HUMBOLDT STATE UNIVERSITY CENTER

BOARD OF DIRECTORS

BASIC FINANCIAL STATEMENTS

AND SUPPLEMENTARY INFORMATION

Including Schedules Prepared for
Inclusion in the Financial Statements of the
California State University

Year Ended June 30, 2020

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MOSSADAMS

Report of Independent Auditors

To the Board of Directors
Humboldt State University Center Board of Directors

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Humboldt State University Center Board of Directors (the "University Center") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the University Center's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 respective financial position of the business-type activities of Humboldt State University Center Board of Directors as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter Regarding Going Concern

The accompanying financial statements have been prepared assuming that the University Center will continue as a going concern. As discussed in Note 12 to the financial statements, the University Center was notified that HSU is invoking its right to terminate the Operating Agreement between the Board of Trustees of the California State University and the University Center with 90 days' notice due to noncompliance, and has stated that substantial doubt exists about the University Center's ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding these matters are also described in Note 12. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

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 through 6, the schedule of the University Center's proportionate share of the net pension liability on pages 23, schedule of University Center's contributions on page 24, and schedule of changes in net other post-employment benefits liability on page 25 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the University Center's basic financial statements. The schedule of net position, schedule of revenues, expenses, and changes in net position, other information, and notes to the supplementary information (collectively supplementary information) is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic 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 October 7, 2020 on our consideration of University Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of University Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering University Center's internal control over financial reporting and compliance.

Moss Adams LLP

Medford, Oregon
October 7, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Humboldt State University Center Board of Directors (University Center) annual financial report presents management's overview and analysis of the financial activities of the University Center for the year ended June 30, 2020. This discussion has been prepared by management and should be read in conjunction with the financial statements and notes.

Introduction to the Basic Financial Statements

The annual report consists of a series of financial statements, prepared in accordance with the Governmental Accounting Standard Board (GASB) Statement No. 35, Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities. This standard is applicable to University Center because it is a component unit of Humboldt State University (HSU). Consistent with HSU, University Center has adopted the business-type activity (BT) reporting model to represent its activities.

The financial statements include: the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position and the Statement of Cash Flows. These statements are supported in the annual report by the notes to the financial statements and this section. All sections should be considered together to obtain complete understanding of the financial picture of University Center.

Statement of Net Position – The Statement of Net Position includes all assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position. Assets and liabilities are reported on an accrual basis as of the statement date. It also identifies major categories of restrictions on the net position of University Center.

Statement of Revenues, Expenses, and Changes in Net Position – The Statement of Revenues, Expenses, and Changes in Net Position presents the revenues earned and expenses incurred during the year on an accrual basis.

Statement of Cash Flows – The Statement of Cash Flows presents the inflows and outflows of cash, summarized by operating, noncapital financing, capital and related financing, and investing activities. The statement is prepared using the direct method of cash flows, and therefore, presents gross rather than net amounts for the year's operating activities.

Reporting Entity – The financial statements of HSU will be separated between HSU and its component units. The latter are separate I.R.C. 501 (c) (3) non-profit auxiliary organizations whose financial information will be presented in a discrete column and in the footnotes of HSU's financial statements. Consequently, these auxiliaries must comply with the same governmental rulings and present their individual separate audited financial statements in the same format.

Analytical Overview

A summary of key financial statement information is presented below:

	2020	2019	Increase (Decrease)	Percent Change
Assets:				
Current assets	$ 11,072,254	$ 11,916,477	$ (844,223)	-7%
Capital assets, net of acculumated depreciation	816,548	682,452	134,096	20%
Postemployment benefit asset	420,761	24,874	395,887	-
Total assets	12,309,563	12,623,803	(314,240)	-2%
Deferred outflows of resources	1,588,279	1,518,207	70,072	5%
Liabilities:				
Current liabilities	731,997	845,717	(113,720)	-13%
Non-current liabilities	1,884,318	1,452,400	431,918	30%
Total liabilities	2,616,315	2,298,117	318,198	14%
Deferred inflows of resources	1,151,621	755,277	396,344	52%
Net position:				
Net investment in capital assets	816,548	682,452	134,096	20%
Unrestricted	9,313,358	10,406,164	(1,092,806)	-11%
Total net position	$ 10,129,906	$ 11,088,616	$ (958,710)	-9%

Statement of Net Position Variance Analysis between 2020 and 2019

University Center has a cash balance of $335,473 in the checking account and $10,204,233 held in LAIF. This combined total of unrestricted cash of $10,539,706 is approximately 96.99% of the operating revenue of the 2019-20 fiscal year. This balance allows University Center the ability to fund ongoing repair and maintenance projects, the ability to weather an unforeseen circumstance or expense, and provides adequate operating capital.

Current assets decreased by $844,223. Current assets include: cash and cash equivalents, unrestricted cash in Local Agency Investment Fund (LAIF), accounts receivable, prepaid expenses, inventory and other current assets. The decrease in current assets is largely due to net decrease of cash received from customers over payments made for operating activities. University Center continued to pay student employee wages for their scheduled shifts through the end of Spring 2020 semester despite the closure of most programs due to COVID-19.

Capital assets, net, increased by $134,096 which was mainly the result of new equipment purchases totaling $380,121, offset by depreciation expense of $245,384. Significant purchases included a dishwasher for The J and an upgraded accounting system and payroll system during the 2019-20 fiscal year.

Deferred outflows of resources increased by $70,072 resulting from additional contributions subsequent to the measurement date.

The GASB 75 requirement to recognize postemployment benefit liability, as determined by an actuarial study dated June 30, 2019, found the actuarial accrued liability to be $4,224,485. University Center participates in the VEBA Trust developed by the California State University Auxiliary Organizations Association to hold plan assets to fund this accrued liability. As of the June 30, 2019 valuation, plan assets held by VEBA were $4,645,246 resulting in a net OPEB asset of $420,761. University Center reports the net OPEB asset as of June 30, 2020 based on the June 30, 2019 valuation.

Current liabilities decreased by $113,720. Current liabilities include: accounts payable, salaries and benefits payable, accrued compensated absences, unearned revenue, and other current liabilities.

Non-current liabilities increased by $431,918. The noncurrent liabilities represent the net pension liability that is required to be recognized and recorded in accordance with the parameters of GASB Statement No. 68. The net

pension liability as of June 30, 2020, as determined by an actuarial valuation dated June 30, 2018 and rolled forward to June 30, 2019, found the net pension liability to be $1,884,318. University Center participates in a cost sharing multiple-employer defined benefit plan though California Public Employees' Retirement System (CalPERS). University Center reports the net pension liability as of June 30, 2020 based on the June 30, 2018 valuation.

Deferred inflows of resources increased by $396,344 resulting from differences between projected and actual earnings and employer contributions and proportionate share of contributions on pension obligations and differences between expected and actual experiences on OPEB obligations.

Net position decreased by $958,710 reflecting the cumulative net change in assets, deferred inflows and outflows and liabilities for the year.

Operating Results

University Center's condensed summary of revenues, expenses, and changes in net position for the years ended June 30, 2020 and 2019 is as follows:

Condensed Summary of Revenues, Expenses, and Changes in Net Position

	2020	2019	Increase (Decrease)	Percent Change
Revenues:				
Operating revenues:				
Revenue from operations				
Dining sales	$ 8,425,425	$ 11,686,693	$ (3,261,268)	-28%
CenterArts sales	724,215	1,083,911	(359,696)	-33%
Center Activities sales	246,036	467,516	(221,480)	-47%
Student fees	1,165,488	901,192	264,296	29%
Other revenues	305,353	348,395	(43,042)	-12%
Total operating revenues	10,866,517	14,487,707	(3,621,190)	-25%
Expenses:				
Operating expenses	11,819,182	13,353,713	(1,534,531)	-11%
Depreciation expense	245,384	182,956	62,428	34%
Total operating expenses	12,064,566	13,536,669	(1,472,103)	-11%
Operating income (loss)	(1,198,049)	951,038	(2,149,087)	-226%
Nonoperating revenues:				
Investment income	239,339	278,157	(38,818)	-14%
Net nonoperating revenues	239,339	278,157	(38,818)	-14%
Increase (decrease) in net position	(958,710)	1,229,195	(2,187,905)	-178%
Net position:				
Net position at beginning of year	11,088,616	9,859,421	1,229,195	12%
Net position at end of year	$ 10,129,906	$ 11,088,616	$ (958,710)	-9%

Revenue and Expense Variance Analysis between 2020 and 2019

Operating revenues are sales from operations and student fee monies. Sales from operations are comprised of Dining Services (The "J" and the Cupboard in the Residence Halls, The Depot, Windows Cafe, Library Café and College Creek Marketplace), outsourced bookstore operations to FOLLETT and student programming services for Center Activities, Student Recreation Center, Humboldt Bay Aquatic Center and CenterArts. Current year operating revenues decreased by $3,621,190. All areas were negatively affected by declining student enrollment, campus closure due to COVID-19 in March 2020 and intermittent closings due to Public Safety Power Shutdowns during the 2019-20 fiscal year. Current year operating expenses consist of auxiliary enterprise expenses of $12,064,566 Prior year operating expenses consisted of auxiliary enterprise expenses of $13,536,669. Current year operating expenses decreased by $1,472,103. Decreases were incurred in most areas due to the campus closure in March 2020 due to COVID-19 through the end of the 2019-20 fiscal year.

Investment income was $239,339 which was a decrease of $38,818 over the prior year. Investment income is comprised of interest from LAIF. The decrease from the prior year is primarily due to market fluctuation and having

less funds held in LAIF to earn interest income as funds were being used to continue to pay operating costs despite lost revenues due to COVID-19.

Factors Impacting Future Periods

University Center, as is the rest of the campus, is struggling to efficiently meet campus demands for services in an environment of significantly declining enrollment, a shift in student demographics, and concerns about the affordability of a college education. Tightening state and university budgets, a drop in student enrollment, increasing efforts to address student basic needs, minimum wage increases, and additional costs for employee benefits have all had their financial impacts on University Center's budget and operations.

Adding to the challenges in the 2020-21 year are the impacts of the COVID-19 outbreak as it continues to evolve as of the date of this report. Face to face instruction has been severely limited for the Fall 2020 semester, due to the COVID-19 pandemic. Overall enrollment, the number of students physically on campus, staff and faculty numbers, and general campus activity has been significantly reduced. These situations will drastically impact operations for 2020-21 FY. Management will continue to monitor operating costs in the University Center and review its operations and make adjustments accordingly.

Also affecting the University Center's financial situation in the 2020-21 FY, will be the reduction of budgeted student fees. A Student Fee Referendum received a positive vote to increase student fees for University Center in 2019-20 FY to increase funding for the General Fund areas; Center Activities, CenterArts and General Operations. The $60 fee increase was to be phased in over two years in order to lessen the financial impact for students. As a result, the fee increased by $30 per semester in 2019-20 and was to increase by an additional $30 per semester during 2020-21. The University made the decision not to implement any of the planned Category II Fee increases in 2020-21 in an effort to keep fees flat for students as the campus navigates the pandemic. As a result, University Center will have a further reduction of more than $300,000 in student fees from the 2020-21 budgeted revenues.

The University Center is a participant in CalPERS. CalPERS is a defined-benefit retirement program that relies heavily on investments in financial markets for the assets required to pay benefits to retirees. This reliance on investment returns to meet expectations exposes the University Center to potentially large rate increases when the CalPERS investment portfolio fails to meet expectations.

Also note, University Center was provided a notice on August 4, 2020 from the Office of the Vice President of Enrollment Management stating University Center has been reassigned from Administrative Affairs to report across multiple divisions. Center Activities will now report to Director of Athletics and Recreational Sports, CenterArts and Operations will report to Dean of Students, while Commercial Operations including HSU Dining Services and the management of the FOLLETT contract will be under the direction of Housing & Residential Life. The impact of the stated changes in reporting structure are not yet known as of this report. There are no changes to financial reporting, University Center currently is under the direction of an Interim Executive Director. A search will be underway for a permanent Executive Director to start Summer 2021.

Subsequent to year end, University Center was notified that HSU is invoking its right to terminate the Operating Agreement between the Board of Trustees of the California State University (CSU) and the University Center with 90 days' notice due to non-compliance. University Center is actively working to resolve the breaches pointed out in the termination notice and hopes to work collaboratively with HSU to restore the agreement prior to termination.

Request for Information

This financial report is designed to provide a general overview of the University Center's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the University Center, 1 Harpst Street, Arcata, CA 95521.

BASIC FINANCIAL STATEMENTS

HUMBOLDT STATE UNIVERSITY CENTER BOARD OF DIRECTORS
Statement of Net Position
June 30, 2020

ASSETS		
Current assets:		
Cash and cash equivalents	$	335,473
Cash invested in LAIF		10,204,233
Accounts and other receivable, net		306,002
Inventories		170,597
Prepaid expenses		55,949
Total current assets		11,072,254
Noncurrent assets:		
Capital assets being depreciated, net		816,548
Net OPEB asset		420,761
Total noncurrent assets		1,237,309
Total assets		12,309,563
DEFERRED OUTFLOWS OF RESOURCES:		
OPEB - contributions		214,986
Pension - contributions		380,984
OPEB related		38,073
Pension related		954,236
Total deferred outflows of resources		1,588,279
LIABILITIES		
Current liabilities:		
Accounts payable		56,294
Accrued salaries and benefits payable		23,329
Accrued compensated absences		109,411
Unearned revenues		228,248
Other liabilities		314,715
Total current liabilities		731,997
Noncurrent liabilities:		
Net pension liability		1,884,318
Total liabilities		2,616,315
DEFERRED INFLOWS OF RESOURCES:		
OPEB related		367,618
Pension related		784,003
Total deferred inflows of resources		1,151,621
NET POSITION		
Net investment in capital assets		816,548
Unrestricted		9,313,358
Total net position	$	10,129,906

See accompanying notes

HUMBOLDT STATE UNIVERSITY CENTER BOARD OF DIRECTORS

Statement of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2020

Revenues	
Operating revenues:	
Revenue from operations	$ 9,701,029
Student fees	1,165,488
Total operating revenues	10,866,517
Expenses	
Operating expenses:	
Salaries and wages	3,957,791
Cost of sales	3,081,125
Employee benefits	1,922,434
Rent	642,895
Event costs	616,268
Repairs and maintenance	480,662
Utilities	296,498
Depreciation	245,384
Supplies and services	214,405
Bank service charges	131,693
Operating contributions to Humboldt State University	117,666
Outside professional services	66,293
Services from other funds	66,288
Communications	61,410
Insurance	60,234
Other and miscellaneous	58,431
Business and professional meetings	21,291
Dues and subscriptions	10,002
Vehicle	9,584
Advertising and promotion	4,212
Total operating expenses	12,064,566
Operating loss	(1,198,049)
Non-Operating revenues	
Investment income	239,339
Net non-operating revenues	239,339
Decrease in net position	(958,710)
Net position	
Net position at beginning of year	11,088,616
Net position at end of year	$ 10,129,906

See accompanying notes

HUMBOLDT STATE UNIVERSITY CENTER BOARD OF DIRECTORS
Statement of Cash Flows
Year ended June 30, 2020

Cash flows from operating activities:		
Cash received from customers	$	10,650,049
Cash payments to suppliers for operations		(5,575,171)
Cash payments to employees for services		(5,601,401)
Cash payments for general and administrative expenses		(329,581)
Net cash provided by (used in) operating activities		**(856,104)**
Cash flows from capital financing activities:		
Acquisition of capital assets		(380,121)
Net cash provided by (used in) capital activities		**(380,121)**
Cash flows from investing activities:		
Investment income		239,339
Net cash provided by (used in) investing activities		**239,339**
Net increase (decrease) in cash and cash equivalents		(996,886)
Cash and cash equivalents at beginning of the year		11,536,592
Cash and cash equivalents at end of the year	**$**	**10,539,706**
Reconciliation to cash per statement of net position:		
Cash and cash equivalents	$	335,473
Cash invested in LAIF		10,204,233
Total cash and cash equivalents at end of year	**$**	**10,539,706**
Reconciliation of operating income to net cash provided by (used in) operating activities:		
Operating loss	$	(1,198,049)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:		
Depreciation		245,384
Loss on disposal		641
Changes in operating assets and liabilities:		
Accounts and other receivables		(75,370)
Inventories		(53,534)
Prepaid expenses		(23,759)
Net OPEB asset		(395,887)
Deferred outflows of resources		(70,072)
Accounts payable		(93,356)
Accrued salaries and benefits payable		(50,628)
Accrued compensated absenses		(14,542)
Unearned revenues		(141,096)
Other liabilities		185,902
Net pension liability		431,918
Deferred inflows of resources		396,344
Net cash provided by (used in) operating activities	**$**	**(856,104)**

See accompanying notes

Note (1) Organization

Humboldt State University Center Board of Directors (University Center) is an auxiliary organization of Humboldt State University (HSU) in Arcata, California, and the California State University System. As an affiliated organization component unit of HSU, University Center's financial data is included in HSU's financial statements. University Center is a nonprofit corporation formed to promote the welfare of HSU and its students and employees.

The primary activities of University Center are to develop, finance and operate the College Union, bookstore (currently under outside management), and dining services on the HSU campus. During the fiscal year ending June 30, 2020, University Center provided management services to the Northern Humboldt Recreation and Park District. University Center is primarily supported by student fees and dining sales, and contracted revenues from students at HSU.

University Center has a management agreement with Follett Higher Education Group, Inc. (Follett) which gives Follett the exclusive right to operate the bookstore on campus and related internet sales for the University Center.

Note (2) Summary of Significant Accounting Policies

(a) Basis of Presentation

University Center has determined that it should apply generally accepted accounting principles applicable to governmental entities based on an amendment to the articles of incorporation and bylaws that has clarified University Center's relationship as a component unit of HSU.

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with U.S. generally accepted accounting principles, as prescribed by the GASB. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The financial statements required by the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended by GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities* include a statement of net position, a statement of revenues, expenses, and changes in net position, and a statement of cash flows. University Center has elected to use the proprietary fund reporting model for special-purpose governments engaged only in business-type activities. Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. In accordance with the business-type activities reporting model, University Center prepares its statement of cash flows using the direct method.

(b) Basis of Accounting

The financial statements of have been prepared to conform with Accounting Principles Generally Accepted in the United States of America (GAAP) as applied to governmental units. GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The summary of significant accounting policies is presented to assist in understanding University Center's financial statements. The financial statements and notes are representations of management,

who is responsible for their integrity and objectivity. These accounting policies have been consistently applied in the preparation of the financial statements.

(c) Classification of Current and Noncurrent Assets and Liabilities

University Center considers assets to be current that can reasonably be expected, as part of its normal business operations, to be converted to cash and be available for liquidation of current liabilities within 12 months of the statement of net position date. Liabilities that reasonably can be expected, as part of normal University Center business operations, to be liquidated within 12 months of the statement of net position date are considered to be current. All other assets and liabilities are considered to be noncurrent.

(d) Cash and Cash Equivalents

University Center considers all highly liquid investments with an original maturity date of three months or less to be cash and cash equivalents. Amounts included in the Local Agency Investment Fund (LAIF) are considered to be cash equivalents.

(e) Accounts Receivable

University Center provides a reserve for uncollectible accounts that is based upon a review of outstanding receivables. Accounts receivable considered uncollectible are charged against the reserve account in the year they are deemed to be uncollectible. No reserve for uncollectible accounts was deemed necessary as of June 30, 2020.

(f) Inventories

The food and beverage inventory is stated at cost, using the first-in, first-out (FIFO) method. At June 30, 2020, the cost of the food and beverage inventory was $170,597.

(g) Capital Assets

Capital assets are recorded at cost less depreciation calculated by the straight-line method. Building improvements are depreciated over a five- to twenty-year life. Equipment, furniture, and fixtures are depreciated over a five- to ten-year life. Work in progress represents expenditures for facility improvements not placed in service during the year.

University Center capitalizes acquisitions of equipment that have a useful life greater than one year and are in excess of $5,000, improvements in excess of $10,000, and intangible property in excess of $5,000.

At June 30, 2020, $248,225, of equipment is used by University Center but is not recorded on the statement of net position because title is held by an outside granting agency. Additionally, University Center uses office facilities and equipment which are the property of the California State University. No lease payments are required for the use of these facilities.

(h) Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense) until then. The deferred outflows of resources related to pension and Other Post Employment Benefits (OPEB) items as noted in Note (5) and Note (6). The deferred outflows will be amortized to pension and OPEB expense over the expected average remaining service lifetime for the plan.

(i) Compensated Absences

Compensated absences consist of vacation leave earned by employees based on services rendered. Employees may accumulate up to 400 hours of vacation depending on years of service. Upon termination of employment, all unused vacation benefits are paid to employees. Accordingly, vacation benefits are accrued as a liability. Generally, sick leave benefits provide for ordinary sick pay and are cumulative but do not vest with the employee. Therefore, a liability for sick leave benefits is not accrued.

(j) Unearned Revenue

Unearned revenue consists of balances on "C-Card", convenience cards that students, faculty and staff can add funds to and use at their convenience. The C-cards can be used at any HSU Dining location, HSU Bookstore, most campus vending machines, campus computer labs for printing, Residence Hall's laundry washer and dryers, and Philly Cheese Steak Shoppe in Arcata.

(k) Net OPEB Asset

University Center recognizes post-employment benefits as a liability (asset) in the statement of net position and recognizes changes in the funded status in the year in which the changes occur in unrestricted net position, unless a minimum amortization is required to be included as a component of net periodic postretirement benefit cost in accordance with applicable accounting standards.

(l) Net Pension Liability

For purposes of measuring the net pension liability and deferred outflow/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California Public Employees' Retirement System (CalPERS) plan and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value.

(m) Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position by the University Center that is applicable to a future reporting period. The deferred inflows of resources related to pension and OPEB as noted in Note (5) and Note (6). These amounts are deferred and amortized to pension and OPEB expense over closed periods ranging from 0 to 9.8 years.

(n) Net Position

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. University Center reports three categories of net position, as follows:

Net Investment in Capital Assets — consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.

Restricted Expendable – Other – subject to externally imposed conditions that can be fulfilled by the actions of the University Center or the passage of time. At June 30, 2020, University Center had no restricted funds.

Unrestricted Net Position – consists of all other net position that does not meet the definition of the above component and is available for general use by University Center.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, management applies unrestricted net position first, unless a determination is made to use restricted net position.

(o) Classification of Revenues and Expenses

University Center considers operating revenues and expenses in the statement of revenues, expenses, and changes in net position to be those revenues and expenses that result from exchange transactions or from other activities that are connected directly to University Center's primary functions. Exchange transactions include charges for services rendered and the acquisition of goods and services.

Certain other transactions are reported as non-operating revenues and expense in accordance with GASB Statement No. 35. These non-operating activities include net investment income.

(p) Revenue Recognition

Student Fees - Student union fees are recorded when received from the revenue bond program.

Revenue from operations - All revenue from operations including, but not limited to, bookstore commissions, food sales, and vending, is recorded when earned.

Investment Income - Investment income is recorded at the time it is earned.

(q) Income Taxes

University Center qualifies as a tax exempt organization under the applicable sections of the Internal Revenue Code (IRC) Section 501(c)(3) and California Revenue and Taxation Code Section 23701(d).

University Center has evaluated its tax positions and the certainty as to whether those tax position will be sustained in the event of an audit by taxing authorities at the federal and state levels. The primary tax positions evaluated are related to the University Center's continued qualification as a tax-exempt organization and whether there is unrelated business income activities conducted that would be taxable. Management has determined that all income tax positions are more likely than not of being sustained upon potential audit or examination; therefore, no disclosures of uncertain income tax positions are required. University Center files informational tax returns in the U.S. federal jurisdictions and the state of California.

(r) 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.

Note (3) Cash and Cash Equivalents

University Center maintains its cash in bank deposit accounts that are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of $250,000 per depositor. At June 30, 2020, University Center's uninsured and uncollateralized cash balance was $66,699. Custodial credit risk is the risk that in the event of the failure of a counterparty, University Center would not be able to recover the value of its investments that are in the possession of an outside party. Financial instruments that potentially subject University Center to custodial risk are investments in excess of amounts insured by the FDIC. No policy exists related

to custodial risk specifically. University Center's investment policy does not prohibit deposits in single institutions that expose University Center to custodial credit risk. Management believes the organization is not exposed to any significant custodial credit risk related to cash.

University Center's short-term investment portfolio consists entirely of investments in LAIF, a voluntary program created by statute as an alternative for California's local governments and special districts that allow affiliates to participate in a major investment portfolio. It is under the administration of the California State Treasurer's Office. There are no significant interest rate risks or credit risks to be disclosed in accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures - an amendment of GASB Statement No. 3.* The investment is not insured. However, these funds are invested in accordance with California Government Code Sections 16430 and 16480, the stated investment authority for the Pooled Money Investment Account. At June 30, 2020, cash in LAIF was $10,204,233.

Note (4) Capital Assets

The change in capital assets for the year ended June 30, 2020, is as follows:

	Balance 6/30/2019	Transfers	Additions	Deletions	Balance 6/30/2020
Capital assets, not being depreciated:					
Work in progress	$ 242,195	$ (242,195)	$ -	$ -	$ -
Capital assets, being depreciated:					
Equipment & furniture	1,575,164	242,195	320,105	(277,977)	1,859,487
Building & improvements	2,823,015	-	60,016	-	2,883,031
Total capital assets, being depreciated	4,398,179	242,195	380,121	(277,977)	4,742,518
Less accumulated depreciation for:					
Equipment & furniture	(1,384,411)	-	(162,410)	277,336	(1,269,485)
Buildings & improvements	(2,573,511)	-	(82,974)	-	(2,656,485)
Total accumulated depreciation	(3,957,922)	-	(245,384)	277,336	(3,925,970)
Total capital assets being depreciated, net	440,257	242,195	134,737	(641)	816,548
Capital assets, net	$ 682,452	$ -	$ 134,737	$ (641)	$ 816,548

Depreciation expense for the year ended June 30, 2020, was $245,384.

Note (5) Pension Plan – California Public Employee's Retirement System (CalPERS)

University Center participates in a cost sharing multiple-employer defined benefit plan through CalPERS which covers substantially all regular full-time employees of the University Center. CalPERS acts as a common investment and administrative agent for participating public entities with the state of California and reports information to the University Center in accordance with reporting standards established by GASB.

The proportionate share of the net pension liability, pension expense and deferred inflow of resources for the above plan and a deferred outflow of resources as follows of and for the year ended June 30, 2020:

Pension Plan	Proportionate Share of Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Proportionate Share of Pension Expense
CalPERS	$ 1,884,318	$ 1,335,220	$ 784,003	$ 1,047,480

Plan Description

Qualified employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Plan under CalPERS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The Public Agency Cost-Sharing Multiple-Employer Plan is comprised of a Miscellaneous or Safety Plan. The University Center sponsors two Miscellaneous Risk Pool plans, however, the information presented below represents the sum of the allocated pension amounts for each of the University Center's respective plans (the Plan). The Plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State statues, as legislatively amended, within the Public Employees' Retirement Law.

Benefits Provided

The Plan provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for employment-related disability benefits regardless of length of service and non-duty disability benefits after 5 years of service. Disability benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. The Post-Retirement Death Benefit is a one-time payment made to a retiree's designated survivor or estate upon the retiree's death. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least 5 years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law. The First Tier Plan was closed to new entrants on or after January 1, 2013.

The Plan provisions and benefits in effect at June 30, 2020, are summarized as follows:

	Miscellaneous Risk Pool	
	First Tier Plan	PEPRA Misc Plan
Hire date	On or Before December 31, 2012	On or after January 1, 2013
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Required employee contribution rates	6.906%	6.750%
Required employer contribution rates	10.221%	6.985%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are determined annually through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. University Center is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The

contribution rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2020 are presented above and the total University Center contributions were $380,984.

Pension Liabilities, Pension Expense, Deferred Outflows or Resources and Deferred Inflows of Resources Related to Pension

As of June 30, 2020, University Center reported net pension liabilities for its proportionate share of the Miscellaneous Risk Pool net pension liability totaling $1,884,318. The net pension liability was measured as of June 30, 2019, the measurement date. The total pension liability for Miscellaneous Risk Pool was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2018 and rolling forward the total pension liability to June 30, 2019. University Center's proportion of the net pension liability was based on a projection of University Center's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At the June 30, 2019 measurement date, University Center's proportion was 0.0184%.

For the year ended June 30, 2020, University Center recognized pension expense of $1,047,480. At June 30, 2020, University Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 284,829	$ -
Changes in assumptions	136,833	-
Net difference between projected and actual earnings on investments	-	77,719
Changes in proportion	532,574	-
Differences between employer contributions and proportionate share of contributions	-	706,284
Total (prior to post-measurement date contributions)	954,236	784,003
Contributions subsequent to the measurement date	380,984	-
Total	$ 1,335,220	$ 784,003

The deferred outflows of resources related to pensions resulting from University Center contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. The remaining deferred outflows and inflows of resources will be amortized over a closed period of between 0 and 9.8 years and will be recognized in pension expense as follows:

Year Ended June 30	Deferred Outflows/ (Inflows) of Resources
2021	$ 213,988
2022	(56,085)
2023	(3,374)
2024	15,704
	$ 170,233

Actuarial Methods and Assumptions

Total pension liability for the Plan was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2018, and rolling forward the total pension liability to June 30, 2019. The

financial reporting actuarial valuation as of June 30, 2018 used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2018
Measurement date	June 30, 2019
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality rate table	Derived using CalPERS' Membership Data for all Funds (1)

(1) The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The expected real rates of return by asset class are as follows:

Asset Class (1)	New Strategic Allocation	Real Return Years 1-10 (2)	Real Return Years 11+ (3)
Global equity	50.0%	4.80%	5.98%
Fixed income	28.0	1.00	2.62
Inflation assets	0.0	0.77	1.81
Private equity	8.0	6.30	7.23
Real assets	13.0	3.75	4.93
Liquidity	1.0	0.00	(0.92)

(1) In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.
(2) An expected inflation of 2.00% used for this period
(3) An expected inflation of 2.92% used for this period

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected

to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension Liability Sensitivity

The following presents University Center's proportionate share of the net pension liability for the Plan, calculated as of June 30, 2020 using the discount rate for the Plan, as well as what University Center's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

Description	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
UC's proportionate share of the Plan's pension liability (asset)	$ 4,569,570	$ 1,884,318	$ (332,168)

Pension Plan Fiduciary Net Position

Detailed information about CalPERS Miscellaneous Risk Plan fiduciary net position is available in a separate issued comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

Note (6) Other Post Employment Benefits (OPEB)

OPEB Plan Description - CalPERS

University Center participates in the CalPERS medical program. University Center pays a portion of the retiree's healthcare insurance premiums. The plan also covers dependents of the employee. Benefited employees hired prior to July 1, 2006, who are eligible to retire from CalPERS, are 100% vested. Benefited employees hired on or after July 1, 2006, are 50% vested at age 50 if they have 10 years of service. With every additional year of service the vesting increases by 5% reaching 100% for employees who are age 50 or older who have at least 20 years of service. University Center's premium contribution cannot be less than what is defined by CalPERS Section 22892(b). Total contribution payments to CalPERS for retirees for the year ended June 30, 2020 were $214,986.

In the fiscal year ended June 30, 2012, University Center began participating in the Auxiliaries Multiple Employer VEBA (Voluntary Employees' Beneficiary Association), an agent multiple-employer defined benefit OPEB plan. The Auxiliaries Multiple Employer VEBA is a separate 501(c)(9) organization established in August 2010 to assist in funding post-retirement healthcare benefits for recognized auxiliaries of the California State University System. The Auxiliaries Multiple Employer VEBA seeks an average total annual return net of fees and expenses of 3.0% plus the Consumer Price Index for All Urban Consumers: U.S. City Average – All Items. To achieve its return objectives, the Auxiliaries Multiple Employer VEBA's investment portfolio is allocated among a number of asset classes. Copies of the Trust annual financial report may be obtained from the Humboldt State University Center Business Office at 1 Harpst Street, Arcata, CA 95521.

	Number of participants
Inactive employees receiving benefits	30
Inactive employees entitled to but not receiving benefits	0
Participating active employees	43
Total number of participants	73

OPEB Expense, Deferred Outflows or Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2020, University Center recognized OPEB expense of $166,892. At June 30, 2020, University Center reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 367,618
Changes in assumptions	-	-
Net difference between projected and actual earnings on investments	38,073	-
Total (prior to post-measurement date contributions)	38,073	367,618
Contributions subsequent to the measurement date	214,986	-
Total	$ 253,059	$ 367,618

The deferred outflows of resources related to OPEB resulting from University Center contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2021. The remaining deferred outflows and inflows of resources will be amortized over a closed period of between 0 and 9.8 years and will be recognized in OPEB expense as follows:

Year Ended June 30	Deferred Outflows/ (Inflows) of Resources
2021	$ (32,256)
2022	(32,256)
2023	(32,256)
2024	(32,258)
thereafter	(116,969)
	$ (245,995)

Assumptions and Other Inputs

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

The Total OPEB Liability was determined by an actuarial valuation as of June 30, 2019 which is the measurement date using the following actuarial assumptions:

Inflation	2.75%
Health care cost trends	4.00%
Salary increases	2.75%
Investment rate of return	6.00%

Mortality rates were based on the 2014 CalPERS Active Mortality for Miscellaneous Employees and 2014 CalPERS Retiree Mortality for Miscellaneous Employees Tables. CalPERS periodically studies mortality tables that are modified versions of commonly used tables. These tables incorporate morality projections as deemed appropriate based on CalPERS analysis.

Retirement assumptions were based on the 2009 CalPERS 2.0%@60 Rates for Miscellaneous Employees and the 2009 CalPERS Retirement Rates for School Employees tables. Turnover assumptions were based on the 2009 CalPERS Termination Rates for School Employees table. CalPERS periodically studies the experience for participating agencies and establishes tables that are appropriate for each pool.

For other assumptions, the actuarial valuation used actual plan provisions and plan data.

The following presents the net OPEB liability, with a healthcare cost trend rate 1-percentage-point lower (3.0 percent) and 1-percentage-point higher (5.0 percent) than assumed in the valuation:

	Trend 1% Lower	Valuation Trend	Trend 1% Higher
Net OPEB Liability (Asset)	$ (846,386)	$ (420,761)	$ 72,973

The discount rate used to measure the total OPEB liability was 6.00%. The projection of cash flows used to determine the discount rate assumed that University Center's contributions will be made at the current contribution rate. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members over a period not to exceed 30 years. Historic 30 year real rates of return for each asset class along with an assumed long-term inflation assumptions was used to set the discount rate. The expected investment return was offset by investment expense of 25 basis points.

The Long-Term Expected Rate of Return on OPEB Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the Long-Term Expected Rate of Return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation.

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
All Fixed Income	39.0%	4.5000%
All Domestic Equities	30.0%	7.5000%
All International Equities	25.5%	7.5000%
Real Estate Investment Trusts	5.5%	7.5000%
	100.0%	

The following presents the net OPEB liability, with a discount rate 1-percentage-point lower (5.0 percent) and 1-percentage-point higher (7.0 percent) than assumed in the valuation:

	Discount Rate 1% Lower	Valuation Discount Rate	Discount Rate 1% Higher
Net OPEB Liability (Asset)	$ 88,327	$ (420,761)	$ (845,858)

Changes in the Total OPEB Liability

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Opening Balance 6/30/18	$ 4,425,633	$ 4,450,507	$ (24,874)
Service Cost/Expected Employer/Employee Contributions	177,612	-	177,612
Interest on Total OPEB Liability	263,869	-	263,869
Expected Investment Income	-	266,311	(266,311)
Administrative Expense	-	(23,978)	23,978
Employee Contributions			
Employee Contributions to Trust			
Employer Contributions as Benefited Payments	-	233,236	(233,236)
Benefit Payments from Trust	-	-	-
Expected Benefit Payments from Employer	(233,236)	(233,236)	-
Roll Forward Balance at 6/30/19 based on 6/30/18 valuation	$ 4,633,878	$ 4,692,840	$ (58,962)
Differences between Expected and Actual Experience	(409,393)	-	(409,393)
Change in Assumptions	-	-	-
Change in Benefit Terms	-	-	-
Investment Gains/Losses	-	(47,594)	47,594
Other	-	-	-
Net Change during 2018-19	(409,393)	(47,594)	(361,799)
Balance at 6/30/20 based on 6/30/18 valuation	$ 4,224,485	$ 4,645,246	$ (420,761)

As of June 30, 2019, the most recent actuarial valuation date and also the measurement date, University Center's total OPEB liability of $4,224,485. University Center has set aside funds to cover retiree health liabilities in VEBA, a GASB 75 qualifying trust. The Fiduciary Net Position of this trust at June 30, 2019 was $4,645,246, resulting in a Net OPEB Asset of $420,761. The OPEB expense for the year ended June 30, 2020 is $166,892.

Note (7) Operating Leases

University Center has a dining service agreement with the Trustees of the California State University to provide dining service as an integral part of the operation of the residence halls and educational facilities of Humboldt State University. The current contract period is July 1, 2019 through June 30, 2022. The agreement requires that the University Center pay for the use of the residence hall dining service facilities. The user fee covers rent for the facility use, all administrative services provided by the Housing Department in the marketing, licensing, management of licensing, cashiering, and the reception of visitor and calls relating to the Dining Program and all maintenances/repairs services provided to the residence halls dining service facilities. Amounts for rent and payroll are updated annually. For the year ended June 30, 2020, the user fee was calculated using market rate for square footage totals of $396,058 and applicable payroll totals of $319,206, totaling $715,264. The 4th quarter amount was then reduced by 50% due to the closure of campus and facilities as a result of COVID-19.

For the year ended June 30, 2020 the amount totaled $625,858, which was included in rent expense:

Jolly Giant Commons (HSU)	$ 469,231
College Creek Marketplace (HSU)	96,252
Giant's Cupboard (HSU)	60,375
Total	$ 625,858

Note (8) Unrestricted Net Position

Unrestricted net position consists of the following board designated classifications as of June 30, 2020:

Working capital reserves	$	1,129,292
Current operating reserves (economic uncertainty)		1,693,940
Capital replacement reserves		3,245,063
Planned future operations		3,245,063
Total unrestricted net position	$	9,313,358

Note (9) Related Party Transactions

University Center and HSU provide various services on each other's behalf including lease agreements that are described in Note 7. Such services are appropriately billed. At June 30, 2020, receivables due from HSU are $20,081. Accounts payable include $40,032 and other payables include $281,480 due to HSU at June 30, 2020. Amounts paid by the University Center to HSU for the year ended June 30, 2020 totaled $2,146,684 for other than salaries of HSU personnel and $393,823 for salaries of HSU personnel. Amounts received by University Center from HSU for the year ended June 30, 2020 totaled $9,226,352, mostly the remittance of meal plan monies. As part of ongoing operations, University Center contributed $117,666 of dining goods and services to HSU during the year ended June 30, 2020.

Note (10) Follett Operating Agreement

On June 16, 2011, University Center entered into an initial agreement with Follett Higher Education Group, Inc. (FOLLETT) for FOLLETT to provide exclusive contracted bookstore management services for the period of July 1, 2011 through June 30, 2018. The agreement was extended for one additional year for the period July 1, 2018 through June 30, 2019 and then renewed for an additional two years, June 30, 2019 through June 30, 2021. This agreement will renew automatically for three one-year periods beginning on the day after the last day of the term. The renewed contract beginning July 1, 2019 through June 30, 2021 states FOLLETT will pay an applicable percentage of net sales of the bookstore with no minimum annual guaranteed payment. For the year ended June 30, 2020, University Center received $136,819, 13% of FOLLETT sales.

Note (11) Subsequent Event

In January 2020, an outbreak of a novel coronavirus (COVID-19) occurred in the United States, along with various other countries globally. On March 11, 2020, the World Health Organization assessed the COVID-19 outbreak and characterized it as a pandemic. Although this is expected to be temporary, given the dynamic nature of these circumstances, the duration and intensity of the impact of COVID-19 and resulting impact to the market value changes, losses, and related financial impacts cannot be reasonably estimated at this time. Management is not currently able to reasonably estimate the potential financial impacts, and the financial statements have not been adjusted related to this matter.

Note (12) Going Concern

On September 24, 2020, University Center was notified that HSU is invoking its right to terminate the Operating Agreement between the Board of Trustees of the California State University (CSU) and University Center with 90 days' notice due to non-compliance. In accordance with the agreement, the University Center may use the 90-day advance notice period to remediate any breaches of said agreement. If, in judgement of the CSU, the breaches have been cured, the termination notice will be cancelled. However, if the agreement is terminated it may result in the University Center's removal, suspension or probation as a CSU auxiliary in good standing and loss of any right for the University Center to use the

name, resources or facilities of the CSU or any of its campuses. These factors create substantial doubt about the University Center's ability to continue as a going concern for the year following the date the financial statements are available to be issued. University Center is actively working to resolve the breaches pointed out in the termination notice and hopes to work collaboratively with HSU to restore the agreement prior to termination.

REQUIRED SUPPLEMENTARY INFORMATION

HUMBOLDT STATE UNIVERSITY CENTER BOARD OF DIRECTORS

Schedule of University Center's Proportionate Share of the Net Pension Liability

California Public Employees Retirement Plan

Year ended June 30, 2020

	Measurement date June 30,						
	2019	2018	2017	2016	2015	2014	2013
University Center's proportion of the net pension liability (asset)	0.01839%	0.01507%	0.01604%	0.01502%	0.04833%	0.05138%	not available
University Center's proportionate share of the net pension liability (asset)	$ 1,884,318	$ 1,452,400	$ 1,591,076	$ 1,300,060	$ 3,317,223	$ 3,196,822	$ 4,111,907
University Center's covered payroll	$ 1,897,965	$ 1,864,678	$ 1,841,448	$ 1,733,380	$ 1,656,173	$ 1,491,835	$ 1,481,211
University Center's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	99.28%	77.89%	86.40%	75.00%	200.29%	214.29%	277.60%
Plan fiduciary net position as a percentage of the total pension liability	90.56%	92.35%	91.30%	92.25%	78.30%	79.86%	72.55%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

HUMBOLDT STATE UNIVERSITY CENTER BOARD OF DIRECTORS

Schedule of University Center's Contributions
California Public Employees Retirement Plan
Year ended June 30, 2020

	Year ended June 30,					
	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution	$ 380,984	$ 224,728	$ 184,909	$ 432,005	$ 381,830	$ 265,777
Contributions in relation to the actuarially determined contribution	(380,984)	(224,728)	(184,909)	(432,005)	(381,830)	(265,777)
Contribution deficiency (excess)	-	-	-	-	-	-
University Center's covered payroll	$ 1,921,866	$ 1,897,965	$ 1,864,678	$ 1,841,447	$ 1,733,380	$ 1,656,173
Contributions as a percentage of covered payroll	19.82%	11.84%	9.92%	23.46%	22.03%	13.89%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available. Prior years data updated to meet current year reporting changes.

HUMBOLDT STATE UNIVERSITY CENTER BOARD OF DIRECTORS

Schedule of Changes in Net OPEB Liability and Related Ratios

California Public Employees Retirement Plan

Year ended June 30, 2020

	Measurement date June 30,		
	2019	2018	2017
Total OPEB liability:			
Service cost	$ 177,612	$ 103,607	$ 168,232
Interest on total OPEB liability	263,869	153,969	251,365
Changes of benefit terms	-	-	-
Change of assumptions	-	-	-
Differences between expected and actual experiences	(409,393)	(111,306)	-
Expected Benefit payments	(233,236)	(135,864)	(223,951)
Net change in total OPEB liability	(201,148)	10,406	195,646
Total OPEB Liability - beginning	4,425,633	4,415,227	4,219,581
Total OPEB Liability - ending	$ 4,224,485	$ 4,425,633	$ 4,415,227
Plan fiduciary net position:			
Employer Contributions	233,236	135,864	223,951
Expected investment income	266,311	153,748	557,197
Expected Benefit payments	(233,236)	(135,864)	(223,951)
Investment Gains/Losses	(47,594)	(77,741)	-
Administrative expense	(23,978)	(18,300)	(30,500)
Net change in plan fiduciary net position	194,739	57,707	526,697
Plan fiduciary net position - beginning	4,450,507	4,392,800	3,866,103
Plan fiduciary net position - ending	$ 4,645,246	$ 4,450,507	$ 4,392,800
University Center's net OPEB liability (asset) - ending	$ (420,761)	$ (24,874)	$ 22,427
Plan fiduciary net position as a percentage of the total OPEB liability	109.96%	100.56%	99.49%
Covered payroll	$ 1,897,965	$ 1,864,678	$ 1,780,692
University Center's net OPEB liability (asset) as a percentage of the covered payroll	-22.17%	-1.33%	1.26%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

OTHER SUPPLEMENTARY INFORMATION

Humboldt State University Center Board of Directors
Schedule of Net Position
June 30, 2020
(for inclusion in the California State University)

Assets:	
Current assets:	
Cash and cash equivalents	335,473
Short-term investments	10,204,233
Accounts receivable, net	306,002
Capital lease receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	-
Prepaid expenses and other current assets	226,546
Total current assets	**11,072,254**
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	-
Capital assets, net	816,548
Other assets	420,761
Total noncurrent assets	**1,237,309**
Total assets	**12,309,563**
Deferred outflows of resources:	
Unamortized loss on debt refunding	-
Net pension liability	1,335,220
Net OPEB liability	253,059
Others	-
Total deferred outflows of resources	**1,588,279**
Liabilities:	
Current liabilities:	
Accounts payable	56,294
Accrued salaries and benefits	23,329
Accrued compensated absences, current portion	109,411
Unearned revenues	228,248
Capital lease obligations, current portion	-
Long-term debt obligations, current portion	-
Claims liability for losses and loss adjustment expenses, current portion	-
Depository accounts	-
Other liabilities	314,715
Total current liabilities	731,997
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	-
Unearned revenues	-
Grants refundable	-
Capital lease obligations, net of current portion	-
Long-term debt obligations, net of current portion	-
Claims liability for losses and loss adjustment expenses, net of current portion	-
Depository accounts	-
Net other postemployment benefits liability	-
Net pension liability	1,884,318
Other liabilities	-
Total noncurrent liabilities	1,884,318
Total liabilities	2,616,315
Deferred inflows of resources:	
Service concession arrangements	-
Net pension liability	784,003
Net OPEB liability	367,618
Unamortized gain on debt refunding	-
Nonexchange transactions	-
Others	-
Total deferred inflows of resources	1,151,621
Net position:	
Net investment in capital assets	816,548
Restricted for:	
Nonexpendable – endowments	-
Expendable:	
Scholarships and fellowships	-
Research	-
Loans	-
Capital projects	-
Debt service	-
Others	-
Unrestricted	9,313,358
Total net position	**10,129,906**

Humboldt State University Center Board of Directors

Schedule of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2020

(for inclusion in the California State University)

Revenues:	
Operating revenues:	
Student tuition and fees, gross	1,165,488
Scholarship allowances (enter as negative)	-
Grants and contracts, noncapital:	
Federal	-
State	-
Local	-
Nongovernmental	-
Sales and services of educational activities	-
Sales and services of auxiliary enterprises, gross	9,701,029
Scholarship allowances (enter as negative)	-
Other operating revenues	-
Total operating revenues	**10,866,517**
Expenses:	
Operating expenses:	
Instruction	-
Research	-
Public service	-
Academic support	-
Student services	-
Institutional support	-
Operation and maintenance of plant	-
Student grants and scholarships	-
Auxiliary enterprise expenses	11,819,182
Depreciation and amortization	245,384
Total operating expenses	**12,064,566**
Operating income (loss)	**(1,198,049)**
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	239,339
Endowment income (loss), net	-
Interest expense	-
Other nonoperating revenues (expenses) - excl. interagency transfers	-
Net nonoperating revenues (expenses)	**239,339**
Income (loss) before other revenues (expenses)	**(958,710)**
State appropriations, capital	-
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	-
Increase (decrease) in net position	**(958,710)**
Net position:	
Net position at beginning of year, as previously reported	11,088,616
Restatements	-
Net position at beginning of year, as restated	**11,088,616**
Net position at end of year	**10,129,906**

HUMBOLDT STATE UNIVERSITY CENTER BOARD OF DIRECTORS
Other Information
June 30, 2020
(for inclusion in the California State University)

1 Cash and cash equivalents:

Portion of restricted cash and cash equivalents related to endowments	
All other restricted cash and cash equivalents	
Noncurrent restricted cash and cash equivalents	-
Current cash and cash equivalents	335,473
Total	**$ 335,473**

2.1 Composition of investments:

Investment Type	Current	Noncurrent	Fair Value
Money market funds			-
Repurchase agreements			-
Certificates of deposit			-
U.S. agency securities			-
U.S. treasury securities			-
Municipal bonds			-
Corporate bonds			-
Asset backed securities			-
Mortgage backed securities			-
Commercial paper			-
Mutual funds			-
Exchange traded funds			-
Equity securities			-
Alternative investments:			
Private equity (including limited partnerships)			-
Hedge funds			-
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)	10204233		**10,204,233**
State of California Surplus Money Investment Fund (SMIF)			-
Other investments:			
			-
Total Other investments	-	-	-
Total investments	**10,204,233**	-	**10,204,233**
Less endowment investments (enter as negative number)		-	-
Total investments, net of endowments	**$ 10,204,233**	-	**10,204,233**

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	$ -				
Repurchase agreements	-				
Certificates of deposit	-				
U.S. agency securities	-				
U.S. treasury securities	-				
Municipal bonds	-				
Corporate bonds	-				
Asset backed securities	-				
Mortgage backed securities	-				
Commercial paper	-				
Mutual funds	-				
Exchange traded funds	-				
Equity securities	-				
Alternative investments:					
Private equity (including limited partnerships)	-				
Hedge funds	-				
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)	**10,204,233**				10,204,233
State of California Surplus Money Investment Fund (SMIF)	-				
Other investments:					
	-				
Total Other investments	$ -	-	-	-	-
Total investments	**10,204,233**	-	-	-	**10,204,233**

HUMBOLDT STATE UNIVERSITY CENTER BOARD OF DIRECTORS
Other Information
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(for inclusion in the California State University)

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):			$ -

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					$ -				$ -
Works of art and historical treasures					-				-
Construction work in progress (CWIP)	242,195				**242,195**			(242,195)	-
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	**$ 242,195**	-	-	-	**$ 242,195**	-	-	**(242,195)**	**$ -**
Depreciable/Amortizable capital assets:									
Buildings and building improvements	2,823,015				**2,823,015**	60,016			**2,883,031**
Improvements, other than buildings					-				-
Infrastructure					-				-
Leasehold improvements					-				-
Personal property:									
Equipment	1,575,164				**1,575,164**	320,105	(277,977)	242,195	**1,859,487**
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	**4,398,179**	-	-	-	**4,398,179**	**380,121**	**(277,977)**	**242,195**	**4,742,518**
Total capital assets	**$ 4,640,374**	-	-	-	**$ 4,640,374**	**380,121.0**	**(277,977)**	-	**$ 4,742,518**
Less accumulated depreciation/amortization: (enter as negative number, except for reductions enter as positive number)									
Buildings and building improvements	(2,573,511)				**(2,573,511)**	(82,974)			**(2,656,485)**
Improvements, other than buildings					-				-
Infrastructure					-				-
Leasehold improvements					-				-
Personal property:									
Equipment	(1,384,411)				**(1,384,411)**	(162,410)	277,336		**(1,269,485)**
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	**(3,957,922)**	-	-	-	**(3,957,922)**	**(245,384)**	**277,336**	-	**(3,925,970)**
Total capital assets, net	**$ 682,452**	-	-	-	**$ 682,452**	**134,737**	**(641)**	-	**816,548**

HUMBOLDT STATE UNIVERSITY CENTER BOARD OF DIRECTORS
Other Information
June 30, 2020
(for inclusion in the California State University)

3.2 Detail of depreciation and amortization expense:

Depreciation and amortization expense related to capital assets	$ 245,384
Amortization expense related to other assets	
Total depreciation and amortization	**$ 245,384**

4 Long-term liabilities:

	Balance June 30, 2019	Prior Period Adjustments/Reclassifications	Balance June 30, 2019 (Restated)	Additions	Reductions	Balance June 30, 2020	Current Portion	Noncurrent Portion
1. Accrued compensated absences	**$ 123,953**		**123,953**	144,036	(158,578)	**$ 109,411**		$ 109,411.0
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)	-		-			-		-
4.4 Others:								
	-		-			-		-
	-		-			-		-
	-		-			-		-
	-		-			-		-
Total others	-	-	-	-	-	-	-	-
Sub-total long-term debt	**$ -**	-	-	-	-	**$** -	-	-
4.5 Unamortized net bond premium/(discount)	-		-			-	-	-
Total long-term debt obligations	-	-	-	-	-	-	-	-
Total long-term liabilities	**$ 123,953**	-	**123,953**	**144,036**	**(158,578)**	**$ 109,411**	-	**$ 109,411**

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									**$ -**

HUMBOLDT STATE UNIVERSITY CENTER BOARD OF DIRECTORS
Other Information
June 30, 2020
(for inclusion in the California State University)

6 Long-term debt obligations schedule:

	Auxiliary revenue bonds (non-SRB related)			All other long-term debt obligations			Total long-term debt obligations		
	Principal	**Interest**	**Principal and Interest**	**Principal**	**Interest**	**Principal and Interest**	**Principal**	**Interest**	**Principal and Interest**
Year ending June 30:									
2021			-			-	-	-	-
2022			-			-	-	-	-
2023			-			-	-	-	-
2024			-			-	-	-	-
2025			-			-	-	-	-
2026 - 2030			-			-	-	-	-
2031 - 2035			-			-	-	-	-
2036 - 2040			-			-	-	-	-
2041 - 2045			-			-	-	-	-
2046 - 2050			-			-	-	-	-
Thereafter			-			-	-	-	-
Total minimum payments	$ -	-	-	-	-	-	-	-	-
Less: amounts representing interest									-
Present value of future minimum payments									-
Unamortized net premium/(discount)									-
Total long-term debt obligations									-
Less: current portion									-
Long-term debt obligations, net of current portion									-

7 Transactions with related entities:

Payments to University for salaries of University personnel working on contracts, grants, and other programs	393823
Payments to University for other than salaries of University personnel	2146684
Payments received from University for services, space, and programs	9226352
Gifts-in-kind to the University from discretely presented component units	117666
Gifts (cash or assets) to the University from discretely presented component units	0
Accounts (payable to) University (enter as negative number)	-40032
Other amounts (payable to) University (enter as negative number)	-281480
Accounts receivable from University (enter as positive number)	20081
Other amounts receivable from University (enter as positive number)	0

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	
		-

HUMBOLDT STATE UNIVERSITY CENTER BOARD OF DIRECTORS
Other Information
June 30, 2020
(for inclusion in the California State University)

9 Natural classifications of operating expenses:

	Salaries	Benefits - Other	Benefits - Pension	Benefits - OPEB	Scholarships and fellowships	Supplies and other services	Depreciation and amortization	Total operating expenses
Instruction	-	-	-	-		-		-
Research	-	-	-	-		-		-
Public service	-	-	-	-		-		-
Academic support	-	-	-	-		-		-
Student services	-	-	-	-		-		-
Institutional support	-	-	-	-		-		-
Operation and maintenance of plant	-	-	-	-		-		-
Student grants and scholarships					-			-
Auxiliary enterprise expenses	3,957,791	708,062	1,047,480	166,892		5,938,957		**11,819,182**
Depreciation and amortization							245,384	**245,384**
Total operating expenses	**$ 3,957,791**	**708,062**	**1,047,480**	**166,892**	**-**	**5,938,957**	**245,384**	**12,064,566**

10 Deferred outflows/inflows of resources:

1. Deferred Outflows of Resources

Deferred outflows - unamortized loss on refunding(s)	
Deferred outflows - net pension liability	1335220
Deferred outflows - net OPEB liability	253059
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	**$ 1,588,279**

2. Deferred Inflows of Resources

Deferred inflows - service concession arrangements	
Deferred inflows - net pension liability	784003
Deferred inflows - net OPEB liability	367618
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	**$ 1,151,621**

HUMBOLDT STATE UNIVERSITY CENTER BOARD OF DIRECTORS
Note to Supplementary Information
Year ended June 30, 2020

NOTE 1 – SUPPLEMENTARY INFORMATION

As an auxiliary organization of the California State University (CSU), Humboldt State University Center Board of Directors (University Center) is required to include audited supplementary information in its financial statements in the form and content specified by CSU. As a result, there are differences in reporting format between University Center's financial statements and the supplementary schedules for CSU.

MOSSADAMS

Report of Independent Auditors 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
Humboldt State University Center Board of Directors

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 the business-type activities of Humboldt State University Center Board of Directors (University Center), a component unit of Humboldt State University as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise University Center's basic financial statements, and have issued our report thereon dated October 7, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered University Center'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 University Center's internal control. Accordingly, we do not express an opinion on the effectiveness of University Center's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether University Center'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 opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described below.

> The University Center did not comply with the Operating Agreement between the Board of Trustees of the California State University and the University Center, which resulted in a notice of termination between the two entities if not remediated within 90 days of the letter dated September 24, 2020.
>
> Managements response: The University Center is actively working to resolve the breaches pointed out in the termination notice and hopes to work collaboratively with HSU to restore the agreement prior to termination.

University Center's Response to Findings

The University Center's response to the findings identified in our audit is described previously. The University Center's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Moss Adams LLP

Medford, Oregon
October 7, 2020