Information (for inclusion in the California State University)

Year Ended June 30, 2020

Schedule of Net Position

Assets:

Current assets:

Cash and cash equivalents	\$	8,140,631
Short-term investments		2,014,624
Accounts receivable, net		12,648,452
Capital lease receivable, current portion		-
Notes receivable, current portion		-
Pledges receivable, net		-
Prepaid expenses and other current assets		288,469
Total current assets	\$	23,092,176

Noncurrent assets:

Restricted cash and cash equivalents	\$	-
Accounts receivable, net		-
Capital lease receivable, net of current portion		-
Notes receivable, net of current portion		-
Student loans receivable, net		-
Pledges receivable, net		-
Endowment investments		-
Other long-term investments		8,602,252
Capital assets, net		10,504,556
Other assets		665,423
Total noncurrent assets		19,772,231
Total assets	\$	42,864,407

Deferred outflows of resources:

Unamortized loss on debt refunding		-
Net pension liability		-
Net OPEB liability		-
Others		-
Total deferred outflows of resources		-

Liabilities:

Current liabilities:

Accounts payable	\$	2,695,373
Accrued salaries and benefits		1,838,912
Accrued compensated absences, current portion		494,222
Unearned revenues		2,819,870
Capital lease obligations, current portion		-
Long-term debt obligations, current portion		110,000
Claims liability for losses and loss adjustment expenses, current portion		-
Depository accounts		-
Other liabilities		634,260
Total current liabilities	\$	8,592,637

CHICO STATE ENTERPRISES

Other Information (for inclusion in the California State University)

Year Ended June 30, 2020

Schedule of Net Position, continued

Noncurrent liabilities:	
Accrued compensated absences, net of current portion	\$ 108,488
Unearned revenues	-
Grants refundable	-
Capital lease obligations, net of current portion	-
Long-term debt obligations, net of current portion	2,172,604
Claims liability for losses and loss adjustment expenses, net of current portion	-
Depository accounts	-
Net other postemployment benefits liability	821,398
Net pension liability	-
Other liabilities	220,995
	<hr/>
Total noncurrent liabilities	3,323,485
	<hr/>
Total liabilities	\$ 11,916,122
Deferred inflows of resources:	
Service concession arrangements	\$ -
Net pension liability	-
Net OPEB liability	-
Unamortized gain on debt refunding	-
Nonexchange transactions	-
Others	-
	<hr/>
Total deferred inflows of resources	\$ -
Net position:	
Net investment in capital assets	\$ 8,221,952
Restricted for:	
Nonexpendable – endowments	-
Expendable:	
Scholarships and fellowships	-
Research	4,351,025
Loans	-
Capital projects	-
Debt service	-
Others	12,068,554
Unrestricted	6,306,754
	<hr/>
Total net position	\$ 30,948,285

CHICO STATE ENTERPRISES

Other Information (for inclusion in the California State University)

Year Ended June 30, 2020

Schedule of Revenues, Expenses, and Changes in Net Position

Revenues:

Operating revenues:

Student tuition and fees, gross	\$	-
Scholarship allowances (enter as negative)		-

Grants and contracts, noncapital:

Federal		22,693,354
State		7,258,066
Local		1,421,229
Nongovernmental		2,286,776
Sales and services of educational activities		4,209,094
Sales and services of auxiliary enterprises, gross		2,956,457
Scholarship allowances (enter as negative)		-
Other operating revenues		1,078,837

Total operating revenues	\$	41,903,813
---------------------------------	-----------	-------------------

Expenses:

Operating expenses:

Instruction	\$	2,208,813
Research		3,155,034
Public service		22,599,984
Academic support		2,122,064
Student services		2,014,753
Institutional support		4,315,735
Operation and maintenance of plant		395,437
Student grants and scholarships		1,343,169
Auxiliary enterprise expenses		3,332,075
Depreciation and amortization		1,209,259

Total operating expenses	\$	42,696,323
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Operating income (loss)	\$	(792,510)
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Nonoperating revenues (expenses):

State appropriations, noncapital	\$	-
Federal financial aid grants, noncapital		-
State financial aid grants, noncapital		-
Local financial aid grants, noncapital		-
Nongovernmental and other financial aid grants, noncapital		-
Other federal nonoperating grants, noncapital		-
Gifts, noncapital		-
Investment income (loss), net		82,259
Endowment income (loss), net		-
Interest expense		(68,916)
Other nonoperating revenues (expenses) - excl. interagency transfers		67,306

Net nonoperating revenues (expenses)	\$	80,649
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Income (loss) before other revenues (expenses)	\$	(711,861)
---	-----------	------------------

State appropriations, capital	\$	-
Grants and gifts, capital		449,182
Additions (reductions) to permanent endowments		-
Increase (decrease) in net position		(262,679)

Net position:

Net position at beginning of year, as previously reported		31,210,964
Restatements		-
Net position at beginning of year, as restated		31,210,964
Net position at end of year	\$	30,948,285

CHICO STATE ENTERPRISES

Other Information (for inclusion in the California State University)

Year Ended June 30, 2020

1 Cash and cash equivalents:

Portion of restricted cash and cash equivalents related to endowments	\$	-
All other restricted cash and cash equivalents		-
Noncurrent restricted cash and cash equivalents		-
Current cash and cash equivalents		8,140,631
Total	\$	8,140,631

2.1 Composition of investments:

Investment Type	Current	Noncurrent	Fair Value
Money market funds	\$ 9,450		\$ 9,450
Repurchase agreements			-
Certificates of deposit		\$ 746,857	746,857
U.S. agency securities			-
U.S. treasury securities			-
Municipal bonds			-
Corporate bonds			-
Asset backed securities			-
Mortgage backed securities			-
Commercial paper			-
Mutual funds		7,836,863	7,836,863
Exchange traded funds			-
Equity securities			-
Alternative investments:			
Private equity (including limited partnerships)		18,532	18,532
Hedge funds	896,475	-	896,475
Managed futures			-
Real estate investments (including REITs)			-
Commodities			-
Derivatives			-
Other alternative investment			-
Other external investment pools			-
CSU Consolidated Investment Pool (formerly SWIFT)			-
State of California Local Agency Investment Fund (LAIF)	1,108,699		1,108,699
State of California Surplus Money Investment Fund (SMIF)			-
Other investments:			-
Total Other investments	-	-	-
Total investments	2,014,624	8,602,252	10,616,876
Less endowment investments (enter as negative number)			-
Total investments, net of endowments	\$ 2,014,624	\$ 8,602,252	\$ 10,616,876

CHICO STATE ENTERPRISES

Other Information (for inclusion in the California State University)

Year Ended June 30, 2020

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	\$ 9,450	\$ 9,450			
Repurchase agreements	-				
Certificates of deposit	746,857		\$ 746,857		
U.S. agency securities	-				
U.S. treasury securities	-				
Municipal bonds	-				
Corporate bonds	-				
Asset backed securities	-				
Mortgage backed securities	-				
Commercial paper	-				
Mutual funds	7,836,863	7,836,863			
Exchange traded funds	-				
Equity securities	-				
Alternative investments:					
Private equity (including limited partnerships)	18,532			\$ 18,532	
Hedge funds	896,475				\$ 896,475
Managed futures	-				
Real estate investments (including REITs)	-				
Commodities	-				
Derivatives	-				
Other alternative investment	-				
Other external investment pools	-				
CSU Consolidated Investment Pool (formerly SWIFT)	-				
State of California Local Agency Investment Fund (LAIF)	1,108,699				1,108,699
State of California Surplus Money Investment Fund (SMIF)	-				
Other investments:	-				
Total Other investments	\$ -	\$ -	\$ -	\$ -	\$ -
Total investments	\$ 10,616,876	\$ 7,846,313	\$ 746,857	\$ 18,532	\$ 2,005,174

2.3 Investments held by the University under contractual agreements:

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

CHICO STATE ENTERPRISES

Other Information (for inclusion in the California State University)

Year Ended June 30, 2020

3.1 Composition of capital assets:

	Balance June 30, 2019	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2019 (Restated)	Additions	Retirements	Transfer of completed CWIP/PWIP	Balance June 30, 2020
Non-depreciable/Non-amortizable capital assets:									
Land and land improvements	\$ 4,078,046.00				\$ 4,078,046				\$ 4,078,046
Works of art and historical treasures	108,440				108,440	41,009			149,449
Construction work in progress (CWIP)	-				-	10,464			10,464
Intangible assets:									
Rights and easements					-				-
Patents, copyrights and trademarks					-				-
Intangible assets in progress (PWIP)					-				-
Licenses and permits					-				-
Other intangible assets:					-				-
Total Other intangible assets	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total non-depreciable/non-amortizable capital assets	\$ 4,186,486	-	-	-	\$ 4,186,486	51,473	-	-	\$ 4,237,959
Depreciable/Amortizable capital assets:									
Buildings and building improvements	8,635,496				8,635,496	88,698	(110,965)		8,613,229
Improvements, other than buildings					-				-
Infrastructure					-				-
Leasehold improvements					-				-
Personal property:									
Equipment	14,354,608				14,354,608	633,110	(618,011)		14,369,707
Library books and materials					-				-
Intangible assets:									
Software and websites					-				-
Rights and easements					-				-
Patents, copyrights and trademarks					-				-
Licenses and permits					-				-
Other intangible assets:					-				-
Total Other intangible assets:	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total depreciable/amortizable capital assets	22,990,104	-	-	-	22,990,104	721,808	(728,976)	-	22,982,936
Total capital assets	\$ 27,176,590	-	-	-	\$ 27,176,590	773,281.0	(728,976.0)	-	\$ 27,220,895
Less accumulated depreciation/amortization:									
Buildings and building improvements	(5,536,969)				(5,536,969)	(297,835)	110,965		(5,723,839)
Improvements, other than buildings					-				-
Infrastructure					-				-
Leasehold improvements					-				-
Personal property:									
Equipment	(10,475,078)				(10,475,078)	(911,424)	394,002		(10,992,500)
Library books and materials					-				-
Intangible assets:									
Software and websites					-				-
Rights and easements					-				-
Patents, copyrights and trademarks					-				-
Licenses and permits					-				-
Other intangible assets:					-				-
Total Other intangible assets:	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	(16,012,047)	-	-	-	(16,012,047)	(1,209,259)	504,967	-	(16,716,339)
Total capital assets, net	\$ 11,164,543	-	-	-	\$ 11,164,543	(435,978)	(224,009)	-	\$ 10,504,556

3.2 Detail of depreciation and amortization expense:

Depreciation and amortization expense related to capital assets	\$ 1,209,259
Amortization expense related to other assets	
Total depreciation and amortization	\$ 1,209,259

CHICO STATE ENTERPRISES

Other Information (for inclusion in the California State University)

Year Ended June 30, 2020

4 Long-term liabilities:

	Balance June 30, 2019	Prior Period Adjustments/Reclassifica tions	Balance June 30, 2019 (Restated)	Additions	Reductions	Balance June 30, 2020	Current Portion	Noncurrent Portion
1. Accrued compensated absences	\$ 475,568		\$ 475,568	\$ 569,429	\$ (442,287)	\$ 602,710	\$ 494,222	\$ 108,488
2. Claims liability for losses and loss adjustment expenses	-		-			-		-
3. Capital lease obligations:								
Gross balance	-		-			-	-	-
Unamortized net premium/(discount)	-		-			-	-	-
Total capital lease obligations	\$ -	-	-	-	-	-	-	-
4. Long-term debt obligations:								
4.1 Auxiliary revenue bonds (non-SRB related)			-			\$ -		-
4.2 Commercial paper			-			-		-
4.3 Notes payable (SRB related)	2,095,000		2,095,000		(105,000)	1,990,000	110,000	1,880,000
4.4 Others:								
Total others	-		-			-		-
Sub-total long-term debt	\$ 2,095,000	-	2,095,000	-	(105,000)	\$ 1,990,000	110,000	1,880,000
4.5 Unamortized net bond premium/(discount)	316,328		316,328		(23,724)	292,604	-	292,604
Total long-term debt obligations	2,411,328	-	2,411,328	-	(128,724)	2,282,604	110,000	2,172,604
Total long-term liabilities	\$ 2,886,896	-	2,886,896	569,429	(571,011)	\$ 2,885,314	604,222	\$ 2,281,092

5 Capital lease obligations schedule:

	Capital lease obligations related to SRB			All other capital lease obligations			Total capital lease obligations		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
Year ending June 30:									
2021			-			-			-
2022			-			-			-
2023			-			-			-
2024			-			-			-
2025			-			-			-
2026 - 2030			-			-			-
2031 - 2035			-			-			-
2036 - 2040			-			-			-
2041 - 2045			-			-			-
2046 - 2050			-			-			-
Thereafter			-			-			-
Total minimum lease payments	\$ -	-	-	-	-	-	-	-	-
Less: amounts representing interest									-
Present value of future minimum lease payments									-
Unamortized net premium/(discount)									-
Total capital lease obligations									-
Less: current portion									-
Capital lease obligations, net of current portion									\$ -

CHICO STATE ENTERPRISES

Other Information (for inclusion in the California State University)

Year Ended June 30, 2020

6 Long-term debt obligations schedule:

	Auxiliary revenue bonds (non-SRB related)			All other long-term debt obligations			Total long-term debt obligations			
	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	
Year ending June 30:										
2021			\$ -	\$ 110,000	\$ 96,750	\$ 206,750	\$ 110,000	\$ 96,750	\$ 206,750	
2022			-	115,000	91,125	206,125	115,000	91,125	206,125	
2023			-	125,000	85,125	210,125	125,000	85,125	210,125	
2024			-	130,000	78,750	208,750	130,000	78,750	208,750	
2025			-	135,000	72,125	207,125	135,000	72,125	207,125	
2026 - 2030			-	795,000	248,125	1,043,125	795,000	248,125	1,043,125	
2031 - 2035			-	580,000	44,250	624,250	580,000	44,250	624,250	
2036 - 2040			-	-	-	-	-	-	-	
2041 - 2045			-	-	-	-	-	-	-	
2046 - 2050			-	-	-	-	-	-	-	
Thereafter			-	-	-	-	-	-	-	
Total minimum payments	\$	- \$	- \$	- \$	\$ 1,990,000	\$ 716,250	\$ 2,706,250	\$ 1,990,000	\$ 716,250	\$ 2,706,250
Less: amounts representing interest									(716,250)	
Present value of future minimum payments									<u>1,990,000</u>	
Unamortized net premium/(discount)									292,604	
Total long-term debt obligations									<u>2,282,604</u>	
Less: current portion									(110,000)	
Long-term debt obligations, net of current portion									<u><u>\$ 2,172,604</u></u>	

7 Transactions with related entities:

Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$	2,300,402
Payments to University for other than salaries of University personnel		1,843,379
Payments received from University for services, space, and programs		1,897,471
Gifts-in-kind to the University from discretely presented component units		150,252
Gifts (cash or assets) to the University from discretely presented component units		289,430
Accounts (payable to) University		(177,503)
Other amounts (payable to) University		-
Accounts receivable from University		250
Other amounts receivable from University		-

CHICO STATE ENTERPRISES

Other Information (for inclusion in the California State University)

Year Ended June 30, 2020

8 Restatements

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

		Debit/(Credit)
Restatement #1	Enter transaction description	-
Restatement #2	Enter transaction description	-

9 Natural classifications of operating expenses:

	Salaries	Benefits - Other	Benefits - Pension	Benefits - OPEB	Scholarships and fellowships	Supplies and other services	Depreciation and amortization	Total operating expenses
Instruction	1,235,701	393,350	-	-	-	\$ 579,762	-	\$ 2,208,813
Research	1,336,223	248,333	-	-	-	1,570,478	-	3,155,034
Public service	8,659,002	3,121,130	-	-	-	10,819,852	-	22,599,984
Academic support	927,440	237,553	-	-	-	957,071	-	2,122,064
Student services	1,066,597	344,476	-	-	-	603,680	-	2,014,753
Institutional support	1,990,530	1,112,330	-	-	-	1,212,875	-	4,315,735
Operation and maintenance of plant	-	-	-	-	-	395,437	-	395,437
Student grants and scholarships	-	-	-	\$ 1,343,169	-	-	-	1,343,169
Auxiliary enterprise expenses	574,922	242,442	-	-	-	2,514,711	-	3,332,075
Depreciation and amortization	-	-	-	-	-	-	\$ 1,209,259	1,209,259
Total operating expenses	\$ 15,790,415	5,699,614	-	-	\$ 1,343,169	\$ 18,653,866	\$ 1,209,259	\$ 42,696,323

10 Deferred outflows/inflows of resources:

1. Deferred Outflows of Resources

Deferred outflows - unamortized loss on refunding(s)
 Deferred outflows - net pension liability
 Deferred outflows - net OPEB liability
 Deferred outflows - others:
 Sales/intra-entity transfers of future revenues
 Gain/loss on sale leaseback
 Loan origination fees and costs
 Change in fair value of hedging derivative instrument
 Irrevocable split-interest agreements

Total deferred outflows - others	-
Total deferred outflows of resources	\$ -

2. Deferred Inflows of Resources

Deferred inflows - service concession arrangements
 Deferred inflows - net pension liability
 Deferred inflows - net OPEB liability
 Deferred inflows - unamortized gain on debt refunding(s)
 Deferred inflows - nonexchange transactions
 Deferred inflows - others:
 Sales/intra-entity transfers of future revenues
 Gain/loss on sale leaseback
 Loan origination fees and costs
 Change in fair value of hedging derivative instrument
 Irrevocable split-interest agreements

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

CHICO STATE ENTERPRISES
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

<u>Catalog Number</u>	<u>Project</u>	<u>Project Description</u>	<u>FirmCode</u>	<u>Contract Number</u>	<u>FY19-20 Federal Expenditures</u>
Department of Agriculture					
Direct Awards - Research and Development					
10.903	SP6076901	REGIONAL SOIL HEALTH ASSMENT	200	68-3A75-18-012	53,814.61
10.CNT	SP6071601	WALNUT TWIG BEETLE STUDY	200	16-JV-11272139-086 mod 2	272.85
10.XXX	SP6076701	FOREST DISTRBNC ON ROOT PROLIF	200	17-JV-11272139-040	2,264.78
Sub-Total Research and Development Direct Awards					56,352.24
Direct Awards					
10.175	SP6081001	Local Producer Marketing TAF	300	AM190100XXXXG088	14,957.37
10.326	SP6066401	AG RESILIENCE/UNCERTAIN WATER	300	2015-70001-23459	(58.54)
10.326	SP6074001	INTEGRATING AG ED & OUTREACH	300	2017-70001-25981	77,605.95
10.351	SP6076601	RBDG TARGETED MARKET RESEARCH	300	2016 RBDG DATED 7/19/16 AM 2	3,188.57
10.351	SP6078601	Very Rural Broadband Partnersh	300	759063088	9,452.92
10.545	SP6068501	EBT IN FARMERS MARKETS	300	SNAP-FSUP-15-CA-03	(23.91)
10.699	SP6078401	Recreation Site Management	300	18-PA-11052009-068	163,841.34
10.699	SP6080401	CESU: NVUM	300	19-CS-11052009-032	167,776.90
10.868	SP6079601	Energy Efficiency & Renewable	300	759063088	16,027.47
10.CNT	SP6064101	NURTURING THE PROMISE	300	14-CS-11052009-027	81,071.03
10.CNT	SP6064201	FUEL & FIRE DB ANALYSIS	300	14-CR-11221637-125	(343.46)
10.XXX	SP6075401	COLLABORATIVE FOREST COMMNITE	300	15-CS-11052006-070	1,420.66
10.XXX	SP6077301	5 ADDTL COMMUNITIES AND ANALY	300	15-CS-11052006-070	18,477.78
Sub-Total Direct Awards					553,394.08
Pass Through Awards					
Ca Dept Of Food & Agriculture					
10.170	SP6476301	USDA Fababean Germplasm	200	18-0001-015-SC	126,442.58
Sub-Total Pass Through Awards, CA Dept of Food & Agriculture					126,442.58
Montana State University					
10.215	SP6481701	Potential Economic & Nitrogen	200	G119-20-W7500	34,289.58
Sub-Total Pass Through Awards, Montana State University					34,289.58
Ecology Center (Berkeley)					
10.331	SP6474501	Ecology Center Mrkt Mtch 18/19	300	Y2 Amd 1	(12.01)
10.331	SP6478601	Ecology Center Market Match	300	SP-19-348	46,332.16
10.331	SP6483601	Ecology Center Market Match Y1	300	SP-19-339	52,932.71
Sub-Total Pass Through Awards, Ecology Center (Berkeley)					99,252.86
CA Dept of Public Health					
10.557	SP6469802	WIC Video Production Services	300	17-10428	(750.11)
10.557	SP6469803	WIC Video Production Services	300	17-10428	5,402.72
Sub-Total Pass Through Awards, CA Dept of Public Health					4,652.61
CA Dept of Education					
10.559	SP6481401	SUMMER FOODS PROGRAM 2019	500	04074-SFSP-07	43,538.00
Sub-Total, Child Nutrition Cluster, Pass Through Awards, CA Dept of Education					43,538.00
Butte County					
10.561	SP6461301	BUTTE LHD 1617	300	X22359,X22805	(122.49)
10.561	SP6468401	BUTTE LHD 1718	300	X22359,X22805	268.12
Sub-Total, SNAP Cluster, Pass Through Awards, Butte Co Dept of Public Health					145.63
Yuba County					
10.561	SP6475001	Yuba SNAP-Ed SubK CDPH 18-19	300	269-0616	57,818.72
Sub-Total, SNAP Cluster, Pass Through Awards, Yuba County					57,818.72
Tehama County					
10.561	SP6475101	Tehama LHD 18-19	300	2016-1296; 2018-3; sp-16-252-0	24,876.25
Sub-Total, SNAP Cluster, Pass Through Awards, Tehama County					24,876.25

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<u>Catalog Number</u>	<u>Project</u>	<u>Project Description</u>	<u>FirmCode</u>	<u>Contract Number</u>	<u>FY19-20 Federal Expenditures</u>
	Siskiyou County				
10.561	SP6475201	Siskiyou SNAP-Ed 18-19	300	E1700445	15,298.50
	Sub-Total, SNAP Cluster, Pass Through Awards, Siskiyou County Health & Human Srv Agency, Public Health Div				15,298.50
	Ca Dept Of Public Health				
10.561	SP6475301	CDPH Colusa Glenn SNAP-Ed18-19	300	16-10129	92,562.11
	Sub-Total, SNAP Cluster, Pass Through Awards, Ca Dept of Public Health				92,562.11
	Ca Dept Of Aging				
10.561	SP6475801	SNAP-Ed PSA 2 18/19	300	SP-1819-03	23,388.41
10.561	SP6475901	SNAP-Ed PSA 3 18/19	300	SP-1819-03	25,474.96
10.561	SP6481301	CalFresh Expansion-Passages 19	300	CF-1920-03	4,628.42
10.561	SP6481302	CalFresh Expansion-CHC 19/20	300	CF-1920-03	27,465.44
10.561	SP6482501	SNAP-Ed PSA2 19/20	300	SP-1920-03	86,024.86
10.561	SP6482601	SNAP-Ed PSA3 19/20	300	SP-1920-03	80,244.64
	Sub-Total, SNAP Cluster, Pass Through Awards, CA Dept of Aging				247,226.73
	Ca Dept Of Public Health				
10.561	SP6482801	SNAP-ED COLUSA SUBVENTION Y1	300	19-10354	123,102.81
10.561	SP6482802	SNAP-ED GLENN SUBVENTION Y1	300	19-10354	102,731.72
10.561	SP6482803	SNAP-ED YUBA SUBVENTION Y1	300	19-10354	88,566.63
10.561	SP6485201	SNAP-ED on CSU Campuses	300	19-10818	31,566.37
	Sub-Total, SNAP Cluster, Pass Through Awards, Ca Dept of Public Health				345,967.53
	Ca Dept Of Social Services				
10.561	SP6476101	CA Far North & Higher Ed CFO	300	18-7015	1,018,062.71
10.561	SP6476102	CA Far North & Higher Ed CFO	300	18-7015	2,752,259.09
10.561	SP6476401	CSS Multi Services	300	18-3031	18,366.10
10.561	SP6476402	CSS Multi Services	300	18-3031	35,346.68
	Sub-Total, SNAP Cluster, Pass Through Awards, CA Dept of Public Health				3,824,034.58
	Siskiyou County Health & Human Services Agency, Public Health Division				
10.561	SP6483101	Siskiyou County SNAP-Ed SubK	300	SP-19-306	12,603.52
	Sub-Total, SNAP Cluster, Pass Through Awards, Siskiyou County Health & Human Srv Agency, Public Health Div				12,603.52
	Tehama County				
10.561	SP6484301	Tehama County SNAP-Ed 19/20	300	069PA20 / SP-19-305	4,773.48
	Sub-Total, SNAP Cluster, Pass Through Awards, Tehama County				4,773.48
	Uc Davis				
10.912	SP6476701	Vegetable Cropping Systems	200	A19-1144-S001	30,638.34
	Sub-Total Pass Through Awards, UC Davis				30,638.34
	CA Walnut Board				
10.CNT	SP6478301	Walnut Husk Fly Comp Study	200	c-0419-01	7,046.71
	Sub-Total Pass Through Awards, California Walnut Board				7,046.71
	Total Direct Awards				553,394.08
	Total Research and Development Direct Awards				56,352.24
	Total Research and Development Pass Through Awards				198,417.21
	Total Pass Through Awards				103,905.47
	Total Child Nutrition Cluster Pass Through Awards				43,538.00
	Total SNAP Cluster Pass Through Awards				4,625,307.05
Total Department of Agriculture					5,580,914.05
Department of Commerce					
	Direct Awards				
11.303	SP6076301	EDA UNIVERSITY CENTER 17/18	300	ED17SEA3030036	(6.64)
11.303	SP6078901	EDA University Center 18/19	300	ED17SEA3030036	66,591.84
11.303	SP6078802	EDA University Center 19/20	300	ED17SEA3030036	79,313.05
11.303	SP6078902	EDA Univ Center 19/20-Fresno	300	ED17SEA3030036	79,485.00
	Sub-Total Direct Awards				225,383.25

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11.307	SP6077001	N.CA BROADBAND PLAN EDA Y1 18	300	07-79-07431	140,926.98
Sub-Total, Economic Development Cluster, Direct Awards					140,926.98
Pass Through Awards					
Ca Public Utilities Comm					
11.558	SP6411001	BROADBAND MAP/OUTREACH CPUC	300	09IA5851 (Am1 Y3-Y5)	69,284.75
Sub-Total Pass Through Awards, Ca Public Utilities Comm					69,284.75
California Manufacturing Techn					
11.611	SP6469401	CMTC MEP MFTG & FOOD SAFETY	300	70NAANB16H208	(0.01)
11.611	SP6475601	CMTC MEP 18-19	300	70NANB16H208	24,084.97
11.611	SP6483501	CMTC Technical Assist 2020	300	70NANB16H208	49,100.94
Sub-Total Pass Through Awards, Ca Manufacturing Tech Consulting					73,185.90
Total Direct Awards					225,383.25
Total Economic Development Cluster Other Direct Awards					140,926.98
Total Pass Through Awards					142,470.65
Total Department of Commerce					508,780.88
Department of Defense					
Direct Awards - Research and Development					
12.300	SP6079301	High Speed Cost Effect Sim Y1	200	N00014-19-1-2056	112,312.19
12.300	SP6079401	High Speed Simulation & Design	200	N00014-19-1-2055	134,050.72
Sub-Total Research and Development Direct Awards					246,362.91
Pass Through Awards					
Henry M. Jackson Fnd					
12.740	SP6478801	Poland Recovery Operation	200	HQ0731-18-2-001	174,481.15
Sub-Total Pass Through Awards, Henry M. Jackson Fnd					174,481.15
SNA International					
12.XXX	SP6482401	STABLE ISOTOPE ANALYSIS	200	DPAA001	50,521.12
Sub-Total Pass Through Awards, SNA International					50,521.12
Total Research and Development Direct Awards					246,362.91
Total Research and Development, Pass Through Awards					225,002.27
Total Department of Defense					471,365.18
Department of Interior					
Direct Awards - Research and Development					
15.533	SP6076801	MERCURY TRANS/TANSPORT WILDFIR	200	R18AC00005	3,686.25
Sub-Total Research and Development Direct Awards					3,686.25
Direct Awards					
15.224	SP6067501	DATA SHARE/ARCH RESERCH-ARP	300	L15AC00181	2,967.11
15.242	SP6068601	BLM CESU YOUTH SUMMITS	300	L15AC00231	393.43
15.512	SP6069601	USBR SIDE CHNNLS RESTOR-SRCAF	300	R16AC00099	248,190.88
15.512	SP6072201	USBR SIDE CHNNLS RESTOR-GIC	300	R16AC00099	290,262.09
15.512	SP6072301	USBR SIDE CHNNLS RESTOR-BANET	300	R16AC00099	102,414.96
15.512	SP6072601	USBR SIDE CHNNLS RESTOR-SUBKS	300	R16AC00099	2,952,646.73
15.670	SP6079901	National Wildlife Refuge Data	300	140F0119P0098	20,164.99
Sub-Total Direct Awards					3,617,040.19
Pass Through Awards					
Ca Dept Of Parks & Recreation					
15.904	SP6474801	OHP 2018/19	300	C8961508	(1.60)
15.904	SP6482101	OHP 2018-2019	300	C8963507	1,002.86
Sub-Total Pass Through Awards, Ca Dept of Parks & Recreation					1,001.26

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<u>Catalog Number</u>	<u>Project</u>	<u>Project Description</u>	<u>FirmCode</u>	<u>Contract Number</u>	<u>FY19-20 Federal Expenditures</u>
Cal Poly San Luis Obispo					
N/A	SP6475504	H2O Cons Tech Asst 19/20 Y5 T1	300	2015-11-48729 amd 5	36,095.09
N/A	SP6475505	H2O Cons Tech Asst 19/20 Y5 T3	300	2015-11-48729 amd 5	122,706.87
N/A	SP6475501	H2O Cons Tech Asst 18/19 Y4 T1	300	2015-11-48729 amd 5	25,223.03
N/A	SP6475503	H2O Cons Tech Asst 18/19 Y4 T3	300	2015-11-48729 amd 5	63,195.83
Sub-Total Pass Through Awards, Cal Poly Corporation					247,220.82
Total Direct Awards					3,617,040.19
Total Research and Development Direct Awards					3,686.25
Total Pass Through Awards					248,222.08
Total Department of Interior					3,868,948.52
Department of Justice Bureau of Justice Assistance					
Direct Awards - Research and Development					
16.560	SP6074101	HUMAN REMAINS SEARCH - FACULTY	200	2016-DN-BX-0159	36,591.71
16.560	SP6073501	HUMAN REMAINS SEARCH PARAMETER	200	2016-DN-BX-0159	63,977.50
Sub-Total Research and Development Direct Awards					100,569.21
Total Research and Development Direct Awards					100,569.21
Total Department of Justice Bureau of Justice Assistance					100,569.21
U.S. Department of Labor					
Pass Through Awards					
No Central Counties Consortium					
17.259	SP6483301	NCCC Summer Workforce Exp 19/2	300	19-23	5,990.00
Sub-Total, WIOA Cluster, Pass Through Awards, North Central Counties Consortium					5,990.00
Total WIOA Cluster Pass Through Awards					5,990.00
Total U.S. Department of Labor					5,990.00
Department of State Bureau of Educational and Cultural Affairs					
Direct Awards					
19.009	SP6077201	SUSI SL 2018 - GOING LEAN	300	S-ECAGD-16-CA-1078 Am 2	(50,362.68)
Sub-Total Direct Awards					(50,362.68)
Pass Through Awards					
University of Montana					
19.401	SP6478201	University of Montana 2019	300	PG19-26933-01	149,107.19
Sub-Total Pass Through Awards, University of Montana					149,107.19
Int'l Research & Exchanges Brd					
19.408	SP6474901	IREX-Fullbright TEA Program	300	FY19-FTEA-CSU-01	(19.26)
19.408	SP6469001	TEA SPRING 2018	300	FY18-TEA-Chico-01	(0.02)
19.408	SP6483001	IREX-TEA Program 19/20	300	FY20-FTEA_CSU-01	208,454.06
Sub-Total Pass Through Awards, Int'l Research & Exchanges Brd					208,434.78
Total Direct Awards					(50,362.68)
Total Pass Through Awards					357,541.97
Total Department of State Bureau of Educational and Cultural Affairs					307,179.29

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Department of Transportation					
Pass Through Awards					
Fehr & Peers, a California Corporation					
20.205	SP6482901	Post Campfire Pop & Trans Stud	300	SP-19-355	14,653.63
Sub Total, Highway Planning and Construction Cluster, Pass Through Awards, Fehr & Peers, a California Corporation					14,653.63
Total Highway Planning and Construction Cluster Pass Through Awards					14,653.63
Total Department of Transportation					14,653.63
National Endowment for the Arts					
Direct Awards					
45.024	SP6065401	ART & TECHNOLOGY EXHIBIT	300	14-7800-7026	(171.63)
Sub-Total Direct Awards					(171.63)
Pass Through Awards					
Cal Humanities					
45.129	SP6477101	Cal Hum Arts Exhibits 2019	300	HFAQ18-108	1,638.33
Sub-Total Pass Through Awards, Cal Humanities					1,638.33
Total Direct Awards					(171.63)
Total Pass Through Awards					1,638.33
Total National Endowment for the Arts					1,466.70
National Science Foundation					
Direct Awards - Research and Development					
47.041	SP6078701	NSF MRI: FTIR Spec Imaging Sys	200	1827134	2,980.11
47.041	SP6079701	NSF: RAPID	200	1917165	13,762.30
47.041	SP6080201	NSF: ACQUIST - OCT IMAGING SYS	200	1920345	98,806.04
47.041	SP6080301	NSF: AQUIST - RAMAN SPECTROM	200	1920332	207,440.81
47.049	SP6073301	NSF NUMBER THEORY CONFERENCES	200	1646760	10,424.24
47.050	SP6063701	CASCADES ARC	200	EAR 1348065	(98.05)
47.050	SP6079501	NSF: Mass Spectrometer Acquisi	200	1826807	207,763.31
47.070	SP6075201	NSF CYBERLEARNING	200	1735740	7,189.90
47.074	SP6079801	NSF: RAPID - Camp Fire	200	1929912	7,499.85
47.074	SP6071301	NSF MRI - FACS ACQUISITION	200	1626406	12,728.69
47.074	SP6077901	NSF Digitization TCN	100	1802182	17,307.05
47.076	SP6081201	NSF: Career	200	1944802	6,162.18
47.076	SP6080101	NSF: Geoscience Inquiry Labs	200	1933488	7,250.00
47.076	SP6081101	NSF: HSI IUUSE	200	1953751	31,487.63
47.076	SP6075101	NSF LEARNING PHYSICS	200	DUE-1726249	137,819.82
47.076	SP6080001	NSF HDR: STEM EVAL & RSRCH	200	1928596	175,794.24
47.076	SP6077401	NSF NORCAL MAST NOYCE TRACK 1	200	1758522	212,125.14
Sub-Total Research and Development Direct Awards					1,156,443.26
Pass Through Awards					
Univ Of Nevada - Reno					
47.041	SP6482201	NSF: UNR NEWIR Manure 19/20 Y1	200	UNR-20-19	48,023.52
Sub-Total Pass Through Awards, University of Nevada - Reno					48,023.52
Henry M. Jackson Fnd					
47.041	SP6483901	Rapid Calc Earthquake Rep Cost	200	SP-19-198	21,449.41
Sub-Total Pass Through Awards, Henry M Jackson Fnd					21,449.41

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47.076	Univ Of Colorado SP6456601	SUSTAINED 2016 - BOULDER Y1	100	1553945	39,363.58
	Sub-Total Pass Through Awards, Univ of Colorado				39,363.58
47.076	UC Berkeley SP6462701	FLP FOR STEM FAC DEV 1617 Y1	400	00009394 amd 2	20,984.75
	Sub-Total Pass Through Awards, UC Berkeley				20,984.75
47.076	Univ Enterprises (University Enterprises) SP6475701	NSF LSAMP 18/19	300	533051	8,682.00
47.076	SP6482701	LSAMP NSF FUNDS 19/20	100	553052	8,534.76
	Sub-Total Pass Through Awards, University Enterprises, Inc., CSU Sacramento				17,216.76
47.076	Portland State University SP6482301	NSF: UNDERGRAD STUDENT TRANSIT	200	100112	41,707.01
	Sub-Total Pass Through Awards, Portland State University				41,707.01
	Total Research and Development Direct Awards				1,156,443.26
	Total Research and Development Pass Through Awards				111,179.94
	Total Pass Through Awards				77,565.09
Total National Science Foundation					1,345,188.29
Environmental Protection Agency Office of Research and Development					
	Direct Awards - Research and Development				
66.516	SP6073901	BIOFILTRATION/SMALL URBAN AREA	200	SV-83693001-01	4,215.44
66.516	SP6077101	RESBL BIODGRDBL SLVNTS BIOSL	200	SV-83935101-0	6,021.75
	Sub-Total Research and Development Direct Awards				10,237.19
	Total Research and Development Direct Awards				10,237.19
Total Environmental Protection Agency Office of Research and Development					10,237.19
U.S. Department of Energy					
	Pass Through Awards				
81.xxx	Nat'l Renewal Energy Laborator SP6481601	2020 Collegiate Wind Competiti	200	AHQ-9-92002-05	2,624.64
	Sub-Total Pass Through Awards, Nat'l Renewal Energy Laborator				2,624.64
	Total Research and Development Pass Through Awards				2,624.64
Total Department of Energy					2,624.64
U.S. Department of Education					
	Direct Awards - Research and Development				
84.305A	SP6078101	Assess Diff in Adult Learners	200	R305A180417	(19,081.81)
84.305A	SP6078102	Assess Diff in Adult Learners	200	R305A180417	352,520.94
	Sub-Total Research and Development Direct Awards				333,439.13
	Direct Awards				
84.325	SP6079101	Training Interdisc. Edu & Res	100	H325K180127-19	77,721.92
84.325	SP6079102	T.I.E.R. Y2 19/20	100	H325K180127-19	50,715.41
84.031C	SP6076103	CHICO STEM CONN Y4 19/20	500	P031C160125	541,401.58
84.031C	SP6076101	CHICO STEM CONN Y2 17/18	500	P031C160125	0.01
84.031C	SP6076102	CHICO STEM CONN Y3 18/19	500	P031C160125	124,858.53
84.031S	SP6080601	Adelante: A Pipeline Program f	400	P031S190332	132,711.12
84.299B	SP6076202	NORCAL PRIE II 18/19 Y3	100	S299B160013	37,355.57

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84.299B	SP6076203	NORCAL PRIE II 19/20 Y4	100	S299B160013	101,505.17
84.325K	SP6061801	N.CA CLIPP Y1 13/14	100	H325K130219 A-8	4,390.33
84.335A	SP6079001	Childcare Access Parents	300	P335A180211	7,486.54
84.335A	SP6079002	Childcare Access Parents	300	P335A180211	132,413.75
84.336S	SP6065601	PRISMSY1 14/15	100	U336S140023	(203.00)
84.336S	SP6065602	PRISMS Y5 18/19	100	U336S140023	571,240.80
84.336S	SP6080701	The CLASS Project	100	U336S190030	308,034.59
84.365Z	SP6075702	CIELO EXPAND ENG LNR ED OP	300	T365Z170163	61,413.27
84.365Z	SP6075703	CIELO EXPAND ENG LNR ED OP	300	T365Z170163	344,617.23
Sub-Total Direct Awards					2,495,662.82
TRIO Cluster, Direct Awards					
84.042A	SP6075501	SSSP Y3 2017/18	100	P042A150256 Act 7	(13.60)
84.042A	SP6075502	SSSP Y4 2018/19	500	P042A150256 Act 7	76,886.16
84.042A	SP6075503	SSSP Y5 2019/20	500	P042A150256 Act 7	240,318.42
84.044A	SP6075602	ETS I Y3 18/19	500	P044A160598	60,244.92
84.044A	SP6075603	ETS I Y4 19/20	500	P044A160598	324,797.78
84.044A	SP6075802	ED TALENT SEARCH II Y3 18/19	500	P044A160601	27,517.15
84.044A	SP6075803	ED TALENT SEARCH II Y4 19/20	500	P044A160601	203,814.75
84.047A	SP6077601	UPWARD BOUND I Y1 18/19	300	P047A180184	(277.07)
84.047A	SP6077602	UPWARD BOUND I Y2 19/20	300	P047A180184	499,168.18
84.047A	SP6077603	UPWARD BOUND I Y3 20/21	300	P047A180184	46,861.58
84.047M	SP6075902	UB MATH/SCIENCE Y2 18/19	500	P047M170193	63,322.90
84.047M	SP6075903	UB MATH/SCIENCE Y3 19/20	500	P047M170193	178,892.41
84.047M	SP6076002	UB STEM Y2 18/19	500	P047M170194	90,595.10
84.047M	SP6076003	UB STEM Y3 19/20	500	P047M170194	165,580.66
84.047M	SP6078301	Upward Bound II	500	P047A180185	95,395.38
84.047M	SP6078302	Upward Bound STEM Y2 19/20	500	P047A180185	242,855.85
Sub-Total, TRIO Cluster, Direct Awards					2,315,960.57
Pass Through Awards					
Chico Unified School District					
84.366B	SP6449201	CAMSP - COHORT 12 15/16 Y1	300	S366B140005	5.52
Sub-Total Pass Through Awards, Chico Unified School District					5.52
Ca Dept Of Education					
84.048A	SP6470902	Ag Field Office Y2	300	CN170307	(5.17)
84.048A	SP6482001	Chico Ag Field Office 19-21 Y1	300	CN190123	4,382.79
84.048A	SP6482002	Chico Ag Field Office 19-21 Y2	300	CN190123	22.67
Sub-Total Pass Through Awards, Ca Dept of Education					4,400.29
University of California of the President					
84.358	SP6476801	Ca Reading Lit Project -ESSA18	300	ESSA-CRLP-CHICO	(2,329.99)
84.367	SP6469101	NCLB CA READING/LIT 17/18	300	NCLB14-CRLP-CHICO	(8.20)
84.411A	SP6470401	NCLB N. CA ARTS P	300	NCLB14-TCAP-CHICO	7.15
84.367A	SP6477401	ESSA NCWP 18/19	300	ESSA18-CWP-CHICO	2,986.36
84.367A	SP6477501	ESSA Inland NorCal Sci Proj	300	ESSA-CSP-CHICO	1,205.47
84.367A	SP6477601	ESSA NorCal Art Proj 2019	300	ESSA18-TCAP-CHICO	3,931.38
84.367A	SP6478001	ESSA CMP 18/19	300	ESSA18-CMP-CHICO	(8.93)
84.367A	SP6481901	CA READING LIT PROJECT-ESSA	300	ESSA19-CRLP-CHICO	43,626.61
84.367A	SP6484001	NCLB INLAND N. SCI PJCT 17/18	300	ESSA-19-CSP-CHICO	38,989.49
84.367A	SP6484101	Chico Math Project 2019-20	300	ESSA19-CMP-CHICO	22,041.72
84.367A	SP6484201	N. CWP ESSA 19/20	300	ESSA19-CWP-CHICO	38,996.35
Sub-Total Pass Through Awards, UC Regents/Office of the Pres					149,437.41

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National Writing Project					
84.367A	SP6471401	N.CA WRITING PJC/NTL PRK SRV	300	92-CA04-NPS2018	(27.24)
84.411A	SP6471201	NWP I3 PROF DEV 18/20	300	92CA04-2018i3C3WP	8,576.40
84.411A	SP6478401	NWP I3 Scale Up Prof Dev 19/20	300	92-CA04-2019i3C3WP	85,134.75
Sub-Total Pass Through Awards, National Writing Project					93,683.91
Butte Co Office Of Education					
84.424A	SP6478101	North State Arts Consortium	300	19-253	4,347.93
Sub-Total Pass Through Awards, Butte Co Office of Education					4,347.93
Total Research and Development Direct Awards					333,439.13
Total Direct Awards					2,495,662.82
Total TRIO Cluster Direct Awards					2,315,960.57
Total Pass Through Awards					251,875.06
Total U.S. Department of Education					5,396,937.58
Department of Health and Human Services					
Direct Awards - Research and Development					
93.847	SP6071801	NIH - MICRO RNA-375 AND CREM	200	2R15DK088281-02A1	32,831.27
93.847	SP6075001	NIH STEMCELL GENERATION RSRCH	200	1R15DK114732-01	98,292.19
93.855	SP6068101	NIH H5N1 FLU IMPACT STUDY	200	1R15AI111307-01A1	24,384.57
93.CNT	SP6079201	Stable Isotope Prep Lab 18/19	200	HHSP233201850094A	60,616.37
Sub-Total Research and Development Direct Awards					216,124.40
Pass Through Awards					
Ca Dept Of Aging					
93.041	SP6472101	7B Elder Abuse 18/19	300	AP-1819-03	(2.79)
93.041	SP6480101	7B ELDER ABUSE 19/20	300	AP-1920-03	5,707.08
Sub-Total Federal \$ Pass Through Awards, Ca Dept of Aging					5,704.29
Ca Dept Of Aging					
93.042	SP6479901	7A OMBUDSMAN 19/20	300	AP-1920-03	12,063.35
93.042	SP6479903	7A OMBUDSMAN 19/20	300	AP-1920-03	23,637.98
Sub-Total Federal \$ Pass Through Awards, Ca Dept of Aging					35,701.33
Psa2 Area Agency On Aging					
93.043	SP6475401	PSA 2IIID Health Prom 18/19	300	6002-1920-A12	75.00
93.043	SP6481801	PSA 2 IIID Health Promotion	300	6002-1920-A12	6,946.02
Sub-Total Federal \$ Pass Through Awards, Planning and Service Area 2 Area Agency of Aging Ca Dept of Aging					7,021.02
Ca Dept Of Aging					
93.043	SP6480201	3D DISEASE PREVENTION 19/20	300	AP-1920-03	7,740.01
Sub-Total Federal \$ Pass Through Awards, Ca Dept of Aging					7,740.01
Ca Dept Of Aging					
93.044	SP6471701	Administration 18/19	300	AP-1819-03	5.71
93.044	SP6471801	3B Info and Assist 18/19	300	AP-1819-03	(29.16)
93.044	SP6472201	3B & 7A Ombudsman 18/19	300	AP-1819-03	(17.48)
93.044	SP6472202	3B Ombudsman 18/19	300	AP-1819-03	(1,597.86)
93.044	SP6472401	3B Peer Counseling/SCP 18/19	300	AP-1819-03	(9.69)
93.044	SP6473201	Exec Dir Distrib 18/19	300	AP-1819-03	(0.47)
93.044	SP6479001	AP ADMIN 19/20 3B	300	AP-1920-03	13,485.82
STATE	SP6479001	AP ADMIN 19/20 ST	300	AP-1920-03	344.00
93.044	SP6479002	AP ADMIN FED 3B 19/20	300	AP-1920-03	36,789.48
93.044	SP6479101	3B HOME MAKER 19/20	300	AP-1920-03	17,157.25
93.044	SP6479201	3B CARE MANAGEMENT 19/20	300	AP-1920-03	12,152.17

CHICO STATE ENTERPRISES
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

<u>Catalog Number</u>	<u>Project</u>	<u>Project Description</u>	<u>FirmCode</u>	<u>Contract Number</u>	<u>FY19-20 Federal Expenditures</u>
93.044	SP6479401	3B INFO & ASSIST 19/20	300	AP-1920-03	209,066.58
93.044	SP6479501	3B PUBLIC INFO 19/20	300	AP-1920-03	16,335.38
93.044	SP6479701	3B COMMUNITY EDUC 19/20	300	AP-1920-03	13,836.77
93.044	SP6479801	3B SENIOR COMPANION 19/20	300	AP-1920-03	17,431.74
93.044	SP6479901	3B OMBUDSMAN 19/20	300	AP-1920-03	12,109.89
93.044	SP6479902	3B OMBUDSMAN 19/20	300	AP-1920-03	14,471.63
93.044	SP6480601	3B SUBCONTRACTS 19/20	300	AP-1920-03	178,251.00
93.045	SP6479001	AP ADMIN 19/20 3C1	300	AP-1920-03	15,655.59
93.045	SP6479001	AP ADMIN 19/20 3C2	300	AP-1920-03	9,799.59
93.045	SP6479003	AP ADMIN FED 3C1 19/20	300	AP-1920-03	42,656.67
93.045	SP6479004	AP ADMIN FED 3C2 19/20	300	AP-1920-03	26,700.88
93.045	SP6480401	3C1 DIRECT SERVICES 19/20-FED	300	AP-1920-03	21,447.38
STATE	SP6480401	3C1 DIRECT SERVICES 19/20-ST	300	AP-1920-03	10,966.04
STATE	SP6480404	STATE 3C1 DIRECT 19/20	300	AP-1920-03	32,466.96
93.045	SP6480402	3C1 DIRECT 19/20	300	AP-1920-03	35,955.92
93.045	SP6480501	3C2 DIRECT SERVICES 19/20-FED	300	AP-1920-03	44,340.05
STATE	SP6480501	3C2 DIRECT SERVICES 19/20-ST	300	AP-1920-03	17,960.74
STATE	SP6480504	STATE 3C2 DIRECT 19/20	300	AP-1920-03	35,228.26
93.045	SP6480502	3C2 DIRECT 19/20	300	AP-1920-03	19,132.68
93.045	SP6480701	3C1 SUBCONTRACTS 19/20-FED	300	AP-1920-03	96,999.84
93.045	SP6480701	3C1 SUBCONTRACTS 19/20-FFCRA	300	AP-1920-03	517.83
STATE	SP6480701	3C1 SUBCONTRACTS 19/20-ST	300	AP-1920-03	75,193.08
93.045	SP6480702	3C1 SUBK 19/20	300	AP-1920-03	121,705.48
93.045	SP6480801	3C2 SUBCONTRACTS 19/20-FED	300	AP-1920-03	117,821.10
93.045	SP6480801	3C2 SUBCONTRACTS 19/20-FFCRA	300	AP-1920-03	9,776.36
STATE	SP6480801	3C2 SUBCONTRACTS 19/20-ST	300	AP-1920-03	153,509.00
93.045	SP6480802	3C2 SUBK 19/20	300	AP-1920-03	185,561.49
93.045	SP6484701	SUBK FFCRA 3C1	300	FFCRA-03	5,762.55
93.045	SP6484801	SUBK FFCRA 3C1	300	FFCRA-03	16,124.58
Sub-Total Federal \$ Aging Cluster Pass Through Awards, Ca Dept of Aging					1,309,396.75
Sub-Total State \$ Aging Cluster Pass Through Awards, Ca Dept of Aging					325,668.08
Ca Health Advocates					
93.048	SP6476501	CHA Sr Medicare Patrol 18/19	300	SMP 1819	1,972.00
93.048	SP6483401	Senior Medicare Patrol 19/20	300	SP-20-102	5,500.00
Sub-Total Pass Through Awards, Ca Health Advocates					7,472.00
Ca Dept Of Aging					
93.052	SP6479001	AP ADMIN 19/20 3E	300	AP-1920-03	5,869.11
93.052	SP6479005	AP ADMIN FED 3E 19/20	300	AP-1920-03	15,991.49
93.052	SP6480301	3E FCSP 19/20	300	AP-1920-03	189,232.51
Sub-Total Federal \$ Pass Through Awards, Ca Dept of Aging					211,093.11
Psa2 Area Agency On Aging					
93.052	SP6481201	PSA2 3E FCSP 19/20	300	6001-1920-A12	127,349.85
Sub-Total Federal \$ Pass Through Awards, Planning and Services Area 2 Area Agency of Aging Ca Dept of Aging					127,349.85
Ca Dept Of Aging					
93.053	SP6480401	3C1 DIRECT SERVICES 19/20-NSIP	300	AP-1920-03	3,987.00
93.053	SP6480403	3C1 DIRECT NSIP 19/20	300	AP-1920-03	13,893.00
93.053	SP6480501	3C2 DIRECT SERVICES 19/20-NSIP	300	AP-1920-03	3,908.10
93.053	SP6480503	3C2 DIRECT NSIP 19/20	300	AP-1920-03	23,329.90
93.053	SP6480701	3C1 SUBCONTRACTS 19/20-NSIP	300	AP-1920-03	9,481.68
93.053	SP6480703	3C1 SUBK NSIP 19/20	300	AP-1920-03	15,021.32
93.053	SP6480801	3C2 SUBCONTRACTS 19/20-NSIP	300	AP-1920-03	20,833.00
93.053	SP6480803	3C2 SUBK NSIP 19/20	300	AP-1920-03	24,021.00
Sub-Total Federal \$ Aging Cluster Pass Through Awards, Ca Dept of Aging					114,475.00

CHICO STATE ENTERPRISES
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

<u>Catalog Number</u>	<u>Project</u>	<u>Project Description</u>	<u>FirmCode</u>	<u>Contract Number</u>	<u>FY19-20 Federal Expenditures</u>
	National Council On Aging				
93.071	SP6470001	NOR STATE BENE ENRLMT CNTR '18	300	1189	(2.47)
93.071	SP6476601	North State Benefit Enrollment	300	SP-19-086	39,992.81
93.071	SP6483801	NCOA NSBEC 2020	300	SP-20-098	30,954.98
	Sub-Total Federal \$ Pass Through Awards, National Council on Aging				70,945.32
	Ca Dept Of Aging				
93.071	SP6471001	MIPPA FY 17/18	300	MI-1718-03	(6,936.41)
93.071	SP6477901	MIPPA 2018 - 2020	300	MI-1819-03	7,027.30
93.071	SP6477902	MIPPA 2018 - 2020	300	MI-1819-03	44,225.17
	Sub-Total Federal \$ Pass Through Awards, Ca Dept of Aging				44,316.06
	University of Iowa				
93.307	SP6469901	NIH HEALTH CNTRS CARE DUAL EIG	200	1001891795	714.02
	Sub-Total Pass Through Awards, University of Iowa				714.02
	The University of North Carolina at Chapel Hill				
93.307	SP6484901	ROLE OF HEALTH CENTERS/DUAL EL	200	5115734	15,999.25
	Sub-Total Pass Through Awards, University of North Carolina at Chapel Hill				15,999.25
	Ca Dept Of Aging				
93.324	SP6481104	HICAP FED PROGRAM 19/20	300	HI-1718-03	76,047.03
93.324	SP6474401	HICAP Program 18/19	300	HI-1718-03	42.23
93.324	SP6481001	HICAP ADMIN 19/20	300	HI-1718-03	1,393.75
93.324	SP6481101	HICAP PROGRAM 19/20	300	HI-1718-03	18,276.11
	Sub-Total Federal \$ Pass Through Awards, Ca Dept of Aging				95,759.12
	Ca Dept Of Public Health				
93.439	SP6477801	SPAN Grant - Colusa & Glenn	300	18-10550	36,066.50
93.439	SP6477802	SPAN Grant-Colusa & Glenn 1920	300	18-10550	38,996.84
	Sub-Total Pass Through Awards, CA Dept of Public Health				75,063.34
	Ca Dept Of Social Services				
93.558	SP6464101	CALWORKS 17/18 Y2	300	16-STD-00830	(6,250.02)
93.558	SP6474001	JULY/A CALWORKS JULY/AUG 18 Y3	300	16-STD-00830	5,662.75
93.558	SP6474601	CALWorks 18-19 Y1	300	18-3027	75,413.36
	Sub-Total, TANF Cluster, Pass Through Awards, Ca Dept of Social Services				74,826.09
	UC Berkeley				
93.658	SP6473901	Title IV-E Chld Wlfare 18/19	100	9911	0.45
93.658	SP6473902	Title IV-E Chld	100	9911	1,202,653.88
	Sub-Total Pass Through Awards, UC Berkeley				1,202,654.33
	Ca Dept Of Social Services				
93.658	SP6476001	Child Residential Training 19	300	18-3049	4,614.48
93.658	SP6476002	CHILD RESIDENTIAL TRAINING 20	300	18-3049	71,597.07
	Sub-Total Pass Through Awards, Ca Dept of Social Services				76,211.55
	Ca Dept Of Aging				
93.778	SP6466201	ADMIN/SUPP SERV CDA	300	MS-1718-10	5,211.05
93.778	SP6466301	CARE MGMT CDA	300	MS-1718-10	11,976.41
93.778	SP6473501	MSSP CMS/Admin 18/19	300	MS-1819-10	1,025.77
93.778	SP6473701	MSSP Waived Services 18/19	300	MS-1819-10	2,111.76
93.778	SP6478501	MSSP CMS-ADMIN 19/20	300	MS-1920-10	268,977.75
93.778	SP6478502	MSSP CARE MGMT 19/20	300	MS-1920-10	318,655.84
93.778	SP6478503	MSSP WAIVED SVCS 19/20	300	MS-1920-10	130,135.56
	Sub-Total Medicaid Cluster Pass Through Awards, Ca Dept of Social Services				738,094.14
	Ca Dept Of Aging				
STATE	SP6481002	HICAP REIMB ADMIN 19/20	300	HI-1718-03	8,385.01
STATE	SP6481003	HICAP FUND ADMIN 19/20	300	HI-1718-03	4,130.41
STATE	SP6481102	HICAP REIMB PROGRAM 19/20	300	HI-1718-03	117,782.03
STATE	SP6481103	HICAP FUND PROGRAM 19/20	300	HI-1718-03	58,969.03
	Total State \$ Pass Through Awards, Ca Dept of Aging				189,266.48

CHICO STATE ENTERPRISES
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

Catalog Number	Project	Project Description	FirmCode	Contract Number	FY19-20 Federal Expenditures
CA Dept of Aging					
STATE	SP6472301	Ombudsman State Funds 18/19	300	AP-1819-03	(18.54)
STATE	SP6472302	OMB State 3B GF 18/19	300	AP-1819-03	1,597.86
STATE	SP6480001	STATE OMBUDSMAN 19/20	300	AP-1920-03	42,258.16
STATE	SP6480002	OMB STATE 3B GF 19/20	300	AP-1920-03	45,738.03
STATE	SP6480003	OMB STATE LIC & CERT PROG FUND	300	AP-1920-03	3,561.49
STATE	SP6480004	OMB STATE FACILITY PENALTY ACC	300	AP-1920-03	8,629.90
STATE	SP6480005	OMB STATE SNF Q&A FUND 19/20	300	AP-1920-03	16,916.98
Sub-Total State \$ Pass Through Awards, Ca Dept of Aging					118,683.88
Ca Dept Of Social Services					
93.558	SP6478701	CALWORKS 19-20 Y2	300	18-3027	243,841.26
Sub-Total, TANF Cluster, Pass Through Awards, Ca Dept of Social Services					243,841.26
Total Research and Development Direct Awards					216,124.40
Total Federal \$ Pass Through Awards, Ca Dept of Aging					605,630.11
Total State \$ Pass Through Awards, Ca Dept of Aging					307,950.36
Total Federal \$ Aging Cluster Pass Through Awards, Ca Dept of Aging					1,423,871.75
Total State \$ Aging Cluster Pass Through Awards, Ca Dept of Aging					325,668.08
Total TANF Cluster Pass Through Awards, Ca Dept of Social Services					318,667.35
Total Pass Through Awards					1,378,114.49
Total Medicaid Cluster Pass Through Awards, Ca Dept of Social Services					738,094.14
Total Department of Health and Human Services					5,314,120.68
Corporation for National and Community Services					
Direct Awards					
94.011	SP6077701	Foster Grandparent 18/19	300	17SFPCA005	(657.05)
94.011	SP6077702	Foster Grandparents 19/20	300	17SFPCA005	232,938.70
94.016	SP6077801	Senior Companion	300	17SCPCA002	(14.94)
94.016	SP6077802	Senior Companions 19/20	300	17SCPCA002	60,273.30
Sub-Total, Foster Grandparent/Senior Companion Cluster, Direct Awards					292,540.01
Total Direct Awards, Foster Grandparent/Senior Companion Cluster					292,540.01
Total Corporation for National and Community Services					292,540.01
Department of Homeland Security					
Pass Through Awards					
97.067	SP6476201	Comm Infrastructure-Fairground	300	2017-0083	97,523.66
Sub-Total Pass Through Awards, Ca Office of Emergency Services					97,523.66
Total Pass Through Awards					97,523.66
Total Department of Homeland Security					97,523.66
Total Direct Awards					6,840,946.03
Total Research and Development Direct Awards					2,123,214.59
Total Pass Through Awards					2,658,856.80
Total Child Nutrition Cluster Pass Through Awards					43,538.00
Total SNAP Cluster Pass Through Awards					4,625,307.05
Total Economic Development Cluster Other Direct Awards					140,926.98
Total WIOA Cluster Pass Through Awards					5,990.00
Total Highway Planning and Construction Cluster Pass Through Awards					14,653.63
Total Research and Development Pass Through Awards					537,224.06
Total TRIO Cluster Direct Awards					2,315,960.57
Total Federal \$ Pass Through Awards, Ca Dept of Aging					605,630.11
Total State \$ Pass Through Awards, Ca Dept of Aging					307,950.36
Total Federal \$ Aging Cluster Pass Through Awards, Ca Dept of Aging					1,423,871.75
Total State \$ Aging Cluster Pass Through Awards, Ca Dept of Aging					325,668.08
Total TANF Cluster Pass Through Awards, Ca Dept of Social Services					318,667.35
Total Medicaid Cluster Pass Through Awards, Ca Dept of Social Services					738,094.14
Total Foster Grandparent/Senior Companion Cluster Direct Awards					292,540.01
					23,319,039.51
Total Federal and Federal Pass Through Awards					22,685,421.07
Total State and Other Awards Through Ca Dept of Aging					633,618.44
Grand Total Federal, Federal Pass Through and CDA Other Awards					23,319,039.51

CHICO STATE ENTERPRISES

Notes to the Schedule of Expenditures of Federal Awards

Year Ended June 30, 2020

Note 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Chico State Enterprises (CSE) under programs of the federal government for the year ended June 30, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of CSE, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the CSE.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 – Indirect Cost Rate

CSE did not elect to use the 10% de minimis cost rate as covered in the Uniform Guidance 2.CFR.200.414 indirect costs.

OTHER REPORTS

**INDEPENDENT AUDITORS' 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
Chico State Enterprises

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 Chico State Enterprises (CSE), which comprise the statements of net position as of June 30, 2020 and 2019, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated September 17, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered CSE's internal control over financial reporting (internal control) to determine 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 CSE's internal control. Accordingly, we do not express an opinion on the effectiveness of CSE'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 may exist that were not identified. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether CSE'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 determination of financial statement amounts. 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*.

**INDEPENDENT AUDITORS' 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*, CONTINUED**

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 CSE's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CSE's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Aldrich CPAs + Advisors LLP

San Diego, California
September 17, 2020

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors
of Chico State Enterprises

Report on Compliance for Each Major Federal Program

We have audited Chico State Enterprises' (CSE) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of CSE's major federal programs for the year ended June 30, 2020. CSE's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of CSE's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about CSE's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of CSE's compliance.

Opinion on Each Major Federal Program

In our opinion, CSE complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE, CONTINUED**

Report on Internal Control over Compliance

Management of CSE is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered CSE's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of CSE's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Aldrich CPAs + Advisors LLP

San Diego, California
September 17, 2020

CHICO STATE ENTERPRISES
Schedule of Findings and Questioned Costs
Year Ended June 30, 2020

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Significant deficiency(ies) identified?	No
Material weakness(es) identified?	No
Noncompliance material to the financial statements noted?	No

Federal Awards

Internal control over major program:	
Significant deficiency(ies) identified?	None reported
Material weakness(es) identified?	No
Type of auditors' report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance, 2 CFR section 200.516(a)?	No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
15.512	Central Valley Improvement Act, Title XXXIV
84.042	TRIO Cluster
84.044	TRIO Cluster
84.047	TRIO Cluster
93.778	Medical Assistance Program
93.052	National Family Caregiver Support, Title III, Part E

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as a low-risk auditee under the Uniform Guidance, 2 CFR section 200.520?	No

CHICO STATE ENTERPRISES
Schedule of Findings and Questioned Costs
Year Ended June 30, 2020

Section II – Financial Statement Findings

None reported.

Section III – Federal Award Findings and Questioned Costs

None reported.

CHICO STATE ENTERPRISES
Schedule of Findings and Questioned Costs
Year Ended June 30, 2020

Section IV – Prior Audit Findings

Material Weakness

2019-001 – Reimbursable Expenses and Related Billings

Condition: During our audit we reviewed a selection of cash disbursements and noted that many of the invoices and other equivalent information necessary for expense reimbursement by Chico State Enterprises (CSE) were being submitted by employees and subcontractors from a month to multiple months after the expense was actually incurred. This contributed to billings be done late resulting in a significant amount of unbilled expenses at year end. More specifically, there was approximately \$1,800,000 worth of reimbursable expenses related to state and federal contracts occurring before year end that were not recognized as a revenue for the year ended June 30, 2019 until late in August 2019. This necessitated a journal entry to record such amounts as revenue, accounts receivable, and unbilled revenue for the year ended June 30, 2019.

Recommendation: We recommend that CSE create (if not already created) and implement a formal invoice submission/reimbursement policy that outlines a specific amount of days a receipt or equivalent information must be submitted by in order for it to be reimbursed by CSE. We would also recommend that CSE evaluate its process for billing grantors for reimbursable expenses and create a policy that requires bills to be submitted to granting agencies within a certain amount of days of reimbursable expenses being processed.

Current status: Corrective action was taken in the year ended June 30, 2020.

2018-001 - Revenue Recognition

Condition: CSE receives multiple types of grants/contracts that have different terms for billing and reimbursements. The majority of grants/contracts are cost reimbursed and should have revenue recorded based on actual expenses incurred during the year. CSE also has other grants/contracts that require the CSE to meet a certain benchmark, complete a specific milestone, serve a required number of participants, provide space to use for specific programs, etc. before it is paid by the funder (non-cost reimbursable). Such contracts should have revenue recorded based on when CSE actually meets the criteria specified by the funder (i.e. meets a benchmark, completes a milestone, submits a report, etc.). CSE booked year end entries on non-cost reimbursable contracts/grants that recorded revenue and unbilled revenue based on the amount of expenses incurred on a project. This overstated revenue and unbilled revenue by approximately \$1,000,000.

Recommendation: It was recommended that CSE do an analysis of all existing grants/contracts to determine the frequency of billings and whether the grant/contract is cost reimbursable or not and then integrate the information from the analysis (grant type and frequency of billing) into the accounting software. That way CSE could better track billings, cash receipts, and expenses on a grant type basis and would allow CSE to better assess if the amount of unbilled revenue and revenue is correct at year end.

Current status: Corrective action was taken in the year ended June 30, 2020.