

**Faculty-Student Association of
State University of New York at Buffalo, Inc.
dba Campus Dining & Shops
and Subsidiary**

**Consolidated Financial Statements and
Supplementary Information**

May 31, 2021 and 2020

**Faculty-Student Association of State University of New York
at Buffalo, Inc., dba Campus Dining & Shops and Subsidiary**
Consolidated Financial Statements

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Report of Independent Auditors

To the Board of Directors of
Faculty-Student Association of State University of New York
at Buffalo, Inc. dba Campus Dining & Shops and Subsidiary
Buffalo, New York

We have audited the accompanying consolidated financial statements of Faculty-Student Association of State University of New York at Buffalo, Inc. dba Campus Dining & Shops (“UB FSA Campus Dining and Shops”) and UB FSA Services, LLC (collectively, the “Association”), which comprise the consolidated statements of financial position as of May 31, 2021 and 2020, and the related consolidated statements of activities, functional expenses, changes in net assets without donor restrictions, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management’s Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors’ Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors’ judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Association’s preparation and fair presentation

of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Association as of May 31, 2021 and 2020 and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information on pages 21 through 26 is presented for purposes of additional analysis and is not a required part of the 2021 consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2021 consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2021 consolidated financial statements or to the 2021 consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements for the year ended May 31, 2021 as a whole.

Tronconi Segarra & Associates LLP
Williamsville, New York
August 31, 2021

**Faculty-Student Association of State University of New York
at Buffalo, Inc. dba Campus Dining & Shops and Subsidiary**

Consolidated Statements of Financial Position

May 31, 2021 and 2020

	2021	2020
Assets		
<i>Current Assets</i>		
Cash	\$ 22,222,144	\$ 11,530,335
Restricted cash	15,838	6,588
Temporary investments	2,899,908	14,905,736
Accounts receivable, net	1,343,352	999,838
Other receivables	4,467,581	0
Inventories	652,270	1,023,658
Prepaid expenses	205,843	358,388
	31,806,936	28,824,543
<i>Long-Term Assets</i>		
Deposit	239,357	239,357
Fixed assets, net	7,563,352	8,329,746
Designated investments - campus programs	1,909,619	1,543,385
	9,712,328	10,112,488
Total assets	\$ 41,519,264	\$ 38,937,031
Liabilities and Net Assets		
<i>Current Liabilities</i>		
Current maturities of long-term debt	\$ 717,472	\$ 684,546
Funds held for others	15,838	6,588
Accounts payable	227,963	125,499
Accrued expenses	2,811,448	8,152,287
Deferred revenue	245,125	416,652
	4,017,846	9,385,572
Total current liabilities	4,017,846	9,385,572
<i>Long-Term Debt, less current maturities</i>	4,139,436	4,856,908
Total liabilities	8,157,282	14,242,480
<i>Net Assets</i>		
Without donor restrictions		
Undesignated	20,570,839	11,698,195
Designated for capital assets - net of related debt	2,706,444	2,788,292
Designated for operating reserves	3,177,130	3,338,969
Board designated	6,907,569	6,869,095
	33,361,982	24,694,551
Total net assets	33,361,982	24,694,551
Total liabilities and net assets	\$ 41,519,264	\$ 38,937,031

See report of independent auditors and notes to consolidated financial statements.

**Faculty-Student Association of State University of New York
at Buffalo, Inc. dba Campus Dining & Shops and Subsidiary**

*Consolidated Statements of Activities
for the years ended May 31, 2021 and 2020*

	2021	2020
<i>Changes in Net Assets Without Donor Restrictions:</i>		
<i>Revenues</i>		
Food service	\$ 19,098,720	\$ 33,448,991
Vending operations	657,091	1,494,577
Other auxiliary revenue	1,201,175	1,825,327
Dividends and interest	50,744	409,839
Net realized and unrealized gains	481,217	388,758
Other revenue	335,853	377,359
Total revenues	21,824,800	37,944,851
<i>Operating Expenses</i>		
Food service	16,287,226	30,260,265
Vending operations	589,564	1,257,771
Other auxiliary expenses	1,173,109	1,647,726
Management and general	4,876,314	5,825,865
Total operating expenses	22,926,213	38,991,627
<i>Other Income (Expense)</i>		
SUNY rent and campus support forgiveness	3,405,853	0
Unemployment insurance reimbursements	3,356,035	0
Employee retention tax credits	3,006,956	0
Contributions to University at Buffalo	0	(17,118,821)
Total other income (expense)	9,768,844	(17,118,821)
Increase (Decrease) in net assets without donor restrictions	8,667,431	(18,165,597)
<i>Net Assets Without Donor Restrictions, beginning of year</i>	24,694,551	42,860,148
<i>Net Assets Without Donor Restrictions, end of year</i>	\$ 33,361,982	24,694,551

See report of independent auditors and notes to consolidated financial statements.

**Faculty-Student Association of State University of New York
at Buffalo, Inc. dba Campus Dining & Shops and Subsidiary**

Consolidated Statement of Functional Expenses

for the year ended May 31, 2021

(with comparative totals for the year ended May 31, 2020)

	Program Services			Supporting Services		2021	2020
	Food Service	Vending	Other Auxiliary Services	Management and General			
Salaries and wages	\$ 5,935,814	\$ 110,093	\$ 286,742	\$ 1,568,793	\$ 7,901,442	\$ 12,205,682	
Payroll taxes and employee benefits	3,436,744	88,426	201,493	816,574	4,543,237	6,617,677	
Total salaries and related expenses	9,372,558	198,519	488,235	2,385,367	12,444,679	18,823,359	
Cost of goods sold	4,012,083	307,345	560,024	0	4,879,452	10,847,192	
Rent	1,020,973	44,221	34,415	14,157	1,113,766	3,094,481	
Depreciation	1,218,519	28,847	34,006	43,994	1,325,366	1,499,765	
Campus support	99,220	0	0	201,492	300,712	866,066	
Bad debt	0	0	0	288,266	288,266	194,766	
Bank services charges	30,766	0	40,000	0	70,766	208,000	
Commissions expense	154,381	1,529	0	0	155,910	299,908	
Insurance	100	0	0	634,898	634,998	625,883	
Interest expense	0	0	0	237,583	237,583	269,162	
Licenses	19,331	2,423	6,920	356,993	385,667	330,752	
Minor equipment and equipment rental	47,934	0	2,523	19,962	70,419	424,160	
Professional development and travel	0	0	0	21,335	21,335	113,506	
Professional fees	6,868	0	0	318,888	325,756	189,626	
Recruiting	0	0	0	9,310	9,310	78,134	
Repairs and maintenance	126,497	4,810	1,831	17,893	151,031	356,355	
Supplies and materials	118,082	200	2,407	12,768	133,457	282,349	
Miscellaneous	59,914	1,670	2,748	313,408	377,740	488,163	
Total functional expenses	<u>\$ 16,287,226</u>	<u>\$ 589,564</u>	<u>\$ 1,173,109</u>	<u>\$ 4,876,314</u>	<u>\$ 22,926,213</u>	<u>\$ 38,991,627</u>	

See report of independent auditors and notes to consolidated financial statements.

**Faculty-Student Association of State University of New York
at Buffalo, Inc. dba Campus Dining & Shops and Subsidiary**

*Consolidated Statement of Functional Expenses
for the year ended May 31, 2020*

	Program Services			Supporting Services	2020
	Food Service	Vending	Other Auxiliary Services	Management and General	
Salaries and wages	\$ 9,908,188	\$ 200,386	\$ 387,486	\$ 1,709,622	\$ 12,205,682
Payroll taxes and employee benefits	5,381,191	112,091	184,674	939,721	6,617,677
Total salaries and related expenses	15,289,379	312,477	572,160	2,649,343	18,823,359
Cost of goods sold	9,230,954	751,560	864,678	0	10,847,192
Rent	2,762,091	124,230	63,883	144,277	3,094,481
Depreciation	1,373,487	31,621	35,168	59,489	1,499,765
Campus support	133,622	0	0	732,444	866,066
Bad debt	0	0	0	194,766	194,766
Bank services charges	133,721	0	74,135	144	208,000
Commissions expense	267,635	22,496	9,777	0	299,908
Insurance	0	0	0	625,883	625,883
Interest expense	0	0	0	269,162	269,162
Licenses	10,583	0	5,504	314,665	330,752
Minor equipment and equipment rental	363,170	125	6,705	54,160	424,160
Professional development and travel	0	0	0	113,506	113,506
Professional fees	2,178	0	0	187,448	189,626
Recruiting	0	0	0	78,134	78,134
Repairs and maintenance	314,795	11,888	9,205	20,467	356,355
Supplies and materials	242,556	649	3,860	35,284	282,349
Miscellaneous	136,094	2,725	2,651	346,693	488,163
Total functional expenses	<u>\$ 30,260,265</u>	<u>\$ 1,257,771</u>	<u>\$ 1,647,726</u>	<u>\$ 5,825,865</u>	<u>\$ 38,991,627</u>

See report of independent auditors and notes to consolidated financial statements.

**Faculty-Student Association of State University of New York
at Buffalo, Inc. dba Campus Dining & Shops and Subsidiary**
*Consolidated Statements of Changes in Net Assets Without Donor Restrictions
for the years ended May 31, 2021 and 2020*

	Undesignated	Designated			One World Café Project Costs	Total
		Capital Assets	Operating Reserves	Campus Programs		
<i>Balance, May 31, 2019</i>	\$ 15,659,165	\$ 4,036,456	\$ 3,197,669	\$ 1,444,358	\$ 18,522,500	\$ 42,860,148
Increase (Decrease) in net assets without donor restrictions	<u>(3,960,970)</u>	<u>(1,248,164)</u>	<u>141,300</u>	<u>99,027</u>	<u>(13,196,790)</u>	<u>(18,165,597)</u>
<i>Balance, May 31, 2020</i>	11,698,195	2,788,292	3,338,969	1,543,385	5,325,710	24,694,551
Increase (Decrease) in net assets without donor restrictions	<u>8,872,644</u>	<u>(81,848)</u>	<u>(161,839)</u>	<u>366,234</u>	<u>(327,760)</u>	<u>8,667,431</u>
<i>Balance, May 31, 2021</i>	<u>\$ 20,570,839</u>	<u>\$ 2,706,444</u>	<u>\$ 3,177,130</u>	<u>\$ 1,909,619</u>	<u>\$ 4,997,950</u>	<u>\$ 33,361,982</u>

See report of independent auditors and notes to consolidated financial statements.

**Faculty-Student Association of State University of New York
at Buffalo, Inc. dba Campus Dining & Shops and Subsidiary**

*Consolidated Statements of Cash Flows
for the years ended May 31, 2021 and 2020*

	2021	2020
<i>Cash Flows from Operating Activities</i>		
Increase (Decrease) in net assets	\$ 8,667,431	\$ (18,165,597)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation expense	1,325,366	1,499,765
(Gain) Loss on disposal of equipment	(5,039)	3,307
Transfers from construction-in-progress to contributions and other expense	4,771	917,652
Net realized and unrealized gain on investments	(481,217)	(388,758)
Reserve for uncollectible accounts	274,592	184,027
SUNY rent and campus support forgiveness	(3,405,853)	0
Unemployment insurance reimbursement	(2,223,700)	0
(Increase) Decrease in:		
Accounts receivable	(618,106)	875,498
Other receivables	(4,467,581)	0
Inventories	371,388	(73,359)
Prepaid expenses	152,545	106,526
Increase (Decrease) in:		
Funds held for others	9,250	6,588
Accounts payable	32,197	(196,559)
Accrued expenses	288,714	5,349,176
Deferred revenue	(171,527)	149,916
	(246,769)	(9,731,818)
Net cash used in operating activities		
<i>Cash Flows from Investing Activities</i>		
Purchases of fixed assets	(493,476)	(527,704)
Proceeds from disposal of fixed assets	5,039	8,274
Purchases of investments	(3,595,874)	(4,066,753)
Proceeds from sales and maturities of investments	15,716,685	13,656,665
	11,632,374	9,070,482
Net cash provided by investing activities		
<i>Cash Flows from Financing Activities</i>		
Principal payments on long-term debt	(684,546)	(653,130)
	10,701,059	(1,314,466)
Net increase (decrease) in cash and restricted cash		
<i>Cash and Restricted Cash, beginning of year</i>	11,536,923	12,851,389
<i>Cash and Restricted Cash, end of year</i>	\$ 22,237,982	\$ 11,536,923
<i>Supplemental Disclosure of Cash Flow Information</i>		
Cash payments for interest	\$ 251,302	\$ 282,252
<i>Supplemental Disclosure of Non-Cash Investing Activity</i>		
Fixed asset purchases included in accounts payable	\$ 70,267	\$ 0

See report of independent auditors and notes to consolidated financial statements.

Faculty-Student Association of State University of New York at Buffalo, Inc., dba Campus Dining & Shops and Subsidiary

Notes to Consolidated Financial Statements

1. Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities – Faculty-Student Association of State University of New York at Buffalo, Inc. dba Campus Dining & Shops (“UB FSA Campus Dining and Shops”) operates the on-campus dining services, vending, and convenience stores for the students, faculty and staff of the State University of New York at Buffalo (the “University”). Substantially all sales are to students, faculty and organizations affiliated with the University.

UB FSA Services, LLC, a limited liability company that operates concessions and catering with an office in Buffalo, New York, was formed in October 2001 as a wholly-owned subsidiary of UB FSA Campus Dining and Shops.

Basis of Accounting – The accompanying consolidated financial statements are prepared on the accrual basis of accounting in accordance with standards generally accepted in the United States of America. Consequently, revenues are recognized when earned rather than when received, and expenses and purchases of assets are recognized when the obligation is incurred, rather than when cash is disbursed.

Principles of Consolidation – The accompanying consolidated financial statements include the accounts of UB FSA Campus Dining and Shops and its wholly-owned subsidiary, UB FSA Services, LLC (collectively, the “Association”). All intercompany transactions and balances have been eliminated in consolidation.

Basis of Presentation – The Association is required to report information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: without donor restrictions and with donor restrictions. The Association had only net assets without donor restrictions at May 31, 2021 and 2020.

Cash – The Association maintains cash in bank deposit accounts which, at times, may exceed federally insured limits. The Association has an agreement that collateralizes the amounts in excess of federally insured limits with securities held by a pledging financial institution. Cash collateralized under this agreement amounted to \$21,990,432 and \$11,226,346 at May 31, 2021 and 2020, respectively, plus Federal Deposit Insurance Corporation (“FDIC”) deposit insurance. The Association has not experienced any losses in such accounts. The Association believes it is not exposed to any significant credit risk relating to cash.

Faculty-Student Association of State University of New York at Buffalo, Inc., dba Campus Dining & Shops and Subsidiary

Notes to Consolidated Financial Statements (continued)

1. Nature of Activities and Summary of Significant Accounting Policies (continued)

Investments – Temporary and designated investments in debt and equity securities, and mutual funds, are measured at fair value, as determined by quoted market prices, in the consolidated statements of financial position. For purposes of the consolidated statements of cash flows, the Association does not consider any of its investments in commercial paper to be cash equivalents, regardless of their original maturities. At May 31, 2021 and 2020, temporary investments amounted to \$2,899,908 and \$14,905,736, respectively. Realized and unrealized gains and losses on investments, net of related investment expenses, and dividends and interest are included in the consolidated statements of activities as an increase or decrease in net assets without donor restrictions, unless the income or loss is restricted by donor or law.

Accounts Receivable, net – Accounts receivable, net are carried at original invoice amount less an estimate made for any doubtful receivables. Accounts receivable trade includes receivables primarily from food service activities and receivables from the University related to receivables for student account activity and food service activities. Management determines the allowance for doubtful accounts by regularly evaluating individual customer balances and considering a customer’s financial condition, credit history, and current economic conditions. Trade receivables are written off when deemed uncollectable. Recoveries of trade receivables previously written off are recorded when received. A trade receivable is considered past-due if any portion of the receivable balance is outstanding past the original due date. The allowance for doubtful accounts receivable was \$1,571,576 and \$1,296,984 at May 31, 2021 and 2020, respectively.

Other Receivables – Other receivables was \$4,467,581 at May 31, 2021, and consist of the following:

- Refundable employee retention tax credits of \$2,682,673 established by the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”), which the Association’s management intends to claim on amended employer payroll tax filings for the year ended May 31, 2021. The balance of the credits is based on eligible employee wages and health insurance costs incurred during the year ended May 31, 2021.
- Reimbursable unemployment insurance claims expense of \$1,784,908 incurred during the year ended May 31, 2021, of which \$1,714,615 was reimbursed to the Association by the New York State Department of Labor (the “NYSDOL”) in July 2021. The remainder of this receivable balance is anticipated to be reimbursed by the NYSDOL during the year ending May 31, 2022. See Note 14 regarding the funding of these reimbursements.

Faculty-Student Association of State University of New York at Buffalo, Inc., dba Campus Dining & Shops and Subsidiary

Notes to Consolidated Financial Statements (continued)

1. Nature of Activities and Summary of Significant Accounting Policies (continued)

Inventories – Inventories are stated at the lower of cost (first-in, first-out method) or market and consist of food, beverages supplies and apparel.

Prepaid Expenses – Prepaid expenses consist of prepayments for rent, insurance, service contracts and other items.

Deposit – The Association has a deposit for a food service program of \$239,357 at May 31, 2021 and 2020.

Fixed Assets, net – Fixed assets are recorded at cost, net of accumulated depreciation. Depreciation is computed using the straight-line method over estimated service lives, which range from 4 to 15 years. The costs of maintenance and repairs are charged to operations as incurred.

Revenue and Deferred Revenue – Revenues consisting primarily of food service and vending sales are recognized as revenue at the point of sale. Other auxiliary revenue includes grocery sales, apparel and gift sales, and other miscellaneous sales, and is recognized as revenue at the point of sale. Deferred revenue consists primarily of advances received for future usage of student meal plans and student cash accounts. Unused balances of meal plans are recognized as revenue upon expiration of the related meal plan period.

Net Assets without Donor Restrictions – Net assets without donor restrictions represent resources whose use is not restricted by donor-imposed stipulations and are available for the general support of the Association. All net assets of the Association are without donor restrictions. The Association's Board of Directors has designated \$12,791,143 and \$12,996,356 of net assets without donor restrictions to comply with New York State requirements at May 31, 2021 and 2020, respectively. See Note 10.

Net Assets with Donor Restrictions – Net assets with donor restrictions represent resources whose use relates to a specific program or purpose, and whose use by the Association is limited to donor-imposed stipulations that either expire by the passage of time or fulfillment of the purpose. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported as net assets released from restriction. The Association had no net assets with donor restrictions at May 31, 2021 and 2020.

Faculty-Student Association of State University of New York at Buffalo, Inc., dba Campus Dining & Shops and Subsidiary

Notes to Consolidated Financial Statements (continued)

1. Nature of Activities and Summary of Significant Accounting Policies (continued)

Functional Expenses – The Association’s costs of providing its programs and activities have been summarized on a functional basis in the consolidated statements of activities and consolidated statements of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited. Rent expense is allocated based on square footage. Costs are directly charged to the program and support services when identifiable.

Advertising – The Association expenses advertising costs as incurred. Advertising expense amounted to \$15,959 and \$34,035 for the years ended May 31, 2021 and 2020, respectively.

Income Taxes – The Association is a New York nonprofit organization exempt from taxation as an organization qualified under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been reflected in the accompanying consolidated financial statements.

Sales Taxes – The Association collects and remits sales taxes assessed by different governmental authorities that are both imposed on and concurrent with revenue-producing transactions between the Association and its customers. The collection of these taxes are recorded on a net basis and excluded from revenue.

New Accounting Pronouncement – In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2016-02, *Leases*, which will require organizations that lease assets to recognize on the statement of financial position the assets and liabilities related to the rights and obligations created by those leases. In June 2020, the FASB issued ASU No. 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842)*, which delayed the effective date of ASU 2016-02. ASU 2016-02 is scheduled to take effect for the Association for fiscal years beginning after December 15, 2021, with early adoption permitted for all organizations.

The Association is currently evaluating the potential impact of this standard on its consolidated financial statements.

Management Estimates – The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and consolidated financial statement disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events – Management of the Association has evaluated subsequent events, for recognition or disclosure, through August 31, 2021, the date the accompanying consolidated financial statements were available to be issued.

Faculty-Student Association of State University of New York at Buffalo, Inc., dba Campus Dining & Shops and Subsidiary

Notes to Consolidated Financial Statements (continued)

2. Liquidity and Availability of Financial Assets

The Association primarily generates financial assets by operating the University's on-campus dining services, vending and recreational facilities, and convenience stores. The financial assets are acquired throughout the year to help meet the Association's cash needs for general expenditures.

The following table presents the Association's financial assets available for general expenditures within one year of the consolidated statement of financial position date:

	2021	2020
Current assets at May 31, excluding non-financial assets:		
Cash	\$ 22,222,144	\$ 11,530,335
Temporary investments	2,899,908	14,905,736
Accounts receivable, net	1,343,352	999,838
Other receivables	4,467,581	0
	30,932,985	27,435,909
Less those unavailable for general expenditures due to Board designations:		
Amounts set aside for One World Café project costs	4,997,950	5,325,710
Amounts set aside for capital assets - net of related debt	2,706,444	2,788,292
Amounts set aside for operating reserves	3,177,130	3,338,969
	10,881,524	11,452,971
Financial assets available to meet cash needs for general expenditures within one year	\$ 20,051,461	\$ 15,982,938

The Association has Board-designated funds of \$10,881,524 and \$11,452,971 set aside at May 31, 2021 and 2020, respectively, that can be used to meet obligations of the Association as they become due (see Note 10). In addition, the Association has an available line of credit with a \$1,000,000 borrowing capacity, as well as a separate line of credit with a \$4,000,000 borrowing capacity. See Note 7.

**Faculty-Student Association of State University of New York
at Buffalo, Inc., dba Campus Dining & Shops and Subsidiary**

Notes to Consolidated Financial Statements (continued)

3. Investments

Investments, as of May 31, 2021 and 2020, consists of the following:

	2021	2020
Mutual funds, exchange traded funds, and commercial paper	\$ <u>4,809,527</u>	\$ <u>16,449,121</u>

A summary of investments included in the accompanying consolidated statements of financial position, as of May 31, 2021 and 2020, is as follows:

	2021	2020
Temporary investments - undesignated	\$ 0	\$ 9,580,026
Temporary investments - board designated:		
One World Café project costs	2,899,908	5,325,710
Designated investments - campus programs	1,909,619	1,543,385
	\$ 4,809,527	\$ 16,449,121

A summary of net investment income included in the accompanying consolidated statements of activities, for the years ended May 31, 2021 and 2020, is as follows:

	2021	2020
Net realized and unrealized gains, net of direct investment expenses of \$26,825 and \$58,789, respectively	\$ 481,217	\$ 388,758
Dividends and interest income - general	27,351	382,146
Dividend income - programming fund	23,393	27,693
	\$ 531,961	\$ 798,597

The Association invests in various debt and equity securities and mutual funds. Investments are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated statements of financial position.

Faculty-Student Association of State University of New York at Buffalo, Inc., dba Campus Dining & Shops and Subsidiary

Notes to Consolidated Financial Statements (continued)

4. Fair Value of Financial Instruments

As required by the standards for *Fair Value Measurements*, the Association's assets and liabilities are classified within the fair value hierarchy based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The Association's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment. The three levels of the fair value hierarchy, and its applicability to the Association's assets and liabilities, are described as:

- **Level 1** – Unadjusted quoted prices in active markets for identical, unrestricted assets or liabilities that are accessible at the measurement date.
- **Level 2** – Quoted prices for similar assets or liabilities in active markets or quoted prices for identical or similar assets or liabilities in markets that are not active. This level also includes inputs other than quoted prices that are observable, either directly or indirectly, for substantially the full term through corroboration with observable, independent market data. This includes investments valued at quoted prices adjusted for legal or contractual restrictions specific to the security. There were no assets or liabilities classified in Level 2 as of May 31, 2021 and 2020.
- **Level 3** – Pricing inputs are unobservable for the asset or liability. This includes inputs that reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability. There were no assets or liabilities classified in Level 3 as of May 31, 2021 and 2020.

There have been no changes in the valuation methodology used at May 31, 2021 and 2020. The following is a description of the valuation methodology used for assets measured at fair value:

Mutual Funds and Exchange Traded Funds – Valued at the daily closing price as reported by the applicable fund. Mutual funds owned by the Association are open-end mutual funds that are registered to publish their daily net asset value ("NAV") and to transact at that price. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities. Exchange-traded funds can be traded throughout the day at market price, which may be higher or lower than NAV. The funds held by the Association are deemed to be actively traded.

Commercial Paper – Valued at the par value of the units purchased as reported by the issuer of these assets, which approximates fair value. The Association's holdings in commercial paper are deemed to be actively traded and are expected to be liquidated at the respective maturity dates, all of which are prior to June 2021. As discussed at Note 1, the Association does not consider any of its investments in commercial paper to be cash equivalents, regardless of their original maturities.

**Faculty-Student Association of State University of New York
at Buffalo, Inc., dba Campus Dining & Shops and Subsidiary**

Notes to Consolidated Financial Statements (continued)

4. Fair Value of Financial Instruments (continued)

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Association believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

5. Accounts Receivable, net

Accounts receivable, net as of May 31, 2021 and 2020, consists of the following:

	2021	2020
Receivable from SUNY and the University	\$ 2,653,257	\$ 2,192,848
Trade	261,671	103,974
	2,914,928	2,296,822
Less allowance for doubtful accounts	1,571,576	1,296,984
	\$ 1,343,352	\$ 999,838

6. Fixed Assets, net

Fixed assets, net, as of May 31, 2021 and 2020, consists of the following:

	2021	2020
Leasehold improvements	\$ 16,439,066	\$ 16,439,066
Equipment	7,356,828	7,384,887
Construction-in-progress	631,783	97,700
	24,427,677	23,921,653
Less accumulated depreciation	16,864,325	15,591,907
	\$ 7,563,352	\$ 8,329,746

Depreciation expense for the years ended May 31, 2021 and 2020 totaled \$1,325,366 and \$1,499,765, respectively. Construction-in-progress is stated at cost and is not depreciated until placed in service.

**Faculty-Student Association of State University of New York
at Buffalo, Inc., dba Campus Dining & Shops and Subsidiary**

Notes to Consolidated Financial Statements (continued)

7. Notes Payable, Bank

The Association has an unsecured bank line of credit with a maximum borrowing capacity of \$1,000,000 bearing interest at the prime rate minus .50%. No amounts were outstanding on this line of credit at May 31, 2021 or 2020.

In November 2020, the Association obtained an additional secured bank line of credit with a maximum borrowing capacity of \$4,000,000 bearing interest at the prime rate minus .50%. Any draws on this line of credit are conditional upon the Association extending its written contract with the State University of New York (see Note 12). There were no amounts outstanding on this line of credit at May 31, 2021. The Association is subject to various covenants as required by this line of credit agreement. As of the date of the issuance of the consolidated financial statements, the Association was in compliance with these covenants.

8. Accrued Expenses

Accrued expenses, as of May 31, 2021 and 2020, consists of the following:

	2021	2020
Accrued SUNY reimbursement	\$ 0	\$ 3,405,853
Accrued unemployment insurance	0	2,223,700
Accrued sick pay	1,053,599	1,066,810
Accrued vacation	560,347	398,846
Accrued SUNY other	185,310	259,288
Accrued payroll	311,265	163,799
Accrued health insurance	114,977	129,644
Accrued loan interest payable	97,341	111,060
Other accrued expenses	488,609	393,287
	\$ 2,811,448	\$ 8,152,287

**Faculty-Student Association of State University of New York
at Buffalo, Inc., dba Campus Dining & Shops and Subsidiary**

Notes to Consolidated Financial Statements (continued)

9. Long-Term Debt

Long-term debt, as of May 31, 2021 and 2020, consists of the following:

	2021	2020
Unsecured note payable to University at Buffalo Campus Living in annual principal payments and semi-annual interest payments totaling \$951,091 per year, based on a fixed interest rate of 4.81% through June 30, 2026.	\$ 4,856,908	\$ 5,541,454
Less current maturities	717,472	684,546
	\$ 4,139,436	\$ 4,856,908

Aggregate annual maturities of long-term debt, at May 31, 2021, consist of the following:

Years ending May 31,	
2022	\$ 717,472
2023	751,983
2024	788,153
2025	826,063
2026	865,797
Thereafter	907,440
	\$ 4,856,908

Total interest incurred on this note amounted to \$237,583 and \$269,162 for the years ended May 31, 2021 and 2020, respectively. Interest payable on this note of \$97,341 and \$111,060 is included in accrued expenses at May 31, 2021 and 2020, respectively.

10. Net Assets Without Donor Restrictions

Net assets without donor restrictions have been designated by the Board of Directors to comply with New York State requirements. Designated net assets without donor restrictions related to these requirements consist of the following:

- **Capital Assets** – The balance in this fund represents the original cost of fixed assets, including furniture, fixtures, equipment and facility improvements less accumulated depreciation and any related debt.

Faculty-Student Association of State University of New York at Buffalo, Inc., dba Campus Dining & Shops and Subsidiary

Notes to Consolidated Financial Statements (continued)

10. Net Assets Without Donor Restrictions (continued)

- **Operating Reserves** – The balance in this fund equals the previous fiscal year operating expenses divided by 12, which represents one month of operating expenses. These net assets have been designated for current operating needs of the Association.
- **Board Designated** – The amounts of \$1,909,619 and \$1,543,385 have been designated to be held as long-term investments at May 31, 2021 and 2020, respectively, with the earnings on these investments used to fund activities for the benefit of University students. The amounts of \$4,997,950 and \$5,325,710 at May 31, 2021 and 2020, respectively, have been designated to be held in cash or as short-term investments to be used to fund expenses for the construction, including contingencies and change orders, as well as furniture, fixtures and equipment for the One World Café on the University Campus.

11. Pension Plans

The Association has a defined contribution retirement plan covering all specified employees who have completed two years of service. Eligible employees can elect to defer up to 2.5% of eligible compensation under the Internal Revenue Service Code 403(b). The Association contributes to the plan 10% of eligible compensation for those employees enrolled in the plan.

The Association has a defined contribution retirement plan covering all eligible hourly employees who have completed two years of service. Eligible employees can elect to defer up to 2% of eligible compensation under the Internal Revenue Service Code 403(b). For employees hired prior to September 1, 2004, the Association contributes to the plan 8% of eligible compensation for those employees enrolled in the plan. For employees hired between September 1, 2004 and September 1, 2011, the Association contributes to the plan 3% of eligible compensation for those employees enrolled in the plan for the first seven years of eligibility, and 8% thereafter. For employees hired on or after September 1, 2011, the Association contributes to the plan 3% of eligible compensation for those employees enrolled in the plan.

The Association also has a defined contribution, tax deferred annuity retirement plan covering all employees who may participate immediately upon employment. Employees can elect to defer eligible compensation under the Internal Revenue Service Code 403 (b), limited to the amount imposed by law.

Contributions to the plans covering the specified and hourly employees described above amounted to \$408,401 and \$511,444 for the years ended May 31, 2021 and 2020, respectively.

**Faculty-Student Association of State University of New York
at Buffalo, Inc., dba Campus Dining & Shops and Subsidiary**

Notes to Consolidated Financial Statements (continued)

12. Reimbursements to the State University of New York

The Association occupies certain premises located in state-owned buildings, and utilizes the services of certain employees who are paid by the state. The Association was assessed, or received the benefit of, the following charges and credits from the State University of New York (“SUNY”) for the years ended May 31, 2021 and 2020:

	2021	2020
SUNY campus support, included in management and general expenses	\$ 300,712	\$ 866,066
SUNY rent, included in management and general expenses	\$ 1,113,766	\$ 3,094,481
SUNY rent and campus support forgiveness	\$ 3,405,853	\$ 0
Reimbursement balance payable to SUNY, included in accrued expenses	\$ 0	\$ 3,405,853

The Association operates on-campus dining services, vending and convenience stores on the campuses of the University pursuant to a contract between the Association and SUNY. In return for the use of facilities and services, the Association pays rent to the University. In addition, the Association pays the University annual student experience support for programs that create a positive campus environment that enhances and supports student development. The Association has operated on the University campuses since 1962. The current contract commenced on July 1, 2017 and continued to June 30, 2020, and includes a provision to extend the contract for one (1) two-year period. The contract extension through June 30, 2022 is in the process of being finalized.

In July 2021, the University’s management approved the forgiveness of the Association’s accrued SUNY rent liability and a portion of the SUNY campus support liability through June 30, 2021. A total of \$3,405,853 in accrued SUNY rent and campus support incurred during the year ended May 31, 2020 was forgiven, and is included in SUNY rent and campus support forgiveness income in the accompanying consolidated statement of activities for the year ended May 31, 2021. A total of \$3,715,481 in SUNY rent and campus support incurred during the year ended May 31 2021 was also forgiven. However, the Association’s management has recorded in-kind contributions revenue and rent expense of \$1,113,766 for the year ended May 31, 2021 based on management’s estimate of the usage of space for the Association’s operations during the current year.

**Faculty-Student Association of State University of New York
at Buffalo, Inc., dba Campus Dining & Shops and Subsidiary**

Notes to Consolidated Financial Statements (continued)

13. Reconciliation of Cash and Restricted Cash

The following table provides a reconciliation of cash and restricted cash reported in the consolidated statements of financial position at May 31, 2021 and 2020 that sum to the total of the same such amounts shown in the consolidated statements of cash flows for the years ended May 31, 2021 and 2020:

	2021	2020
Cash	\$ 22,222,144	\$ 11,530,335
Restricted cash	15,838	6,588
	\$ 22,237,982	\$ 11,536,923

14. Commitments and Contingencies

The Association is self-insured for health insurance benefits and directly pays the actual claims using a third-party administrator. The Association is protected with stop loss insurance, with limits of \$90,000 per individual and an aggregate of \$1,000,000 for the years ended May 31, 2021 and 2020. As of May 31, 2021 and 2020, the Association accrued \$114,977 and \$129,644, respectively, for possible claims that were incurred prior to those dates that will be paid subsequent to the respective year end. These amounts are included in accrued expenses in the consolidated statements of financial position.

The Association is self-insured for unemployment benefits and reimburses NYSDOL for claims the state pays directly to Association current or former employees. The Association has accrued \$0 and \$2,223,700 for possible benefits to be paid after May 31, 2021 and 2020, respectively, to former employees terminated before the respective year end or employees who have been temporarily laid off. This amount is included in accrued expenses in the consolidated statements of financial position. As part of an order issued in January 2021 by the Commissioner of the NYSDOL, the unemployment benefits incurred by the Association from March 9, 2020 and through a date to be determined that is subsequent to the year ended May 31, 2021 (the “coverage period”) are to be fully paid by the NYSDOL. Unemployment benefits for this time period that the Association already reimbursed to NYSDOL during the year ended May 31, 2021 were, in turn, reimbursable back to the Association (see Note 1). The NYSDOL funding was partially from the federal government and initially established by the CARES Act.

Faculty-Student Association of State University of New York at Buffalo, Inc., dba Campus Dining & Shops and Subsidiary

Notes to Consolidated Financial Statements (continued)

14. Commitments and Contingencies (continued)

The NYSDOL has not yet set an expiration for the unemployment benefits reimbursements to the Association. The NYSDOL's reimbursement of the associated unemployment benefits from March 9, 2020 through May 31, 2021 totaling \$3,356,035 has been recorded as other income during the year ended May 31, 2021, and is included in unemployment insurance reimbursement income in the accompanying consolidated statement of activities.

The Association, through a written agreement with the University, has committed a total of up to \$22,444,531 toward the construction of, and purchases of furniture and fixtures for use toward, the One World Café on the University Campus. The Association has contributed a total of \$17,118,821 to the University, which is included in contributions expense in the accompanying consolidated statement of activities for the year ended May 31, 2020. The Association has purchased a total of \$327,760 in furniture and fixtures, which is included in construction in progress in the accompanying consolidated statement of financial position at May 31, 2021. A total of \$4,997,950 has been designated by the Association's Board of Directors for future project costs.

In the normal course of business, the Association may be involved in disputes and various legal matters incidental to the conduct of its business or may be subject to reviews from authoritative agencies. Management of the Association believes that the final resolution of these matters will not have a material impact on the Association's consolidated financial statements.

Supplementary Information

**Faculty-Student Association of State University of New York
at Buffalo, Inc. dba Campus Dining & Shops**
*Schedule A - Revenues and Expenses by Service Area
for the year ended May 31, 2021*

	Food Service	Vending	Other Auxiliary Services	Management and General	Other	Total
Revenues						
Gross service revenue	\$ 17,858,863	\$ 612,621	\$ 1,159,906	\$ 3,534	\$ 0	\$ 19,634,924
Investment income, net	0	0	0	0	558,786	558,786
In-kind contributions - rent	1,020,978	44,221	34,415	14,152	0	1,113,766
Other revenue	218,879	249	6,854	318,167	0	544,149
SUNY rent and campus support forgiveness	2,531,916	113,878	58,559	701,500	0	3,405,853
Unemployment insurance reimbursements	2,893,737	35,016	78,814	348,468	0	3,356,035
Employee retention tax credits	2,500,992	47,314	104,471	354,179	0	3,006,956
Total revenue	27,025,365	853,299	1,443,019	1,740,000	558,786	31,620,469
Expenses						
Salaries and wages	5,935,814	110,093	286,742	1,568,793	0	7,901,442
Employee benefits	3,436,744	88,426	201,493	816,574	0	4,543,237
Cost of goods sold	4,012,083	307,345	560,024	0	0	4,879,452
Supplies and materials	103,303	200	2,350	12,584	0	118,437
Uniforms	14,779	0	57	184	0	15,020
Printing and postage	0	0	0	12,872	0	12,872
Advertising	0	0	438	15,521	0	15,959
Travel and conference	0	0	0	21,335	0	21,335
Rent and equipment	1,068,907	44,221	36,938	34,119	0	1,184,185
Repairs, maintenance and improvements	126,497	4,810	1,831	17,893	0	151,031
Insurance	100	0	0	634,898	0	634,998
Utilities	0	0	0	0	0	0
Professional and service fees	6,868	0	0	318,888	0	325,756
Contractual services	31,633	625	992	255,404	0	288,654
Investment expenses	0	0	0	26,825	0	26,825
Depreciation expense	1,218,519	28,847	34,006	43,994	0	1,325,366
Interest expense	0	0	0	237,583	0	237,583
Program activities and special events	0	0	0	113	0	113
Other expenses	232,759	4,997	48,238	684,067	0	970,061
Total expenses before campus support	16,188,006	589,564	1,173,109	4,701,647	0	22,652,326
Change in net assets without donor restrictions - by service area	\$ 10,837,359	\$ 263,735	\$ 269,910	\$ (2,961,647)	\$ 558,786	
Campus support - other						300,712
Total expenses						22,953,038
Change in net assets without donor restrictions						\$ 8,667,431

**Faculty-Student Association of State University of New York
at Buffalo, Inc. dba Campus Dining & Shops and Subsidiary**

*Schedule B - Other Auxiliary Services Revenues and Expenses
for the year ended May 31, 2021*

	ID Card Office	Convenient Stores	Total
Revenues			
Gross service revenue	\$ 246,988	\$ 912,918	\$ 1,159,906
In-kind contributions - rent	16,131	18,284	34,415
Other revenue	0	6,854	6,854
SUNY rent forgiveness	25,933	32,626	58,559
Unemployment insurance reimbursement	41,384	37,430	78,814
Employee retention tax credits	41,818	62,653	104,471
	372,254	1,070,765	1,443,019
Expenses			
Salaries and wages	130,410	156,332	286,742
Employee benefits	88,642	112,851	201,493
Cost of goods sold	36,468	523,556	560,024
Supplies and materials	695	1,655	2,350
Uniforms	0	57	57
Printing and postage	0	0	0
Advertising	0	438	438
Travel and conference	0	0	0
Rent and equipment	16,131	20,807	36,938
Repairs, maintenance and improvements	0	1,831	1,831
Insurance	0	0	0
Utilities	0	0	0
Professional and service fees	0	0	0
Contractual services	0	992	992
Investment expenses	0	0	0
Depreciation expense	7,526	26,480	34,006
Interest expense	0	0	0
Program activities and special events	0	0	0
Other expenses	31,107	17,131	48,238
	310,979	862,130	1,173,109
Change in net assets without donor restrictions - auxiliary services	\$ 61,275	\$ 208,635	\$ 269,910

**Faculty-Student Association of State University of New York
at Buffalo, Inc. dba Campus Dining & Shops and Subsidiary**

Schedule C - Footnote Disclosure Information

May 31, 2021 and 2020

	2021	2020
<i>Schedule 1 - Investments at Fair Value</i>		
Cash and money market funds	\$ 500,054	\$ 11,532,945
Mutual funds - non-equities	808,694	2,488,382
Other non-equities	2,399,854	0
Domestic equities	976,229	1,991,715
International equities	124,696	436,079
	\$ 4,809,527	\$ 16,449,121
 <i>Schedule 2 - Capital Assets</i>		
Leasehold improvements	\$ 16,439,066	\$ 16,439,066
Equipment	7,356,828	7,384,887
Construction-in-progress	631,783	97,700
	24,427,677	23,921,653
Total capital assets		
Less accumulated depreciation	16,864,325	15,591,907
	\$ 7,563,352	\$ 8,329,746
Capital assets, net		

Schedule 3 - Long-Term Debt

Requirements of the long-term debt obligations are as follows:

	Principal
2022	\$ 717,472
2023	751,983
2024	788,153
2025	826,063
2026	865,797
Thereafter	907,440
	\$ 4,856,908

**Faculty-Student Association of State University of New York
at Buffalo, Inc. dba Campus Dining & Shops and Subsidiary**

*Schedule D - Gross Sales Data
for the year ended May 31, 2021*

<u>Revenue</u>	<u>Total Sales</u>	<u>% Commission</u>	<u>\$ Commission</u>
Food Service	\$ <u>1,071,084</u>	<u>23.30%</u>	\$ <u>249,544</u>

1.) Food Service Operations Subcontracted - Subcontractor Name: Tim Hortons

	<u>Alfiero</u>	<u>Union</u>
Minimum	\$ <u>45,000</u>	\$ <u>50,000</u>
OR		
<u>Sales</u>	<u>Commission Rate</u>	
\$0 - \$450,000	11%	
\$450,001 - \$650,000	12%	
\$650,001 and above	13%	

2.) Food Service Operations Subcontracted - Subcontractor Name: Champa Sushi
(Commission rate of 30.5%)

**Faculty-Student Association of State University of New York
at Buffalo, Inc. dba Campus Dining & Shops and Subsidiary**

*Schedule E - Corporate Fiscal Stability Determination
at May 31, 2021*

**1. Net assets without donor restrictions, designated for capital assets -
net of related debt**

Capital assets - original cost	\$	24,427,677
Accumulated depreciation		16,864,325
 Total capital and related assets		 7,563,352
 Related debt		 4,856,908
 Unrestricted, designated for capital assets - net of related debt	\$	 2,706,444

**2. Net assets without donor restrictions, designated for
operating reserves**

Previous year's total operating expenses	\$	38,125,561
Divided by twelve (represents one month)		12
 Unrestricted, designated for operating reserves	\$	 3,177,130

3. Net assets without donor restrictions, Board Designated

Board Designated for:		
One World Café project costs	\$	4,997,950
Campus programs		1,909,619
 Total Board designated	\$	 6,907,569

Summary of Net Assets Without Donor Restriction Designations

Total designated net assets required (sum of 1,2,3 above)	\$	12,791,143
Total net assets without donor restriction (see Statement of Financial Position)		33,361,982
 Net assets without donor restrictions, undesignated	\$	 20,570,839

**Faculty-Student Association of State University of New York
at Buffalo, Inc. dba Campus Dining & Shops and Subsidiary**

*Schedule F - Agency Account Activity
for the year ended May 31, 2021*

<u>Account Name</u>	<u>Beginning Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending Balance</u>
FSA of SUNY at Buffalo Ticket Office Account	\$ <u>6,588</u>	\$ <u>152,627</u>	\$ <u>143,377</u>	\$ <u>15,838</u>
Total agency accounts	\$ <u><u>6,588</u></u>	\$ <u><u>152,627</u></u>	\$ <u><u>143,377</u></u>	\$ <u><u>15,838</u></u>