Cal State L.A. University Auxiliary Services, Inc.

Anna Bing Arnold Children's Center

FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

Year Ended June 30, 2024

Aldrich

CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.
ANNA BING ARNOLD CHILDREN'S CENTER
Financial Statements and Supplemental Information
Year Ended June 30, 2024

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CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.
ANNA BING ARNOLD CHILDREN'S CENTER
General Information
Year Ended June 30, 2024

1. **Full Official Name of the Agency**

   Cal State L.A. University Auxiliary Services, Inc.
   Anna Bing Arnold Children's Center

2. **Project Name and Contract Number**

   Project Number 19-Q967-00-3:
   General Child Care and Development Program: CCTR-3085
   California State Preschool Program: CSPP-3165
   Child Care Food Program: 04676-CACFP-19-IC
   Child Care Access Means Parents in School (CCAMPIS): P335A230029

3. **Type of Agency**

   Nonprofit, tax-exempt organization

4. **Address of Agency Headquarters**

   2301 Levandra Avenue
   Los Angeles, California 90032

5. **Name and Address of Executive Director**

   Lisa Chavez, Interim Executive Director
   Cal State L.A. University Auxiliary Services, Inc.
   5151 State University Drive
   Los Angeles, California 90032

6. **Telephone Number**

   (323) 343-2470

7. **Period Covered by Audit**

   July 1, 2023 to June 30, 2024

8. **Number of Days of Agency Operation**

   General Child Care and Development - 230 days
   California State Preschool Program - 230 days

9. **Scheduled Hours of Operations Each Day**

   Monday through Friday 7:30 a.m. - 5:30 p.m.

Aldrich CPAs + Advisors LLP
135 S. State College Boulevard #370
Brea, CA 92821

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Cal State L.A. University Auxiliary Services, Inc.
Anna Bing Arnold Children's Center

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Cal State L.A. University Auxiliary Services, Inc., (a nonprofit organization), Anna Bing Arnold Children's Center (Center), which comprise the statement of net position as of June 30, 2024, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Center as of June 30, 2024, and the changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Center and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements, continued

- Obtain an understanding of internal control relevant to the audit 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 Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Emphasis of Matter Regarding Economic Dependency

The Center is a program operated within Cal State L.A. University Auxiliary Services, Inc. and the financial activity between the two is significant. As seen on the statement of net position, the net position after transfer to Cal State L.A. University Auxiliary Services, Inc. as of June 30, 2024 is zero. The Center is economically dependent on Cal State L.A. University Auxiliary Services, Inc. Our opinion is not modified with respect to this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information, as reflected in the table of contents required by the *Audit Guides* issued by the California Department of Education and the California Department of Social Services is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2024, on our consideration of the 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 the 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 the Center's internal control over financial reporting and compliance.

Other Reporting Required by the California Department of Education and California Department of Social Services

In accordance with the requirements set forth by the California Department of Education and California Department of Social Services, we have also issued our report dated December 12, 2024, on our consideration of the Center's internal control compliance. The purpose of that report is solely to describe the scope of our testing of internal control over compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center's internal control over compliance. That report is an integral part of an audit performed in accordance with the requirements set forth by the California Department of Education and California Department of Social Services in considering the Center's internal control over compliance.

Brea, California
December 12, 2024

CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.
ANNA BING ARNOLD CHILDREN'S CENTER
Statement of Net Position
June 30, 2024

ASSETS		
Cash	$	58,007
Accounts receivable, net		541,600
Capital assets, net		135,082
Total Assets		734,689
LIABILITIES		
Accounts payable		252,828
Accrued expenses		54,409
Unearned revenues		76,655
Due to other funds of Cal State L.A. University Auxiliary Services, Inc.		350,797
Total Liabilities		734,689
NET POSITION		
Net investment in capital assets		135,082
Unrestricted		(135,082)
Total Net Position	$	-

See accompanying notes to the financial statements.

CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.

ANNA BING ARNOLD CHILDREN'S CENTER

Statement of Revenues, Expenses, and Changes in Net Position

Year Ended June 30, 2024

Operating Revenues:		
Grants and contracts:		
State apportionments	$	1,199,321
Federal apportionments		105,024
Early Head Start grant		234,420
Child Care Access Means Parents in School (CCAMPIS) grant		178,356
Child care food program		62,558
Other grants		351,546
Family fees		608,212
Associated student fees		140,779
Other revenue		126,158
Total Operating Revenues		3,006,374
Operating Expenses:		
Certified salaries - teachers		1,278,945
Classified salaries:		
Temporary help		499,562
Clerical		11,019
Employee benefits		401,256
Contractual services		192,843
Indirect costs		104,014
Food services		77,344
Classroom supplies		55,979
Building supplies/repairs and maintenance		39,697
Equipment purchase and maintenance		29,542
Other supplies		20,394
Utilities		18,712
Travel		15,112
Depreciation		13,368
Total Operating Expenses		2,757,787
Operating Income		248,587
Transfer to Cal State L.A. University Auxiliary Services, Inc.		(248,587)
Change in Net Position		-
Net Position, beginning		-
Net Position, ending	$	-

See accompanying notes to the financial statements.

CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.
ANNA BING ARNOLD CHILDREN'S CENTER
Statement of Cash Flows
Year Ended June 30, 2024

Cash Flows from Operating Activities:		
Grants and contracts	$	1,652,756
Other receipts		873,979
Payments to suppliers		(207,299)
Payments to employees		(1,950,570)
Payments to students		(243,016)
Net Cash Provided by Operating Activities		125,850
Cash Flows Used by Noncapital Financing Activities:		
Transfer to Cal State L.A. University Auxiliary Services, Inc.		(248,587)
Cash Flows Used by Capital and Related Financing Activities:		
Acquisition of capital assets		(97,479)
Net Decrease in Cash		(220,216)
Cash, beginning		278,223
Cash, ending	$	58,007
Reconciliation of Cash Flows From Operating Activites:		
Operating income	$	248,587
Adjustments to reconcile change in net position to net cash provided by operating activities:		
Depreciation		13,368
Change in operating assets and liabilities:		
Accounts receivable, net		(541,600)
Accounts payable		97,751
Accrued expenses		(2,804)
Unearned revenues		61,961
Due to other funds		(29,197)
Due to other funds of Cal State L.A. University Auxiliary Services, Inc.		277,784
Net Cash Provided by Operating Activities	$	125,850

See accompanying notes to the financial statements.

Note 1 - Organization and Summary of Significant Accounting Policies

Nature of Activities

The Anna Bing Arnold Children's Center of Cal State L.A. University Auxiliary Services, Inc. (Center) is a licensed program operated by Cal State L.A. University Auxiliary Services, Inc. (UAS), a nonprofit auxiliary organization of California State University, Los Angeles (University). The Center's main function is to provide child care services for students, faculty, and staff of the University. The net position of the Center is controlled by UAS as part of its general operations account. The activities of the Center are included in the basic financial statements of UAS.

Financial Reporting Entity

The accompanying financial statements present the net position and changes in net position and cash flows of the Center. These financial statements are not intended to present the financial position and the changes in financial position or cash flows of UAS or the University.

UAS, of which the Center is a part of, is a government organization under accounting principles generally accepted in the United States of America (U.S. GAAP). As a component unit of a public institution, UAS has presented its basic financial statements using the reporting model for special purpose governments engaged only in business-type activities in accordance with Governmental Accounting Standards Board (GASB) Statements No. 34 and 35.

Basis of Presentation

The accompanying basic financial statements of the Center have been prepared in conformity with U.S. GAAP, as promulgated by the GASB, the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Center operates as a business enterprise and the accompanying financial statements reflect the flow of economic resources measurement focus and the full accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Voluntary non-exchange transactions are recognized as revenue as soon as all eligibility requirements have been met.

An enterprise fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the Center's enterprise fund are grants and contracts, parent fees, associated student fees, and other revenues. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Cash and Cash Equivalents

The Center considers all highly liquid investments with an original maturity date of three months or less to be cash equivalents. Cash consists primarily of cash on hand and demand deposits.

Accounts Receivable

Receivables of reimbursements for grants and contract expenditures according to contractual agreements are included in accounts receivable. In addition, there are other receivables for various sales and services. Accounts receivable are stated at the amount management expects to collect from outstanding balances.

Management provides for probable uncollectable amounts through a provision of bad debt expense and adjustment to price concessions for uncollectable amounts based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to price concession for uncollectable accounts and credit to accounts receivable.

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

Capital Assets
Improvements, furniture, fixtures and equipment are stated at cost at date of acquisition. The Center capitalizes all expenses for improvements, furniture, fixtures and equipment with costs in excess of $5,000 and with a useful life of one year or more and for which it is deemed probable that the assets will not revert back to the granting agency. For improvements, furniture, fixtures and equipment, depreciation is calculated using the straight-line method over the assets' estimated useful lives, which range from three to seven years.

Property and equipment funded by the California Department of Education or California Department of Social Services are expensed on supplementary schedules during the contract period. Depreciation expense may not be claimed for the reimbursement under child development contracts for assets donated or purchased with public funds. Depreciation is calculated using the straight-line method over the assets' estimated useful lives, which range from three to ten years.

Unearned Revenues
Unearned revenues represent grant payments received in advance of grant earnings and pre-payments for other services.

Due to Other Funds of Cal State L.A. University Auxiliary Services, Inc.
The Center is a licensed child care program under UAS and any excess net position is returned back to UAS' general operating account. As of June 30, 2024, the amount due back to UAS is $350,797.

Net Position
The Center's net position is classified into the following categories:

- *Net investment in capital assets* - This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings, lease liabilities, deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds or deferred inflows of resources at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets.

- *Restricted* - This component of net position consists of restricted assets reduced by liabilities related to those assets. Amounts are subject to externally imposed conditions that can be fulfilled by the actions of the Center.

- *Unrestricted* - This component of net position consists of the net amount of those assets that are not included in the determination of net investment in capital assets or the restricted component of net position.

Use of Restricted versus Unrestricted Resources
When an expense is incurred for purposes for which both restricted and unrestricted resources are available, the Center will utilize restricted resources first, and then unrestricted resources as needed.

Fair Value Measurements
The Center defines fair value as the exchange price that would be received for an asset or paid for a liability in the principal or most advantageous market. The Center applies fair value measurements to assets and liabilities that are required to be recorded at fair value under U.S. GAAP. Fair value measurement techniques maximize the use of observable inputs and minimize the use of unobservable inputs, and are categorized in a fair value hierarchy based on the transparency of inputs.

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

Fair Value Measurements, continued
The three levels are defined as follows:

Level 1 – Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the same term of the financial instrument.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The carrying value of cash, receivables, and payables approximate fair values as of June 30, 2024, due to relative short maturities of these instruments.

Revenue Recognition
Government contracts - The Center receives a major portion of its revenues in the form of federal and state grants or contracts for program operations. To ensure observance of limitations and restrictions placed on the use of resources available to the Center, the accounts are maintained in accordance with the principles of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established in accordance with their nature and purpose. Separate accounts are maintained for each fund.

Use of Estimates
The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes
UAS is a qualified nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. In addition, UAS qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization that is not a private foundation under Section 509(a)(1). However, UAS remains subject to taxes on any net income which is derived from a trade or business, regularly carried on, and unrelated to its exempt purpose.

UAS follows U.S. GAAP related to the recognition of uncertain tax positions. UAS recognizes accrued interest and penalties associated with uncertain tax positions as part of the statement of revenues, expenses, and changes in net position, when applicable. Management has determined that the UAS has no uncertain tax positions at June 30, 2024, and therefore no amounts have been accrued.

Reconciliation of Child Development (CD) and GAAP Revenue and Expense Reporting
The supplemental combining statement of revenues, expenses, and changes in net position and basic financial statements present financial data in conformity with U.S. GAAP. The other supplemental financial data presented in the audit, including data in the schedule of expenditures by state categories, present revenues and expenditures according to CD reporting requirements. However, reporting differences arise because CD contract funds must be expended during the contract period (usually one year) and contract revenues are excluded from audited attendance and fiscal reports. For example, program amounts that are capitalized and depreciated over multiple years under GAAP are expensed in the contract period under CD requirements. To address such reporting differences, the audit report includes a reconciliation of CD and GAAP revenue and expense reporting.

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

Subsequent Events
The Center has evaluated subsequent events through December 12, 2024, which is the date the financial statements were available to be issued.

Note 2 - Accounts Receivable

Accounts receivable consist of the following:

California Department of Social Services - CCTR-3085	$	250,647
Baldwin Park Unified School District - Early Head Start grant		234,420
U.S. Department of Education - CCAMPIS grant		55,228
Other receivables		1,170
Other grants		135
	$	541,600

Note 3 - Cash and Cash Equivalents

The Center maintains its cash in bank deposit accounts that are insured by Federal Deposit Insurance Corporation (FDIC) up to a limit of $250,000 per depositor per financial institution. The balances at times may exceed FDIC limits. The Center manages this risk by using high-quality financial institutions. As of June 30, 2024, the Center's bank deposits did not exceed the FDIC limit. The Center monitors its financial institutions and the concentration of credit risk on a regular basis and does not anticipate nonperformance by the financial institutions.

Note 4 - Capital Assets

Changes in capital assets consist of the following:

	Balance June 30, 2023	Additions	Transfers	Balance June 30, 2024
Capital assets, non-depreciable:				
Construction work in progress	$ -	$ 70,000	$ -	$ 70,000
Total non-depreicable capital assets	-	70,000	-	70,000
Capital assets, depreciable:				
Improvements	177,367	27,479	-	204,846
Furniture, fixtures and equipment	46,915	-	-	46,915
Total depreciable capital assets	224,282	27,479	-	251,761
Less accumulated depreciation:				
Improvements	(126,396)	(13,368)	-	(139,764)
Furniture, fixtures and equipment	(46,915)	-	-	(46,915)
Total accumulated depreciation	(173,311)	(13,368)	-	(186,679)
Capital assets, net	$ 50,971	$ 84,111	$ -	$ 135,082

Depreciation expense for the year ended June 30, 2024 was $13,368.

Note 5 - Related Party Transactions

Associated Students of California State University, Los Angeles, Inc. provided $140,779 to the Center to support the operation of child care programs for University students.

Note 6 - Cost Allocation Plan

The Center allocates its costs based on the relative benefits received by the programs or activities. Accordingly, the Center applies several methods for allocating costs:

Direct Costs – Cost identified 100 percent to a specific program are charged directly to that program.

Shared Direct Costs – Costs identified to specific multiple programs or activities are shared between the programs benefitted. Payroll costs are allocated using time and effort estimates for each employee.

Administration Costs – Expenses associated with operational functions not related to program activity. Allocated administration costs are the result of time and effort spent by clerical staff and director on non-programming activities.

Indirect Costs – Costs that benefit the operations of the entire organization, which cannot be identified to specific programs or activities, are allocated according to an approved indirect cost allocation plan.

Note 7 - Retirement Plans

The UAS Money Purchase Pension Plan (Plan) is a defined contribution plan covering all employees of UAS who have a minimum of one year of service and are age 18 or older. The Plan is administered by Teachers Insurance and Annuity Association of America (TIAA). Although UAS has not expressed any intent to do so, UAS has the right under the Plan to modify or discontinue its contributions at any time and to terminate the Plan. In the event of Plan termination, participants would become 100% vested in their employer contribution. The Plan contributes an amount equal to 6% of eligible employees' annual salaries. Total contributions to the Plan for the year ended June 30, 2024, were $386,021, of which $79,546 were contributed by UAS on behalf of the Center's employees.

UAS also has a tax-sheltered annuity plan whereby UAS will match up to 6% of eligible employees' gross salary contributed by the employees. Total contributions to this plan for the year ended June 30, 2024 were $213,121, of which $20,612 was contributed by UAS on behalf of the Center's employees.

Note 8 - Other Postemployment Benefits (OPEB) Plan

UAS offers an OPEB plan, an agent multiple-employer defined benefit healthcare plan administered by CSU Auxiliaries Multiple Employer Voluntary Employee Benefit Association Trust (VEBA). UAS issues a publicly available financial report that includes complete disclosures and required supplementary information for the OPEB plan. The report may be obtained from UAS, 5151 State University Drive, Golden Eagle Building Room 314, Los Angeles, CA 90032.

Note 9 - Contingencies

Grant Programs
The Center has received federal and other governmental funds for specific purposes that are subject to review and audit by the funding agencies. Such audits could generate expenditure disallowances or refunds payable under terms of the agency contracts. No amounts are currently payable. Loss of governmental support would have a significant impact on the Center's ability to provide its program services.

SUPPLEMENTAL INFORMATION

CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.

ANNA BING ARNOLD CHILDREN'S CENTER

Schedule of Expenditures of Federal and State Awards

Year Ended June 30, 2024

Federal/Pass-Through Grantor and Program or Cluster Title	Federal Assistance Listing Number	Grantor's Number	Award Amount			Expenditures	
			Federal	State	Total	Federal	State
Research and Development Cluster							
U.S. Department of Education							
Direct Program:							
Child Care Access Means Parents in School (CCAMPIS)	84.335A	P335A230029	$ 450,000	$ -	$ 450,000	$ 178,356	$ -
Total Research and Development Cluster			$ 450,000	$ -	$ 450,000	$ 178,356	$ -
Child Care and Development Fund Cluster							
U.S. Department of Health and Human Services							
Passed-through California Department of Social Services:							
General Child Care and Development Program	93.575	CCTR-3085	$ 43,965	$ -	$ 43,965	$ 37,334	$ -
General Child Care and Development Program	93.596	CCTR-3085	81,239	-	81,239	67,690	-
Total Child Care and Development Fund Cluster			$ 125,204	$ -	$ 125,204	$ 105,024	$ -
Head Start Cluster							
U.S. Department of Health and Human Services							
Passed-through Baldwin Park Unified School District:							
Early Head Start	93.600	PO #2403509	$ 281,920	$ -	$ 281,920	$ 234,420	$ -
Total Head Start Cluster			$ 281,920	$ -	$ 281,920	$ 234,420	$ -
Other Programs							
U.S. Department of Agriculture							
Passed-through California Department of Social Services:							
Child and Adult Care Food Program	10.558	04676-CACFP-19-NP-IC	$ 59,916	$ 2,642	$ 62,558	$ 59,916	$ 2,642
U.S. Department of Education							
Passed-through California Department of Education:							
California State Preschool Program	N/A	CSPP-3165	-	669,615	669,615	-	669,615
America Rescue Plan Act	93.UNKNOWN1	65-408188	121,318	-	121,318	117,418	-
Senate Bill 140	N/A	66-114018, 66-797614, 66-979162	-	41,988	41,988	-	41,988
Total U.S. Department of Education			121,318	711,603	832,921	117,418	711,603
U.S. Department of Health and Human Services							
Passed-through California Department of Social Services:							
General Child Care and Development Program	N/A	CCTR-3085	-	641,408	641,408	-	529,706
Senate Bill 140	N/A	65-707348, 66-537825, 66-952340, 67-449178	-	49,432	49,432	-	49,432
American Rescue Plan Act	93.UNKNOWN2	8006009	5,225	-	5,225	-	-
Total U.S. Department of Health and Human Services			5,225	690,840	696,065	-	579,138
Total Other Programs			$ 186,459	$ 1,405,085	$ 1,591,544	$ 177,334	$ 1,293,383
Total Expenditures of Federal and State Awards			$ 1,043,583	$ 1,405,085	$ 2,448,668	$ 695,134	$ 1,293,383

See independent auditor's report and notes to the schedule of expenditures of federal and state awards.

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal and state awards (Schedule) includes the federal and state grant activity of the Center under programs of the federal and state governments for the year ended June 30, 2024. The information in the Schedule is presented in accordance with Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and with the requirements of the California Department of Education and California Department of Social Services *Audit Guides*. Because the schedule presents only a selected portion of the operations of the Center, it is not intended to, and does not, present the net position, changes in net position, or cash flows of the Center.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 - Indirect Cost Rate

The Center did not elect to use the 10-percent de minimus indirect cost rate for the year ended June 30, 2024.

CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.

ANNA BING ARNOLD CHILDREN'S CENTER

Combining Statement of Net Position

Year Ended June 30, 2024

	Children's Center	Non-CD Programs	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	$ 58,007	$ 15,647,853	$ 15,705,860
Accounts receivable, net	541,600	5,990,195	6,531,795
Due from related parties	-	2,044,012	2,044,012
Leases receivables, current portion	-	701,043	701,043
Prepaid expenses and other current assets	-	145,206	145,206
Total Current Assets	599,607	24,528,309	25,127,916
Noncurrent Assets:			
Restricted cash and cash equivalents	-	6,911,129	6,911,129
Leases receivables, net of current portion	-	5,082,984	5,082,984
Capital assets, net	135,082	32,578,431	32,713,513
Total Noncurrent Assets	135,082	44,572,544	44,707,626
Total Assets	734,689	69,100,853	69,835,542
DEFERRED OUTFLOWS OF RESOURCES			
Net other postemployment benefits liability	-	1,564,809	1,564,809
LIABILITIES			
Current Liabilities:			
Accounts payable	252,828	1,103,910	1,356,738
Due to related parties	350,797	1,198,755	1,549,552
Accrued expenses	54,409	1,709,174	1,763,583
Accrued compensated absences	-	356,321	356,321
Unearned revenues	76,655	8,842,831	8,919,486
Lease liabilities, current portion	-	1,305,262	1,305,262
Notes payable, current portion	-	220,000	220,000
Total Current Liabilities	734,689	14,736,253	15,470,942
Noncurrent Liabilities:			
Lease liabilities, net of current portion	-	11,999,384	11,999,384
Notes payable, net of current portion	-	4,824,349	4,824,349
Net other postretirement benefits liability	-	563,218	563,218
Total Noncurrent Liabilities	-	17,386,951	17,386,951
Total Liabilities	734,689	32,123,204	32,857,893
DEFERRED INFLOWS OF RESOURCES			
Net other postemployment benefits liability	-	1,911,342	1,911,342
Leases	-	5,550,590	5,550,590
Total Deferred Inflows of Resources	-	7,461,932	7,461,932
NET POSITION			
Net investment in capital assets	135,082	14,229,436	14,364,518
Unrestricted	(135,082)	16,851,090	16,716,008
Total Net Position	$ -	$ 31,080,526	$ 31,080,526

See independent auditor's report.

CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.

ANNA BING ARNOLD CHILDREN'S CENTER

Combining Statement of Revenues, Expenses, and Changes in Net Position

Year Ended June 30, 2024

	General Child Care and Development CCTR-3085	California State Preschool Program CSPP-3165	Total CD Programs	Non-CD Programs	Total
Operating Revenues:					
Grants and contracts:					
State apportionments	$ 529,706	$ 669,615	$ 1,199,321	$ -	$ 1,199,321
Federal apportionments	105,024	-	105,024	-	105,024
Early Head Start grant	91,424	142,996	234,420	-	234,420
Child Care Access Means Parents in School (CCAMPIS) grant*	69,559	108,797	178,356	-	178,356
Child care food program	20,435	42,123	62,558	-	62,558
Other grants	136,809	214,737	351,546	24,262,975	24,614,521
Total Grants and Contracts	952,957	1,178,268	2,131,225	24,262,975	26,394,200
Family fees	237,203	371,009	608,212	-	608,212
Associated student fees	54,904	85,875	140,779	(140,779)	-
Other revenue	49,202	76,956	126,158	12,305,127	12,431,285
Total Operating Revenues	1,294,266	1,712,108	3,006,374	36,427,323	39,433,697
Operating Expenses					
Salaries	697,915	1,091,611	1,789,526	11,367,249	13,156,775
Employee benefits	156,490	244,766	401,256	2,785,957	3,187,213
Contractual services	75,209	117,634	192,843	124,261	317,104
Indirect costs	40,565	63,449	104,014	5,706,931	5,810,945
Food services	30,164	47,180	77,344	171,936	249,280
Classroom supplies	21,832	34,147	55,979	71,423	127,402
Building supplies/repair and maintenance	15,482	24,215	39,697	23,235	62,932
Equipment purchase and maintenance	11,521	18,021	29,542	68,930	98,472
Other supplies	7,953	12,441	20,394	10,182,035	10,202,429
Utilities	7,298	11,414	18,712	529,821	548,533
Travel	5,894	9,218	15,112	559,165	574,277
Depreciation	5,213	8,155	13,368	2,376,107	2,389,475
Total Operating Expenses	1,075,536	1,682,251	2,757,787	33,967,050	36,724,837

*Child Care Access Means Parents in School (CCAMPIS) program revenue of $178,356 is a non-CDE/CDSS federal funding source.

See independent auditor's report.

CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.

ANNA BING ARNOLD CHILDREN'S CENTER

Combining Statement of Revenues, Expenses, and Changes in Net Position, continued

Year Ended June 30, 2024

	General Child Care and Development CCTR-3085	California State Preschool Program CSPP-3165	Total CD Programs	Non-CD Programs	Total
Nonoperating Revenues (Expenses):					
Interest income	-	-	-	869,855	869,855
Interest expense	-	-	-	(611,996)	(611,996)
Other expense	-	-	-	(60)	(60)
Net Nonoperating Revenues	-	-	-	257,799	257,799
Change in Net Position Prior to Transfers	218,730	29,857	248,587	2,718,072	2,966,659
Transfer (to) from Cal State L.A University Auxiliary Services, Inc.	(218,730)	(29,857)	(248,587)	248,587	-
Change in Net Position	-	-	-	2,966,659	2,966,659
Net Position, beginning	-	-	-	28,113,867	28,113,867
Net Position, ending	$ -	$ -	$ -	$ 31,080,526	$ 31,080,526

CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.

ANNA BING ARNOLD CHILDREN'S CENTER

Schedule of Expenditures by State Categories

Year Ended June 30, 2024

Expenditures		General Child Care and Development CCTR-3085	California State Preschool Program CSPP-3165	Total CD Programs
Direct payments to providers		$ -	$ -	$ -
1000	Certificated salaries	462,347	723,156	1,185,503
2000	Classified salaries	199,126	311,455	510,581
3000	Employee benefits	145,987	228,339	374,326
4000	Books and supplies	19,402	30,345	49,747
5000	Services and other operating expenses	138,772	217,056	355,828
6100/ 6200	Other approved capital outlay	-	-	-
6400	New equipment expense	-	-	-
6500	Replacement equipment	-	-	-
	Depreciation on assets not purchased with public funds	5,213	8,155	13,368
	Indirect costs (a)	40,565	63,449	104,014
	Total Expenses Claimed for Reimbursement (b)	1,011,412	1,581,955	2,593,367

Supplemental Expenditures	General Child Care and Development CCTR-3085	California State Preschool Program CSPP-3165	Total CD Programs
Total supplemental expenses	102,141	159,758	261,899
Total Expenditures	$ 1,113,553	$ 1,741,713	$ 2,855,266

Notes:

(a) A written indirect cost allocation plan for the current fiscal year, approved by the Board of Directors, is not on file in the main accounting office of the Center.

(b) Any food expenses have been allocated to the appropriate contracts.

We have examined the claims filed for reimbursement and the original records supporting the transactions recorded under the contracts listed above to an extent considered necessary to assure ourselves that the amounts claimed by the contractor were eligible for reimbursement, reasonable, necessary, and adequately supported, according to governing laws, regulations, and contract provisions.

CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.

ANNA BING ARNOLD CHILDREN'S CENTER

Reconciliation of Child Development and GAAP Revenue and Expense Reporting

Year Ended June 30, 2024

	General Child Care and Development CCTR-3085	California State Preschool Program CSPP-3165	Non-CD Programs	Total
Revenue				
AUD/CDFS 9500 and 8501 Total Revenue	$ 659,536	$ 1,042,493	$ -	$ 1,702,029
Adjustments to Reconcile Difference in Reporting:				
Revenue from CDE and CDSS for CCTR and CSPP contracts	634,730	669,615	-	1,304,345
Revenue from non-Children's Center funds	-	-	36,427,323	36,427,323
Total adjustments	1,294,266	1,712,108	36,427,323	39,433,697
Revenues per GAAP:				
Combining statement of revenues, expenses, and changes in net position				
Total operating revenues	$ 1,294,266	$ 1,712,108	$ 36,427,323	$ 39,433,697
Expenses				
Schedule of Expenditures by State Categories (CD)	$ 1,113,553	$ 1,741,713	$ -	$ 2,855,266
Adjustments to Reconcile Differences in Reporting:				
Expenses from non-Children's Center funds	-	-	33,967,050	33,967,050
Depreciation on assets purchased with public funds	-	-	-	-
Capitalized renovations & repairs expensed on AUD forms	-	-	-	-
Capitalized renovations & repairs expensed as supplemental on AUD forms	(38,017)	(59,462)	-	(97,479)
Capitalized equipment expensed on AUD forms	-	-	-	-
Total adjustments	1,075,536	1,682,251	33,967,050	36,724,837
Expenses per GAAP:				
Combining statement of revenues, expenses, and changes in net position				
Total operating expenses	$ 1,075,536	$ 1,682,251	$ 33,967,050	$ 36,724,837

CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.

ANNA BING ARNOLD CHILDREN'S CENTER

Combining Schedule of Claimed Equipment Expenditures

Year Ended June 30, 2024

Capitalized Equipment Expensed on the AUD with Prior Written Approval	General Child Care and Development CCTR-3085	California State Preschool Program CSPP-3165	Non-CD Programs	Total
None	$ -	$ -	$ -	$ -
Subtotal	-	-	-	-

Capitalized Equipment Expensed on the AUD without Prior Written Approval	General Child Care and Development CCTR-3085	California State Preschool Program CSPP-3165	Non-CD Programs	Total
None	-	-	-	-
Subtotal	-	-	-	-

Total	General Child Care and Development CCTR-3085	California State Preschool Program CSPP-3165	Non-CD Programs	Total
Capitalized equipment	$ -	$ -	$ -	$ -

Note: The Center's capitalization threshold is $5,000.

CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.

ANNA BING ARNOLD CHILDREN'S CENTER

Combining Schedule of Claimed Expenditures for Renovations and Repairs

Year Ended June 30, 2024

Capitalized R&R Project Under $10,000	General Child Care and Development CCTR-3085	California State Preschool Program CSPP-3165	Non-CD Programs	Total
None	$ -	$ -	$ -	$ -
Subtotal	-	-	-	-

Capitalized R&R Project of $10,000 or More with Prior Written Approval	General Child Care and Development CCTR-3085	California State Preschool Program CSPP-3165	Non-CD Programs	Total
None	-	-	-	-
Subtotal	-	-	-	-

Capitalized R&R Project of $10,000 or More without Prior Written Approval	General Child Care and Development CCTR-3085	California State Preschool Program CSPP-3165	Non-CD Programs	Total
None	-	-	-	-
Subtotal	-	-	-	-

Total	General Child Care and Development CCTR-3085	California State Preschool Program CSPP-3165	Non-CD Programs	Total
Capitalized R&R projects	$ -	$ -	$ -	$ -

Note: The Center's capitalization threshold is $5,000.

CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.

ANNA BING ARNOLD CHILDREN'S CENTER

Schedule of Claimed Administrative Costs

Year Ended June 30, 2024

Administrative Costs	General Child Care and Development CCTR-3085	California State Preschool Program CSPP-3165	Total CD Programs
Direct payments to providers	$ -	$ -	$ -
1000 Certificated salaries	2,065	3,305	5,370
2000 Classified salaries	3,298	5,283	8,581
3000 Employee benefits	2,166	3,531	5,697
4000 Books and supplies	-	-	-
5000 Services and other operating expenses	21,147	10,871	32,018
6100/6200 Other approved capital outlay	-	-	-
6400 New equipment expense	-	-	-
6500 Replacement equipment	-	-	-
Depreciation on assets not purchased with public funds	-	-	-
Indirect costs	40,565	63,449	104,014
Total administrative costs claimed for reimbursement	$ 69,241	$ 86,439	$ 155,680

See independent auditor's report.

In accordance with the applicable requirements from the California Department of Social Services Funding Terms and Conditions and the California Department of Education Contract Terms and Conditions:

1. Interest expense is only allowable as a reimbursable cost in certain circumstances when it has been preapproved by the administering state department or relates to the lease purchase, acquisition, or repair or renovation of early learning and care facilities owned or leased by the contractor. No interest expense was claimed to a child development contract for the year ended June 30, 2024.

2. All expenses claimed for reimbursement under a related party rent transaction must be supported by a fair market rental estimate from an independent appraiser, licensed by the California Office of Real Estate Appraisers. No related party rent expense was claimed to a child development contract for the year ended June 30, 2024.

3. Bad debt expense is unallowable unless it relates to uncollected family fees where documentation of adequate collection attempts exists. No bad debt expense was claimed to a child development contract for the year ended June 30, 2024.

CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.
ANNA BING ARNOLD CHILDREN'S CENTER
Summary and Statement of Claim
Year Ended June 30, 2024

Summary of Claim				
Federal Fund Reimbursement Variance Underpayment (Overpaid):				
Amount Reimbursable from Federal Fund	$	55,147		
Less: Federal Fund Payments to Date		55,147	$	-
Cash In-Lieu Reimbursement:				
Allowed		4,769		
Paid		4,769		-
Total Federal Fund Reimbursement Refund (Overpayment)			$	-
State Fund Reimbursement Variance Underpayment (Overpaid):				
Amount Reimbursable from State Fund	$	2,642		
Less: State Fund Payments to Date		2,642	$	-
State Fund Reimbursement Refund (Overpayment)			$	-
Total Program Reimbursement Refund (Overpayment)			$	-
Statement of Claim				
Reimbursement per Examination (Supported by pages 24-27)			$	62,558
Program Reimbursements Claimed and Received				62,558
Amount Due from Agency			$	-

Footnotes:
Note 1: Total income accrued to the program for year ended June 30, 2024 was $62,558.
Note 2: All Child Care Food Program claims for reimbursement have been paid as of report issuance date.
Note 3: There were no revised claims for the year ended June 30, 2024.

CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.

ANNA BING ARNOLD CHILDREN'S CENTER

Schedule of Reported, Adjusted, and Allowed Meals and Earned Reimbursement

Year Ended June 30, 2024

	Meals			Food Service	Revenue	Audit	Earned
Federal Meal Compensation	**Reported**	**Adjusted**	**Allowed**	**Rates**	**Recognized**	**Adjustments**	**Reimbursement**
Breakfast							
Free	4,896	-	4,896	$ 2.2800	$ 11,163	$ -	$ 11,163
Reduced	983	-	983	1.9800	1,946	-	1,946
Base	8,760	-	8,760	0.3800	3,329	-	3,329
Total	14,639	-	14,639		$ 16,438	$ -	$ 16,438
Lunch							
Free	5,401	-	5,401	$ 4.2500	$ 22,954	$ -	$ 22,954
Reduced	1,084	-	1,084	3.8500	4,173	-	4,173
Base	9,680	-	9,680	0.4000	3,872	-	3,872
Total	16,165	-	16,165		$ 30,999	$ -	$ 30,999
Supplement							
Free	5,259	-	5,259	$ 1.1700	$ 6,153	$ -	$ 6,153
Reduced	1,057	-	1,057	0.5800	613	-	613
Base	9,432	-	9,432	0.1000	943	-	943
Total	15,748	-	15,748		$ 7,709	$ -	$ 7,709
Total Federal Meal Reimbursement					55,146	-	$ 55,146
Cash-in-Lieu	16,165	-	16,165	$ 0.2950	4,769	-	4,769
Difference Due to Rounding					1	-	1
Total Federal Reimbursement					$ 59,916	$ -	$ 59,916
State Meal Compensation*	12,364	-	12,364	$ 0.2137	$ 2,642	$ -	$ 2,642
Total State Reimbursement					$ 2,642	$ -	$ 2,642
Total Program Reimbursement Underpaid/(Overpaid)						$ -	

Footnotes:

* State Meal Compensation meals are free and reduced breakfast and lunches served.

CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.

ANNA BING ARNOLD CHILDREN'S CENTER

Schedule of Reported, Adjusted, and Allowed Eligibility

Year Ended June 30, 2024

FIXED PERCENTAGE METHOD

	July	August	September	October	November	December	January	February	March	April	May	June
Total Enrolled												
Reported	94	94	94	103	103	103	103	103	103	103	103	103
Adjusted	-	-	-	-	-	-	-	-	-	-	-	-
Allowed	94	94	94	103	103	103	103	103	103	103	103	103
Eligibility Categories												
Free												
Reported	39	39	39	32	32	32	32	32	32	32	32	32
Adjusted	-	-	-	-	-	-	-	-	-	-	-	-
Allowed	39	39	39	32	32	32	32	32	32	32	32	32
Reduced												
Reported	6	6	6	7	7	7	7	7	7	7	7	7
Adjusted	-	-	-	-	-	-	-	-	-	-	-	-
Allowed	6	6	6	7	7	7	7	7	7	7	7	7
Base												
Reported	49	49	49	64	64	64	64	64	64	64	64	64
Adjusted	-	-	-	-	-	-	-	-	-	-	-	-
Allowed	49	49	49	64	64	64	64	64	64	64	64	64

CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.

ANNA BING ARNOLD CHILDREN'S CENTER

Schedule of Reported, Adjusted, and Allowed Meals

Year Ended June 30, 2024

	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed
Breakfast		July 2023			August 2023			September 2023	
Free	463	-	463	409	-	409	513	-	513
Reduced	71	-	71	63	-	63	79	-	79
Base	582	-	582	514	-	514	644	-	644
Total	**1,116**	**-**	**1,116**	**986**	**-**	**986**	**1,236**	**-**	**1,236**
Lunch									
Free	524	-	524	442	-	442	542	-	542
Reduced	81	-	81	68	-	68	83	-	83
Base	658	-	658	556	-	556	681	-	681
Total	**1,263**	**-**	**1,263**	**1,066**	**-**	**1,066**	**1,306**	**-**	**1,306**
Supplement									
Free	503	-	503	426	-	426	525	-	525
Reduced	77	-	77	66	-	66	81	-	81
Base	632	-	632	535	-	535	659	-	659
Total	**1,212**	**-**	**1,212**	**1,027**	**-**	**1,027**	**1,265**	**-**	**1,265**

	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed
Breakfast		October 2023			November 2023			December 2023	
Free	421	-	421	337	-	337	205	-	205
Reduced	92	-	92	74	-	74	45	-	45
Base	843	-	843	673	-	673	410	-	410
Total	**1,356**	**-**	**1,356**	**1,084**	**-**	**1,084**	**660**	**-**	**660**
Lunch									
Free	460	-	460	364	-	364	230	-	230
Reduced	101	-	101	80	-	80	50	-	50
Base	918	-	918	729	-	729	459	-	459
Total	**1,479**	**-**	**1,479**	**1,173**	**-**	**1,173**	**739**	**-**	**739**
Supplement									
Free	446	-	446	349	-	349	225	-	225
Reduced	98	-	98	76	-	76	49	-	49
Base	890	-	890	698	-	698	449	-	449
Total	**1,434**	**-**	**1,434**	**1,123**	**-**	**1,123**	**723**	**-**	**723**

CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.

ANNA BING ARNOLD CHILDREN'S CENTER

Schedule of Reported, Adjusted, and Allowed Meals, continued

Year Ended June 30, 2024

	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed
Breakfast		January 2024			February 2024			March 2024	
Free	424	-	424	455	-	455	478	-	478
Reduced	93	-	93	100	-	100	105	-	105
Base	848	-	848	909	-	909	957	-	957
Total	**1,365**	**-**	**1,365**	**1,464**	**-**	**1,464**	**1,540**	**-**	**1,540**
Lunch									
Free	424	-	424	508	-	508	553	-	553
Reduced	93	-	93	111	-	111	121	-	121
Base	848	-	848	1,017	-	1,017	1,105	-	1,105
Total	**1,365**	**-**	**1,365**	**1,636**	**-**	**1,636**	**1,779**	**-**	**1,779**
Supplement									
Free	424	-	424	498	-	498	538	-	538
Reduced	93	-	93	109	-	109	118	-	118
Base	848	-	848	996	-	996	1,075	-	1,075
Total	**1,365**	**-**	**1,365**	**1,603**	**-**	**1,603**	**1,731**	**-**	**1,731**

	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed
Breakfast		April 2024			May 2024			June 2024	
Free	399	-	399	474	-	474	318	-	318
Reduced	87	-	87	104	-	104	70	-	70
Base	798	-	798	946	-	946	636	-	636
Total	**1,284**	**-**	**1,284**	**1,524**	**-**	**1,524**	**1,024**	**-**	**1,024**
Lunch									
Free	455	-	455	545	-	545	354	-	354
Reduced	100	-	100	119	-	119	77	-	77
Base	911	-	911	1,091	-	1,091	707	-	707
Total	**1,466**	**-**	**1,466**	**1,755**	**-**	**1,755**	**1,138**	**-**	**1,138**
Supplement									
Free	449	-	449	534	-	534	342	-	342
Reduced	98	-	98	117	-	117	75	-	75
Base	898	-	898	1,069	-	1,069	683	-	683
Total	**1,445**	**-**	**1,445**	**1,720**	**-**	**1,720**	**1,100**	**-**	**1,100**

AUDITED ENROLLMENT, ATTENDANCE AND FISCAL REPORT FOR CHILD CARE AND DEVELOPMENT PROGRAMS

Fiscal Year Ending	**June 30, 2024**
Contract Number	**CCTR-3085**
Vendor Code*	**Q967**

Full Name of Contractor* **Cal State L.A. University Auxiliary Services, Inc.**

Section 1 - Number of Counties Where Services are Provided

- Number of counties where the agency provided services to certified children (Form AUD 9500.1):* 1
- Number of counties where the agency provided mental health consultation services to certified children (Form 9500.2):* 0
- Number of counties where the agency provided services to non-certified children (Form AUD 9500.3):* 1
- Number of counties where the agency provided mental health consultation services to non-certified children (Form 9500.4):* 0
- Total enrollment and attendance forms to attach: 2

Note: For each of the above categories, submit one form for each service county for the fiscal year.

Section 2 - Days of Enrollment, Attendance and Operation

	Column A Cumulative FY CDNFS 9500	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjusted Days per Audit
Total Certified Days of Enrollment	4,953	456	5409	9,758.2394
Total Certified Days of Enrollment with Mental Health Consultation Services	0	0	0	0.0000
Days of Attendance (including MHCS)	3,764	1,634	5398	**N/A**
Total Non-Certified Days of Enrollment	3,390	122	3,512	6,180.6592
Total Non-Certified Days of Enrollment with Mental Health Consultation Services	0	0	0	0.0000
Days of Operation	230	0	230	**N/A**

*Indicates field is required.

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Full Name of Contractor Cal State L.A. University Auxiliary Services, Inc. **Contract Number** CCTR-3085

Section 3 - Revenue

	Column A Cumulative FY CDNFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit
Restricted Income - Child Nutrition Programs	23,530	(3,095)	20,435
Restricted Income - County Maintenance of Effort (WIC Section 10308.5)	0	0	0
Restricted Income - American Rescue Plan Act (ARPA)	0	47,831	47,831
Restricted Income - Other: CCAMPIS Grant, Senate Bill 140	0	105,213	105,213
Restricted Income - Subtotal	**23,530**	**149,949**	**173,479**
Transfer from Reserve	0	0	0
Waived Family Fees for Certified Children*	3,200	0	3,200
Family Fees Collected for Certified Children	919	0	919
Interest Earned on Child Development Apportionment Payments	0	0	0
Unrestricted Income - Fees for Non-Certified Children	209,009	27,275	236,284
Unrestricted Income - Early Head Start	69,056	(69,056)	0
Unrestricted Income - Other: ASI, Lottery Fund, General Fund, IRA, Misc.	190,737	(44,024)	146,713
Total Revenue (*Waived Family Fees Not Included)	**493,251**	**64,144**	**557,395**

Comments: Days of enrollment and days of attendance for certified children adjusted to correctly report enrollment for children who were scheduled to attend less than five days per week.
Days of enrollment for noncertified children adjusted to correctly report enrollment for children who were scheduled to attend less than five days per week.
Days of enrollment and days of attendance for certified children adjusted to correctly report best interest days above 10 as unexcused absences.
Days of enrollment and days of attendance for certified children adjusted to remove a day the Center closed and did not obtain proper approval.

Full Name of Contractor Cal State L.A. University Auxiliary Services, Inc. **Contract Number** CCTR-3085

Section 4 - Reimbursable Expenses

	Column A Cumulative FY CDNFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit
Direct Payments to Providers (FCCH only)	0	0	0
1000 Certificated Salaries	400,469	61,878	462,347
2000 Classified Salaries	287,371	(88,245)	199,126
3000 Employee Benefits	154,684	(8,697)	145,987
4000 Books and Supplies	34,507	(15,105)	19,402
5000 Services and Other Operating Expenses	145,295	(6,523)	138,772
6100/6200 Other Approved Capital Outlay	0	0	0
6400 New Equipment (program-related)	0	0	0
6500 Equipment Replacement (program-related)	0	0	0
Depreciation or Use Allowance	4,873	340	5,213
Start-up Expenses (service level exemption)	0	0	0
Budget Impasse Credit	0	0	0
Indirect Costs (Include in Administrative Cost)	46,992	(6,427)	40,565
Non-Reimbursable (State Use Only)	0	0	0
Total Reimbursable Expenses	**1,074,191**	**(62,779)**	**1,011,412**
Total Administrative Cost (included in section 4 above)	69,241	0	69,241
Total Staff Training Cost (included in section 4 above)	10,095	0	10,095

Approved Indirect Cost Rate: 8.0 %

☐ NO SUPPLEMENTAL REVENUE / EXPENSES Check this box and omit page 4.

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Full Name of Contractor Cal State L.A. University Auxiliary Services, Inc. **Contract Number** CCTR-3085

Section 5 - Supplemental Revenue

	Column A Cumulative FY CDNFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit
Enhancement Funding	0	0	0
Other: Early Head Start	0	91,424	91,424
Other: General Fund	0	10,717	10,717
Total Supplemental Revenue	**0**	**102,141**	**102,141**

Section 6 - Supplemental Expenses

	Column A Cumulative FY CDNFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit
1000 Certificated Salaries	0	36,442	36,442
2000 Classified Salaries	0	0	0
3000 Employee Benefits	0	10,503	10,503
4000 Books and Supplies	0	2,430	2,430
5000 Services and Other Operating Expenses	0	14,749	14,749
6000 Equipment / Capital Outlay	0	38,017	38,017
Depreciation or Use Allowance	0	0	0
Indirect Costs	0	0	0
Non-Reimbursable Supplemental Expenses	0	0	0
Total Supplemental Expenses	**0**	**102,141**	**102,141**

Full Name of Contractor Associated Students, Inc., California State University, Long Beach **Contract Number** CCTR-3085

Section 7 - Summary

	Column A Cumulative FY CDNFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit
Total Certified Days of Enrollment (including MHCS)	4,953	456	5,409
Days of Operation	230	0	230
Days of Attendance (including MHCS)	3,764	1,634	5,398
Restricted Program Income	23,530	149,949	173,479
Transfer from Reserve	0	0	0
Family Fees Collected for Certified Children	919	0	919
Interest Earned on Child Development Apportionment Payments	0	0	0
Direct Payments to Providers	0	0	0
Start-up Expenses (service level exemption)	0	0	0
Total Reimbursable Expenses	1,074,191	(62,779)	1,011,412
Total Administrative Cost	69,241	0	69,241
Total Staff Training Cost	10,095	0	10,095
Non-Reimbursable (State use only)	**N/A**	**N/A**	

Total Certified Adjusted Days of Enrollment (including MHCS) 9,758.2394

Total Non-Certified Adjusted Days of Enrollment (including MHCS) 6,180.6592

Independent auditor's assurances on agency's compliance with contract funding terms and conditions and program requirements for programs that transferred to the California Department of Social Services on July 1, 2021 pursuant to WIC Section 10203(b):

Eligibility, enrollment and attendance records are being maintained as required (Select YES or NO from the drop-down box): Yes

Reimbursable expenses claimed on page 3 are eligible for reimbursement, reasonable, necessary, and adequately supported (select YES or NO from the drop-down box): Yes

Include any comments in the comments box on page 2. If necessary, attach additional sheets to explain adjustments.

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CHILD CARE AND DEVELOPMENT PROGRAMS CERTIFIED CHILDREN DAYS OF ENROLLMENT AND ATTENDANCE

Fiscal Year Ending	**June 30, 2024**
Contract Number	**CCTR-3085**
Vendor Code	**Q967**

Full Name of Contractor **Cal State L.A. University Auxiliary Services, Inc.**

Service County: **Los Angeles**

	Column A Cumulative FY CDNFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Infants (up to 18 months) Full-time-plus	0	0	0	2.8792	0.0000
Infants (up to 18 months) Full-time	1,529	(15)	1,514	2.4400	3,694.1600
Infants (up to 18 months) One-half-time	0	156	156	1.4674	228.9144
Toddlers (18 up to 36 months) Full-time-plus	0	0	0	2.1240	0.0000
Toddlers (18 up to 36 months) Full-time	2,613	(26)	2,587	1.8000	4,656.6000
Toddlers (18 up to 36 months) One-half-time	0	322	322	1.0825	348.5650
Three Years and Older Full-time-plus	0	0	0	1.1800	0.0000
Three Years and Older Full-time	811	19	830	1.0000	830.0000
Three Years and Older One-half-time	0	0	0	0.6014	0.0000
Exceptional Needs Full-time-plus	0	0	0	1.8172	0.0000
Exceptional Needs Full-time	0	0	0	1.5400	0.0000
Exceptional Needs One-half-time	0	0	0	0.9262	0.0000

Full Name of Contractor Associated Students, Inc., California State University, Long Beach **Contract Number** CCTR-3085

	Column A Cumulative FY CDNFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Dual Language Learner Full-time-plus	0	0	0	1.2980	0.0000
Dual Language Learner Full-time	0	0	0	1.1000	0.0000
Dual Language Learner One-half-time	0	0	0	0.6014	0.0000
At Risk of Abuse or Neglect Full-time-plus	0	0	0	1.2980	0.0000
At Risk of Abuse or Neglect Full-time	0	0	0	1.1000	0.0000
At Risk of Abuse or Neglect One-half-time	0	0	0	0.6014	0.0000
Severely Disabled Full-time-plus	0	0	0	2.2774	0.0000
Severely Disabled Full-time	0	0	0	1.9300	0.0000
Severely Disabled One-half-time	0	0	0	1.1607	0.0000
Total Certified Days of Enrollment	**4,953**	**456**	**5,409**	**N/A**	**9758.2394**
Days of Attendance	**3,764**	**445**	**4,209**	**N/A**	**N/A**

Enter the sum of Total Certified Days of Enrollment from Form AUD9500.1(s) in the Total Certified Days of Enrollment line of AUD 9500, Section 2.

Enter the sum of Days of Attendance from all Form AUD9500.1(s) and Form AUD9500.2(s) in the Days of Attendance line of AUD 9500, Section 2.

CHILD CARE AND DEVELOPMENT PROGRAMS
NON-CERTIFIED CHILDREN DAYS OF ENROLLMENT

Fiscal Year Ending	**June 30, 2024**
Contract Number	**CCTR-3085**
Vendor Code	**Q967**

Full Name of Contractor **Cal State L.A. University Auxiliary Services, Inc.**

Service County: **Los Angeles**

	Column A Cumulative FY CDNFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Infants (up to 18 months) Full-time-plus	0	0	0	2.8792	0.0000
Infants (up to 18 months) Full-time	643	(74)	569	2.4400	1,388.3600
Infants (up to 18 months) One-half-time	0	58	58	1.4674	85.1092
Toddlers (18 up to 36 months) Full-time-plus	0	0	0	2.1240	0.0000
Toddlers (18 up to 36 months) Full-time	2,272	(12)	2,260	1.8000	4,068.0000
Toddlers (18 up to 36 months) One-half-time	0	172	172	1.0825	186.1900
Three Years and Older Full-time-plus	0	0	0	1.1800	0.0000
Three Years and Older Full-time	475	(22)	453	1.0000	453.0000
Three Years and Older One-half-time	0	0	0	0.6014	0.0000
Exceptional Needs Full-time-plus	0	0	0	1.8172	0.0000
Exceptional Needs Full-time	0	0	0	1.5400	0.0000
Exceptional Needs One-half-time	0	0	0	0.9262	0.0000

Full Name of Contractor Cal State L.A. University Auxiliary Services, Inc. **Contract Number** CCTR-3085

	Column A Cumulative FY CDNFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Dual Language Learner Full-time-plus	0	0	0	1.2980	0.0000
Dual Language Learner Full-time	0	0	0	1.1000	0.0000
Dual Language Learner One-half-time	0	0	0	0.6014	0.0000
At Risk of Abuse or Neglect Full-time-plus	0	0	0	1.2980	0.0000
At Risk of Abuse or Neglect Full-time	0	0	0	1.1000	0.0000
At Risk of Abuse or Neglect One-half-time	0	0	0	0.6014	0.0000
Severely Disabled Full-time-plus	0	0	0	2.2774	0.0000
Severely Disabled Full-time	0	0	0	1.9300	0.0000
Severely Disabled One-half-time	0	0	0	1.1607	0.0000
Total Non-Certified Days of Enrollment	**3,390**	**122**	**3,512**	**N/A**	**6180.6592**

Enter the sum of Total Non-Certified Days of Enrollment from all Form AUD 9500.3(s) in the Total Non-Certified Days of Enrollment line of AUD 9500, Section 2.

Contractor Name Cal State L.A. University Auxiliary Services, Inc.

Contract Number: CSPP-3165

California Department of Education
Audited Enrollment, Attendance and Fiscal Report for California State Preschool Program

Fiscal Year Ended: June 30, 2024

Vendor Code: Q9670

Section 1 – Number of Counties Where Services are Provided

Number of counties where the agency provided services to certified children (Form 1): **1**

Number of counties where the agency provided mental health consultation services to certified children (Form 2): **0**

Number of counties where the agency provided services to non-certified children (Form 3): **1**

Number of counties where the agency provided mental health consultation services to non-certified children (Form 4): **0**

Total enrollment and attendance forms to attach: **2**

Note: For each of the above categories, submit one form for each service county.

Section 2 – Days of Enrollment, Attendance and Operation

Enrollment and Attendance Form Summary	Column A Cumulative FY per CPARIS	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjusted Days per Audit
Total Certified Days of Enrollment	8,006	572	8,578	11,562.0482
Total Certified Days of Enrollment with Mental Health Consultation Services	0	0	0	0.0000
Days of Attendance (including MHCS)	7,986	485	8,471	N/A
Total Non-Certified Days of Enrollment	4,321	420	4,741	7,206.3061
Total Non-Certified Days of Enrollment with Mental Health Consultation Services	0	0	0	0.0000

Days of Operation	Column A Cumulative FY per CPARIS	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjusted Days per Audit
Days of Operation	230	0	230	N/A

Section 3 – Revenue

Restricted Income	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Child Nutrition Programs	38,831	3,292	42,123
County Maintenance of Effort (EC Section 8260)	0	0	0
Other: American Rescue Plan Act	0	74,812	74,812
Other: CCAMPIS Grant, Senate Bill 140	0	164,563	164,563
TOTAL RESTRICTED INCOME	**38,831**	**242,667**	**281,498**

Transfer from Reserve	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Transfer from Preschool Reserve	0	0	0

Other Income	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Waived Family Fees for Certified Children (July - September)	21,043	0	21,043
Family Fees for Certified Children (October - June)	3,184	0	3,184
Interest Earned on Apportionment Payments	0	0	0
Unrestricted Income: Fees for Non-Certified Children	346,280	21,545	367,825
Unrestricted Income: Early Head Start	0	0	0
Other: ASI, Lottery Fund, General Fund, IRA, Misc.	397,730	(167,502)	230,228
Other:	0	0	0

Section 4 - Reimbursable Expenses

Cost Category	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Direct Payments to Providers (FCCH only)	0	0	0
Direct Payments to Subcontractors: Cost of Care Plus & One-Time Allocations Only	0	0	0
1000 Certificated Salaries	629,823	93,333	723,156
2000 Classified Salaries	471,922	(160,467)	311,455
3000 Employee Benefits	245,970	(17,631)	228,339
4000 Books and Supplies	49,688	(19,343)	30,345
5000 Services and Other Operating Expenses	223,890	(6,834)	217,056
6100/6200 Other Approved Capital Outlay	0	0	0
6400 New Equipment (program-related)	0	0	0
6500 Equipment Replacement (program-related)	0	0	0
Depreciation or Use Allowance	8,269	(114)	8,155
Start-up Expenses (service level exemption)	0	0	0
Indirect Costs (include in Total Administrative Cost)	49,116	14,333	63,449
TOTAL REIMBURSABLE EXPENSES	**1,678,678**	**(96,723)**	**1,581,955**

Does the agency have an indirect cost rate approved by its cognizant agency (Select YES or NO)? ☑ Yes ☐ No

Approved Indirect Cost Rate: 3.03 %

Specific Items of Reimbursable Expenses	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Total Administrative Cost (included in Reimbursable Expenses)	86,439	0	86,439
Total Staff Training Cost (included in Reimbursable Expenses)	16,235	0	16,235

Section 5 - Supplemental Funding

Supplemental Revenue	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Enhancement Funding	0	0	0
Other: Early Head Start	0	142,996	142,996
Other: General Fund	0	16,762	16,762
TOTAL SUPPLEMENTAL REVENUE	**0**	**159,758**	**159,758**

Supplemental Expenses	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
1000 Certificated Salaries	0	57,000	57,000
2000 Classified Salaries	0	0	0
3000 Employee Benefits	0	16,427	16,427
4000 Books and Supplies	0	3,802	3,802
5000 Services and Other Operating Expenses	0	23,067	23,067
6000 Equipment / Capital Outlay	0	59,462	59,462
Depreciation or Use Allowance	0	0	0
Indirect Costs	0	0	0
Non-Reimbursable Supplement Expenses	0	0	0
TOTAL SUPPLEMENTAL EXPENSES	**0**	**159,758**	**159,758**

Section 6 - Summary

Description	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Total Certified Days of Enrollment (including MHCS)	8,006	572	8,578
Days of Operation	230	0	230
Days of Attendance (including MHCS)	7,986	485	8,471
Total Certified Adjusted Days of Enrollment	N/A	N/A	11,562.0482
Total Non-Certified Adjusted Days of Enrollment	N/A	N/A	7,206.3061
Restricted Program Income	38,831	242,667	281,498
Transfer from Preschool Reserve Account	0	0	0
Family Fees for Certified Children (October - June)	3,184	0	3,184
Interest Earned on Apportionment Payments	0	0	0
Direct Payments to Providers	0	0	0
Start-up Expenses (service level exemption)	0	0	0
Total Reimbursable Expenses	1,678,678	(96,723)	1,581,955
Total Administrative Cost	86,439	0	86,439
Total Staff Training Cost	16,235	0	16,235
Non-Reimbursable Cost (State Use Only)	N/A	N/A	0

Section 7 - Auditor's Assurances

Independent auditor's assurances on agency's compliance with the contract funding terms and conditions and program requirements of the California Department of Education, Early Education Division:

Eligibility, enrollment and attendance records are being maintained as required (Select YES or NO): ☑ Yes ☐ No

Reimbursable expenses claimed in Section 4 are eligible for reimbursement, reasonable, necessary, and adequately supported (Select YES or NO): ☑ Yes ☐ No

Section 8 - Comments

Include any comments in the comment box. If necessary, attach additional sheets to explain adjustments.

Days of enrollment and days of attendance for certified children adjusted to correctly report enrollment for children who were scheduled to attend less than five days per week.
Days of enrollment for noncertified children adjusted to correctly report enrollment for children who were scheduled to attend less than five days per week.
Days of enrollment and days of attendance for certified children adjusted to correctly report best interest days above 10 as unexcused absences.
Days of enrollment and days of attendance for certified children adjusted to remove a day the Center closed and did not obtain proper approval.
Days of enrollment and days of attendance for certified children adjusted to correct and error in reporting ages 4 and up full-time and dual language learners full-time.

California State Preschool Program – Form 1
Certified Children Days of Enrollment and Attendance

Service County: Los Angeles

Enrollment Description	Column A Cumulative FY per CPARIS June Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Three Years Old Full-time-plus	0	0	0	2.1240	0.0000
Three Years Old Full-time	3,221	(210)	3,011	1.8000	5,419.8000
Three Years Old Part-time	0	574	574	1.0827	621.4698
Four Years and Older Full-time-plus	0	0	0	1.1800	0.0000
Four Years and Older Full-time	2,324	(450)	1,874	1.0000	1,874.0000
Four Years and Older Part-time	0	40	40	0.6015	24.0600
Exceptional Needs Full-time-plus	0	0	0	2.8320	0.0000
Exceptional Needs Full-time	160	(138)	22	2.4000	52.8000
Exceptional Needs Part-time	23	241	264	1.4436	381.1104
Dual Language Learner Full-time-plus	0	0	0	1.4160	0.0000
Dual Language Learner Full-time	2,278	243	2,521	1.2000	3,025.2000
Dual Language Learned Part-time	0	272	272	0.6015	163.6080

Enrollment Description	Column A Cumulative FY per CPARIS June Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
At Risk of Abuse or Neglect Full-time-plus	0	0	0	1.2980	0.0000
At Risk of Abuse or Neglect Full-time	0	0	0	1.1000	0.0000
At Risk of Abuse or Neglect Part-time	0	0	0	0.6015	0.0000
Severely Disabled Full-time-plus	0	0	0	2.8320	0.0000
Severely Disabled Full-time	0	0	0	2.4000	0.0000
Severely Disabled Part-time	0	0	0	1.4436	0.0000
TOTAL CERTIFIED DAYS OF ENROLLMENT	**8,006**	**572**	**8,578**	N/A	**11,562.0482**

Attendance	Column A Cumulative FY per CPARIS June Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
DAYS OF ATTENDANCE	**7,986**	**485**	**8,471**	N/A	N/A

Enter the sum of Total Certified Days of Enrollment from all Form 1s in the Total Certified Days of Enrollment line of AUD 8501, Section 2.

Enter the sum of Days of Attendance from all Form 1s and Form 2s in the Days of Attendance line of AUD 8501, Section 2.

California State Preschool Program – Form 3
Non-Certified Children Days of Enrollment

Service County: Los Angeles

Enrollment Description	Column A Cumulative FY per CPARIS June Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Toddlers (18 up to 36 months) Full-time-plus	0	0	0	2.1240	0.0000
Toddlers (18 up to 36 months) Full-time	0	0	0	1.8000	0.0000
Toddlers (18 up to 36 months) Part-time	0	0	0	0.9900	0.0000
Three Years Old Full-time-plus	0	0	0	2.1240	0.0000
Three Years Old Full-time	2,817	265	3,082	1.8000	5,547.6000
Three Years Old Part-time	0	88	88	1.0827	95.2776
Four Years and Older Full-time-plus	0	0	0	1.1800	0.0000
Four Years and Older Full-time	1,504	48	1,552	1.0000	1,552.0000
Four Years and Older Part-time	0	19	19	0.6015	11.4285
Exceptional Needs Full-time-plus	0	0	0	2.8320	0.0000
Exceptional Needs Full-time	0	0	0	2.4000	0.0000
Exceptional Needs Part-time	0	0	0	1.4436	0.0000
Dual Language Learner Full-time-plus	0	0	0	1.4160	0.0000
Dual Language Learner Full-time	0	0	0	1.2000	0.0000
Dual Language Learner Part-time	0	0	0	0.6015	0.0000

Contractor Name: Cal State L.A. University Auxiliary Services, Inc. **Contract Number: CSPP-3165**

Enrollment Description	Column A Cumulative FY per CPARIS June Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
At Risk of Abuse or Neglect Full-time-plus	0	0	0	1.2980	0.0000
At Risk of Abuse or Neglect Full-time	0	0	0	1.1000	0.0000
At Risk of Abuse or Neglect Part-time	0	0	0	0.6015	0.0000
Severely Disabled Full-time-plus	0	0	0	2.8320	0.0000
Severely Disabled Full-time	0	0	0	2.4000	0.0000
Severely Disabled Part-time	0	0	0	1.4436	0.0000
TOTAL NON-CERTIFIED DAYS OF ENROLLMENT	**4,321**	**420**	**4,741**	N/A	**7,206.3061**

Enter the sum of Total Non-Certified Days of Enrollment from all Form 3s in the Total Non-Certified Days of Enrollment line of AUD 8501, Section 2.

OTHER REQUIRED INFORMATION

Aldrich CPAs + Advisors LLP
135 S. State College Boulevard #370
Brea, CA 92821

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

To the Board of Directors
Cal State L.A. University Auxiliary Services, Inc.
Anna Bing Arnold Children's Center

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 Cal State L.A. University Auxiliary Services, Inc., Anna Bing Arnold Children's Center (the Center), which comprise the statement of net position as of June 30, 2024, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 12, 2024.

Report on Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2024-001 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2024-002 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2024-003 and 2024-004.

The Center's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Center's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Center's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Brea, California
December 12, 2024

CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.
ANNA BING ARNOLD CHILDREN'S CENTER
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

Section I - Summary of Auditor's Results

Financial Statements

Type of Auditor's Report Issued:	Unmodified
Internal control over financial reporting:	
Material weakness identified?	Yes
Significant deficiency identified that are not considered to be a material weakness?	Yes
Noncompliance material to financial statements noted?	No

Section II - Financial Statement Findings

Material Weakness

2024-001 Financial Close and Reporting

Criteria: In accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and accrual accounting, goods and services must be recorded in the year they were received or performed. Revenues and expenses should match the timing of when they were recognized or incurred. Estimates for accruals and the allowance for doubtful accounts should accurately reflect the financial condition of the entity. OPEB reporting should take into account differences between the actuarial measurement date and fiscal year for accounting and reporting accuracy.

An effective financial close and reporting process should include reconciling accounts, reviewing transactions, posting adjusting entries, preparing financial statements, and analyzing performance.

Condition: Transactions for goods received and services performed in fiscal year 2023 were reported in fiscal year 2024. Transactions for goods received and services performed in fiscal year 2024 were not accrued at year-end. Revenues and receivables related to cost-reimbursement grant activity were matched with when this activity was reported. Benefit accrual accounts were not reconciled and the methodology for establishing the allowance for doubtful accounts was outdated and calculations were not updated. Deferred outflows for contributions to the OPEB plan made after the measurement date were not recorded appropriately.

Cause: Invoices for goods received and services performed in fiscal year 2023 were received by UAS after the end of the fiscal year and after the internal cutoff for year-end close. Other transactions without invoices, like payroll, were not captured in the year-end closing process. Grant activity was not monitored sufficiently to identify when accruals were necessary. Leadership transitions at year-end contributed to the oversight of closing procedures.

Section II - Financial Statement Findings, continued

Material Weakness
2024-001, continued

Effect: A significant amount of collective transactions related to cost-reimbursement grants were recorded in fiscal year 2024, instead of correctly in fiscal year 2023 causing an overstatement of expenses and liabilities and an overstatement of related revenues and receivables for the year ended June 30, 2024. Due to the nature of these transactions, this had no effect on UAS's ending net position at June 30, 2023 or 2024.

Federal grant transactions in the amount of $750,841 occurring in fiscal year 2024 were not reported until fiscal year 2025 causing an understatement of expenses and liabilities and an understatement of related revenues and receivables. As a result, the schedule of expenditures of Federal awards was also understated. Similarly, non-Federal grant and non-grant transactions occurring in fiscal year 2024 were not reported until fiscal year 2025, understating liabilities and expenses.

Benefit accruals were overstated by $900,553 and the allowance for doubtful accounts lacked support based on current conditions. Deferred outflows of $194,360 related to the OPEB plan were not recorded.

Context: Leadership transitions at UAS contributed to the thoroughness of year-end closing procedures. Reconciliations were not performed and accounts were not evaluated for continued reasonability. The allowance methodology was based on a study from 2010 and balance was not in accordance with stated methodology.

Repeat Finding: No.

Recommendation: At year-end, extend the closing date to allow more time for invoices to be received and necessary accruals to be made. In addition, review vendor activity, especially related to grants, at year-end to evaluate whether all invoices for services performed have been received and make necessary accruals and/or estimates for known services performed. Establish monthly and annual reconciliation procedures for all accounts, including those related to the OPEB plan, and perform a robust review of UAS's receivables to establish a relevant allowance methodology.

Views of Responsible Officials: Management acknowledges the auditor's identification of a material weakness in the financial close and reporting processes. We recognize the urgency in addressing the issues related to the year-end cutoff for transactions, benefit accrual accounts reconciliation, and the methodology for establishing the allowance for doubtful accounts. To address these concerns, we will enhance our year-end close procedures to ensure all liabilities and expenses are captured accurately and timely.

We will enhance our year-end close procedures to ensure all liabilities and expenses, particularly those related to accounts payable (AP), state unemployment insurance (SUI), and workers' compensation (WC), are captured accurately and timely. We will enhance our AP processes by conducting multiple rounds of search for unrecorded liabilities (SUL) before year-end closing to ensure all outstanding obligations are identified and recorded promptly.

Section II - Financial Statement Findings, continued

Material Weakness
2024-001, continued

Additionally, we will implement more rigorous reconciliation and analytical procedures for SUI and WC liabilities, including regular reviews to ensure these accounts are properly adjusted. This will involve reconciling accumulated balances to correct any discrepancies, while also improving communication between Human Resources and Accounting departments to facilitate timely data sharing.

For the allowance for doubtful accounts, we will implement a data-driven approach. This includes conducting a thorough analysis of historical collection rates, aging of receivables, and current economic conditions to support our estimates. We will review and update this analysis annually, ensuring our allowance always reflects current conditions. A formal documentation process will be established to support the rationale behind our allowance calculations, which will be reviewed by senior management before finalizing financial statements.

Specialized training will be provided to our accounting staff on accrual accounting techniques, particularly for period-end reviews and proper reconciliation of accounts. These corrective actions will be closely monitored, with regular updates provided to senior management to ensure that the financial reporting process is strengthener, and all transactions and accruals are accurately captured in the correct fiscal year.

Significant Deficiency
2024-002 Capitalization of Assets

Criteria: U.S. GAAP requires the capitalization of costs when a future benefit for expenditure exists. Per 2 CFR section 200.1, equipment is tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or $5,000. UAS's capitalization policy is defined as an asset with an original total cost of $5,000 or greater (total cost including all expenditures, reasonable and necessary, in acquiring or receiving the asset) with a useful life of more than one year. Additionally, any assets purchased for the use of University campus projects or grants and contracts are not considered UAS capital assets as they are transferred to the University.

Condition: Purchases meeting the requirements per UAS's capitalization policy were expensed.

Cause: Equipment and related expense accounts were not reviewed thoroughly for items meeting the capitalization policy.

Effect: Expenses were overstated and capital assets were understated by $259,147.

Context: Most activity was related to grant expenditures in which assets were transferred to the University. Leadership transitions at UAS contributed to the thoroughness of year-end closing procedures, including review of equipment expense accounts.

Repeat Finding: No.

Section II - Financial Statement Findings, continued

Significant Deficiency
2024-002, continued

Recommendation: Evaluate whether the policy to expense grant-related assets is achieving the Uniform Guidance objectives of asset tracking and ongoing management. If assets transferred to the University are still being utilized for grant purposes by UAS, ensure that sufficient monitoring procedures are in place to ensure compliance with Federal award terms and conditions. Review equipment expense accounts at year-end, or on a more frequent basis, for items meeting UAS's capitalization policy and record as appropriate.

Views of Responsible Officials: Management agrees with the finding and acknowledges that certain expenses were overstated, and capital assets were understated due to an insufficient review of expense accounts for items that met the capitalization policy. The root cause of this issue was an inadequate review of expense accounts for capitalizable items at year-end and throughout the fiscal year in certain categories of purchases.

To prevent recurrence, we are implementing a comprehensive year-end review of equipment expense accounts to identify items that should be capitalized and introducing a quarterly review process for timely identification of capitalizable assets. Additionally, we will provide enhanced training to our accounting staff on the capitalization policy.

Section III - Findings and Questioned Costs for Child Development Programs

Significant Deficiency
2024-003 Incomplete Sign-in/Sign-out Signatures

Program Information: General Child Care and Development Program and California State Preschool Program, ALN 93.575/93.596 (CCTR-3085 and CSPP-3165)

Criteria: Per Section IV(C) of the California Department of Social Services Fiscal Year 2023-24 Funding Terms and Conditions and Section VI(C) of the California Department of Education California State Preschool Fiscal Year 2023-24 Contract Terms and Conditions, attendance for each program is required to be recorded on daily sign-in/sign-out sheets. On a daily basis, either the parent or other authorized adult by the parent to drop off/pick-up a child shall sign the sheet using their full signature for both arrival and departure times.

Condition: Five signatures tested were incomplete and not deemed full signatures.

Questioned Costs: The related conditions did not result in reportable questioned costs.

Effect and Context: For 3 of 40 attendance days tested, the name signed was a printed name. For 2 of 40 attendance days tested, the signature used to sign the child in/out was an easily duplicatable initial.

Cause: It can be challenging to monitor every parent or guardian that signs the child in/out as they usually arrive to drop off/pick up at similar times. Ultimately, the system currently relies on the parents or other authorized adult to provide a full signature.

Section III - Findings and Questioned Costs for Child Development Programs, continued

Significant Deficiency
2024-003, continued

Recommendation: We recommend providing a reminder to subsidized families that full signatures are required for sign-in/sign-outs and reviewing the sign-in/sign-out sheets on a regular basis to identifying specific parents or other authorized adults that do not meet the full signature requirement and have them provide an updated signature to maintain compliance. If a child is signed in/out by an authorized adult who may be unfamiliar with the requirement and provides less than a full signature, then the Center can request an updated full signature from the parent on a subsequent day.

Views of Responsible Officials: Management has reviewed and agrees with the finding. Management will send email reminders of the signature policy and will include policy review during the new parent orientation. The sign-in/sign-out sheets will continue to be reviewed daily and verbal reminders will be given to parents or other authorized adults as needed.

Significant Deficiency
2024-004 Mis-reporting of Enrolled Days

Program Information: General Child Care and Development Program and California State Preschool Program, ALN 93.575/93.596 (CCTR-3085 and CSPP-3165)

Criteria: Per Section VII(G) of the California Department of Social Services Fiscal Year 2023-24 Funding Terms and Conditions and Section VI(G) of the California Department of Education California State Preschool Fiscal Year 2023-24 Contract Terms and Conditions, the Center shall submit accurate reports reporting days of attendance and days of enrollment.

Condition: The Center either did not review the monthly inputs or did not do so closely enough resulting in enrolled days being mis-reported.

Questioned Costs: The related conditions did not result in reportable questioned costs.

Effect and Context: There were 3 instances identified where reported days of enrollment or attendance did not accurately reflect actual days of enrollment or attendance. In one instance, the Center closed due to losing electricity and did not obtain approval to report enrollment for this emergency closure. The Center counted this day as an enrolled and attendance day. In one instance, a noncertified child was enrolled on a holiday when the Center was closed. In one instance, a certified child dis-enrolled halfway through the month but was reported as enrolled throughout the entire month.

Cause: Regarding the first instance, the Center forgot to send a closure approval request. Regarding the second instance, the Center charges a flat monthly rate for noncertified children and did not think the holiday would have an effect on reporting. Regarding the third instance, this was due to human error and the reviewer did not catch the extra days reported.

Recommendation: Aldrich recommends adding another level of review for monthly totals.

Views of Responsible Officials: Management has reviewed and agrees with the finding.

Section IV - Status of Corrective Action on Prior Year Findings

None reported.

Aldrich CPAs + Advisors LLP
135 S. State College Boulevard #370
Brea, CA 92821

AUDITOR'S WRITTEN COMMUNICATION

To the Audit Committee
Cal State L.A. University Auxiliary Services, Inc.
Anna Bing Arnold Children's Center

In planning and performing our audit of the financial statements of Cal State L.A. University Auxiliary Services, Inc., Anna Bing Arnold Children's Center (Center) as of and for the year ended June 30, 2024, in accordance with auditing standards generally accepted in the United States of America, we considered the Center's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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. We consider the following deficiencies in the Center's internal control to be significant deficiencies:

1. Five sign-in/sign-out signatures were incomplete or missing (2024-003).

2. Enrolled days were not recorded properly (2024-004).

This communication is intended solely for the information and use of management and the Board of Directors of the Center's, others within the organization, and officials of the California Department of Education and the California Department of Social Services and is not intended to be, and should not be, used by anyone other than these specified parties.

Brea, California
December 12, 2024

Quality Review Checklist for FY 2023–24
Child Care and Development Program Agencies

Vendor Number: Q967

Agency Name: Cal State L.A. University Auxiliary Services, Inc. Anna Bing Arnold Children's Center

Director Name & email: James Goodrich jgoodrich@calstatela.edu

Introduction

The quality review checklist is required to be completed by the agency's representative and submitted along with the agency's 2023–24 audit report and is designed to reduce or eliminate the need for follow-up questions that arise as the California Department of Social Services, Office of Audit Services reviews the organization's audit report submission in accordance with California Code of Regulations, Title 5, Section 18072.

If questions arise during the audit report review process, the reviewer will contact the agency's Certified Public Accountant (CPA). Please provide the name and email address for the specific auditor at the CPA firm that conducted the agency's audit.

CPA Firm: Aldrich CPAs + Advisors LLP

Auditor Name: Bobby LaCour

Auditor Email: rlacour@aldrichadvisors.com

Required Contents

1. Does the audit report include the following? (*Note: This information is required for all agencies. For more information, reference the Audit Guide: Chapter 200, Exhibit A; Chapter 300; and Illustrative Contractor Audit Report*):

    a. Independent Auditor's Report, based on Generally Accepted Auditing Standards and Government Auditing Standards ..... ☑ Yes ☐ No
        i. Does the Independent Auditor's Report indicate whether the supplementary information is fairly presented in all material respects in relation to the financial statements as a whole? ..... ☑ Yes ☐ No

    b. Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards ..... ☑ Yes ☐ No

    c. Statement of Financial Position / Balance Sheet ..... ☑ Yes ☐ No

    d. Statement of Activities / Income Statement ..... ☑ Yes ☐ No

    e. Notes to Financial Statements ..... ☑ Yes ☐ No

f. Schedule of Expenditures of Federal and State Awards ..... ☑ Yes ☐ No

g. Schedule of Findings and Questioned Costs ..... ☑ Yes ☐ No

h. Combining Statement of Activities ..... ☑ Yes ☐ No

i. Schedule of Claimed Administrative Costs ..... ☑ Yes ☐ No

j. Schedule of Claimed Equipment Expenditures ..... ☑ Yes ☐ No

k. Schedule of Claimed Expenditures for Renovations and Repairs ..... ☑ Yes ☐ No

l. Audited Attendance and Fiscal Report (AUD) form for each child care and development program contract ..... ☑ Yes ☐ No

m. Notes to the Child Care and Development Contract Supplemental Information ..... ☑ Yes ☐ No

2. If applicable, does the audit report submission include the following (*Note: This information is only required under certain circumstances. For more information reference the CDSS Audit Guide: Chapter 200, Exhibit A; Chapter 300; and Illustrative Contractor Audit Report*):

a. Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance (*2 CFR Part 200, Subpart F*) ..... ☐ Yes ☐ No ☑ N/A

b. Management letter and/or internal control communication letter ..... ☑ Yes ☐ No ☐ N/A

c. Statement of Cash Flows ..... ☑ Yes ☐ No ☐ N/A

d. Statement of Functional Expenses ..... ☐ Yes ☐ No ☑ N/A

e. Schedule of Claimed Start-Up Expenses ..... ☐ Yes ☐ No ☑ N/A

f. Audited Reserve Account Activity Report (AUD 9530-A) ..... ☐ Yes ☐ No ☑ N/A

g. Reconciliation of fiscal year not ending on June 30 ..... ☐ Yes ☐ No ☑ N/A

h. Reconciliation of CD Reporting to GAAP Reporting ..... ☑ Yes ☐ No ☐ N/A

i. An audit report that includes all required information for any agencies the contractor entered into a subcontract with for child care and development services (see *FT&C* Section I Definitions) ..... ☐ Yes ☐ No ☑ N/A

AUDs and Financial Statements

3. Were all AUDs prepared on the correct fiscal year's form? ☑ Yes ☐ No
4. Are all pages of the AUD form(s) included? ☑ Yes ☐ No
   a. If not, was the appropriate box marked to explain why the pages were omitted? ☐ Yes ☐ No ☑ N/A
5. Does each AUD's Column A agree to the year-end CDNFS Report's Column C - Cumulative Fiscal Year? ☑ Yes ☐ No
6. Do each AUD's total expenses claimed for reimbursement and total supplemental expenses trace to and agree with the amounts reported on the Schedule of Expenditures by State Categories? ☑ Yes ☐ No
7. For each contract, do the total expenses on the Schedule of Expenditures by State Categories trace to and agree with the total expenses on the Combining Statement of Activities or any applicable expense reconciliation schedules presented in the report? ☑ Yes ☐ No
8. Does the total revenue and expenses on the Combining Statement of Activities (CSA) trace and agree to the Statement of Activities? ☑ Yes ☐ No
9. Does each AUD's revenue related to reimbursable expenses trace to and agree with the Combining Statement of Activities or other Statement? ☑ Yes ☐ No

Capitalized Expenses

10. Are all capitalized expenditures using child development funds identified in the Schedule of Claimed Expenditures for Renovations & Repairs or Schedule of Claimed Equipment Expenditures schedules? (Note: "Capitalized Equipment" is defined by the FT&C as equipment with a per-unit acquisition cost that equals or exceeds the lesser of the capitalization level established by the contractor for financial statement purposes, or $5,000, including tax) ☑ Yes ☐ No
11. Do capitalized equipment expenses on AUD line items 6400, 6500 and/or start-up expenses trace to and agree with the Schedule of Claimed Equipment Expenditures? ☑ Yes ☐ No
12. Do other capital outlays, line item 6100/6200 on the AUD, trace to and agree with the Schedule of Claimed Expenditures for Renovations & Repairs? ☑ Yes ☐ No

13. Did the agency obtain preapproval for items expensed in line item(s) 6100/6200, 6400 and/or 6500? ..... ☐ Yes ☐ No ☑ N/A
    a. If not, please explain (attach additional pages if necessary):

14. If the agency has Child Care Facilities Revolving Fund or California Renovation and Repair loan repayments, are the expenditures correctly reported in line 6100/6200? ..... ☐ Yes ☐ No ☑ N/A

Indirect and Administrative Costs

15. If the agency has an approved indirect cost rate, is it accurately reported on the AUD(s)? ..... ☑ Yes ☐ No ☐ N/A

16. If indirect costs are claimed, are they within the maximum indirect cost rate of the lesser of its approved rate or ten percent (10%)? ..... ☑ Yes ☐ No ☐ N/A

17. If indirect costs were reported, does the indirect cost amount agree to the indirect costs amount reported on the Schedule of Claimed Administrative Costs? ..... ☑ Yes ☐ No ☐ N/A

18. Do the total administrative costs reported on the AUD(s) trace to and agree with the total expense amounts reported on the Schedule of Claimed Administrative Costs? ..... ☑ Yes ☐ No

Enrollment, Attendance, and Assurances on Center-Based AUDs

19. Is the number of days of enrollment the same or greater than the number of days of attendance reported on the AUD(s)? ..... ☑ Yes ☐ No ☐ N/A

20. Were the two assurance certifications checked on the AUD? ..... ☑ Yes ☐ No ☐ N/A

Audited Reserve Account Activity Report

21. Does each Audited Reserve Account Activity Report either identify interest earned on reserve funds or explain in the comments section why no interest is reported? ..... ☐ Yes ☐ No ☑ N/A

22. If there was a reserve account ending balance, was it correctly reported in the Statement of Financial Position/Balance Sheet as a liability? ..... ☐ Yes ☐ No ☑ N/A

Revenue

23. If Child and Adult Care Food Program (CACFP) expenses were allocated to a child care and development contract, was the related revenue reported as restricted income? (Note: Reported revenue should be the lesser of the amount of CACFP funds paid to an agency or the amount of expenses allocated to the contract) ..... ☑ Yes ☐ No ☐ N/A

24. Was all revenue correctly classified as restricted or unrestricted in the AUD form(s)? ..... ☑ Yes ☐ No ☐ N/A

25. If the agency received funds from the Paycheck Protection Program, were any funds used for a child care and development program reported as restricted income? ..... ☐ Yes ☐ No ☑ N/A

26. If non-certified children are reported in the AUD(s), were non-certified family fees reported? ..... ☑ Yes ☐ No ☐ N/A
    a. If not, please explain (attach additional pages if necessary):

Completed By: Lisa Chavez

Title: Interim Executive Director

If necessary, add additional comments here:

Quality Review Checklist
California State Preschool Program Contractors

Contractor Name & Vendor #: Cal State L.A. University Auxiliary Services, Inc. Anna Bing Arnold Children's Center Vendor #Q967

Introduction

The quality review checklist is required to be completed by the contractor's representative and submitted along with the contractor's audit report and is designed to reduce or eliminate the need for follow-up questions that arise as the California Department of Education (CDE), Audits & Investigations Division reviews the organization's audit report submission in accordance with California Code of Regulations, Title 5, Section 17824.

If questions arise during the audit report review process, the reviewer will contact the contractor's Certified Public Accountant (CPA). Please provide an email address for the CPA or CPA firm that conducted the contractor's audit.

CPA Firm / CPA Name: Aldrich CPAs + Advisors LLP / Bobby LaCour

Email: rlacour@aldrichadvisors.com

Required Contents

1. Does the audit report include the following? (*Note: This information is required for all contractors. For more information, reference the CDE Audit Guide: Chapter 200, Exhibit A; Chapter 300; and Appendix A, Illustrative Contractor Audit Report.*):

    a. Independent Auditor's Report, based on Generally Accepted Auditing Standards and Government Auditing Standards ..... ☑ Yes ☐ No
        i. Does the Independent Auditor's Report indicate whether the supplementary information is fairly presented in all material respects in relation to the financial statements as a whole? ..... ☑ Yes ☐ No

    b. Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards ..... ☑ Yes ☐ No

    c. Statement of Financial Position / Balance Sheet ..... ☑ Yes ☐ No

    d. Statement of Activities / Income Statement ..... ☑ Yes ☐ No

    e. Notes to Financial Statements ..... ☑ Yes ☐ No

    f. Schedule of Expenditures of Federal and State Awards ..... ☑ Yes ☐ No

g. Schedule of Findings and Questioned Costs ..... ☑ Yes ☐ No

h. Combining Statement of Activities ..... ☑ Yes ☐ No

i. Schedule of Expenditures by State Categories ..... ☑ Yes ☐ No

j. Schedule of Claimed Administrative Costs ..... ☑ Yes ☐ No

k. Schedule of Claimed Equipment Expenditures ..... ☑ Yes ☐ No

l. Schedule of Claimed Expenditures for Renovations and Repairs ..... ☑ Yes ☐ No

m. Audited Attendance and Fiscal Report (AUD) form for each early education contract ..... ☑ Yes ☐ No

n. Notes to the Child Care and Development Program Supplemental Information ..... ☑ Yes ☐ No

2. If applicable, does the audit report submission include the following (*Note: This information is only required under certain circumstances. For more information reference the CDE Audit Guide: Chapter 200, Exhibit A; Chapter 300; and Appendix A, Illustrative Contractor Audit Report.*):

a. Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance (*2 CFR Part 200, Subpart F*) ..... ☐ Yes ☐ No ☑ N/A

b. Management letter and/or internal control communication letter ..... ☑ Yes ☐ No ☐ N/A

c. Statement of Cash Flows ..... ☑ Yes ☐ No ☐ N/A

d. Statement of Functional Expenses ..... ☐ Yes ☐ No ☑ N/A

e. Schedule of Claimed Start-Up Expenses ..... ☐ Yes ☐ No ☑ N/A

f. Audited Preschool Reserve Account Activity Report (AUD 9530-A) ..... ☐ Yes ☐ No ☑ N/A

g. Reconciliation of fiscal year not ending on June 30 ..... ☐ Yes ☐ No ☑ N/A

h. Reconciliation of CDE Reporting to GAAP Reporting ..... ☑ Yes ☐ No ☐ N/A

i. An audit report that includes all required information for any agencies that the contractor entered into a subcontract for state preschool services with (see the Contract Terms and Conditions (CT&C) Section I – Definitions) ..... ☐ Yes ☐ No ☑ N/A

AUDs and Financial Statements

3. Were all AUDs prepared on the correct fiscal year's form? ☑ Yes ☐ No

4. Are all pages of the AUD form(s) included? ☑ Yes ☐ No
   a. If not, was the appropriate box marked to explain why the pages were omitted? ☐ Yes ☐ No ☑ N/A

5. Are all applicable enrollment and attendance forms included in the audit report? [Note that the audit report should include a separate form for each service county where the agency provided a type of service (e.g. services to certified children, services to non-certified children, etc.)] ☑ Yes ☐ No

6. Does each AUD's column A agree to column C of the applicable CPARIS report? ☑ Yes ☐ No

7. Does the AUD 8501, Section 2 – Enrollment and Attendance Form Summary, correctly report the sum of the enrollment and attendance from the applicable enrollment and attendance forms? ☑ Yes ☐ No

8. Do each AUD's total expenses claimed for reimbursement and total supplemental expenses trace to and agree with the amounts reported on the Schedule of Expenditures by State Categories? ☑ Yes ☐ No

9. For each contract, do the total expenses on the Schedule of Expenditures by State Categories trace to and agree with the total expenses on the Combining Statement of Activities or any applicable expense reconciliation schedule presented in the report? ☑ Yes ☐ No

10. Do the total revenue and expenses on the Combining Statement of Activities (CSA) trace and agree to the Statement of Activities? ☑ Yes ☐ No

11. Does each AUD's revenue related to reimbursable expenses trace to and agree with the Combining Statement of Activities or other Statement? ☑ Yes ☐ No

Capitalized Expenses

12. Are all capitalized expenditures using child development funds identified in the Schedule of Claimed Expenditures for Renovations & Repairs or Schedule of Claimed Equipment Expenditures? (Note: "Capitalized Equipment" is defined by the CT&C as equipment with a per-unit acquisition cost that equals or exceeds the lesser of the capitalization level established by the contractor for financial statement purposes, or $5,000, including tax.) ☑ Yes ☐ No

13. Do capitalized equipment expenses on AUD line items 6400, 6500 and/or start-up expenses trace to and agree with the Schedule of Claimed Equipment Expenditures? ☑ Yes ☐ No

14. Does the Schedule of Claimed Equipment Expenditures report expenses in the appropriate categories for the agency's capitalization threshold? (See the *CDE Audit Guide*, Section 330 – Equipment Expenditures) ☑ Yes ☐ No

15. Do other capital outlays, line item 6100/6200 on the AUD, trace to and agree with the Schedule of Claimed Expenditures for Renovations & Repairs? ☑ Yes ☐ No

16. Did the contractor obtain preapproval for items expensed in line item(s) 6100/6200, 6400 and/or 6500? ☐ Yes ☐ No ☑ N/A
    a. If not, please explain (attach additional pages if necessary).

    _____

    _____

17. If the contractor has Child Care Facilities Revolving Fund or California Renovation and Repair loan repayments, are the expenditures correctly reported in line 6100/6200? ☐ Yes ☐ No ☑ N/A

Indirect and Administrative Costs

18. If the contractor has an approved indirect cost rate, is it accurately reported on the AUD(s)? ☑ Yes ☐ No ☐ N/A

19. If indirect costs are claimed, are they within the maximum indirect cost rate of the lesser of its approved rate or ten percent (10%)? ☑ Yes ☐ No ☐ N/A

20. If indirect costs were reported, does the indirect cost amount agree to the indirect costs amount reported on the Schedule of Claimed Administrative Costs? ☑ Yes ☐ No ☐ N/A

21. Do the total administrative costs reported on the AUD(s) trace to and agree with the total expense amounts reported on the Schedule of Claimed Administrative Costs? ☑ Yes ☐ No

Enrollment, Attendance, and Assurances on State Preschool AUDs

22. Is the number of days of enrollment the same or greater than the number of days of attendance reported on the AUD(s)? ☑ Yes ☐ No ☐ N/A

23. Were the two assurance certifications checked on the AUD 8501? ☑ Yes ☐ No

Audited Preschool Reserve Account Activity Report

24. Does each Audited Preschool Reserve Account Activity Report either identify interest earned on reserve funds or explain in the comments section why no interest is reported? ☐ Yes ☐ No ☑ N/A

25. If there was a preschool reserve account ending balance, was it correctly reported in the Statement of Financial Position/Balance Sheet as a liability? ☐ Yes ☐ No ☑ N/A

Revenue

26. If Child and Adult Care Food Program (CACFP) expenses were allocated to a state preschool contract, was the related revenue reported as restricted income? (Note: Reported revenue should be the lesser of the amount of CACFP funds paid to a contractor or the amount of expenses allocated to the contract.) ☑ Yes ☐ No ☐ N/A

27. Was all revenue correctly classified as restricted or unrestricted in the AUD form(s)? ☑ Yes ☐ No ☐ N/A

28. If the contractor used the deferred FY 2022-23 service-level exemption credit for set aside (for exceptional needs and severely disabled children) to cover expenses, was the credit reported as restricted income? ☐ Yes ☐ No ☑ N/A

29. If the contractor earned Employee Retention Tax Credit on reimbursable expenses by a state preschool program, were the credits reported as restricted income? ☐ Yes ☐ No ☑ N/A

30. If non-certified children are reported in the AUD(s), were non-certified family fees reported? ☑ Yes ☐ No ☐ N/A
    a. If not, please explain (attach additional pages if necessary).

_____

_____

Completed By: Lisa Chavez

Title: Interim Executive Director

Additional Comments:

Cal State L.A. University Auxiliary Services, Inc.

FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

Year Ended June 30, 2024

Aldrich

CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.

Financial Statements and Supplemental Information

Year Ended June 30, 2024

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Aldrich CPAs + Advisors LLP
135 S. State College Blvd., Ste. 370
Brea, CA 92821

INDEPENDENT AUDITOR'S REPORT

To the Audit Committee
Cal State L.A. University Auxiliary Services, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Cal State L.A. University Auxiliary Services, Inc. (a nonprofit organization), which comprise the statement of net position as of June 30, 2024, the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Cal State L.A. University Auxiliary Services, Inc. as of June 30, 2024, and the changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Cal State L.A. University Auxiliary Services, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Cal State L.A. University Auxiliary Services, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements, continued

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Cal State L.A. University Auxiliary Services, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Cal State L.A. University Auxiliary Services, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-7, Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios on page 27, and Schedule of Other Postemployment Benefits Plan Contributions on page 28 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 supplemental 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.

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information for the California State University Chancellor's Office included on pages 29-43 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2024, on our consideration of Cal State L.A. University Auxiliary Services, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Cal State L.A. University Auxiliary Services, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cal State L.A. University Auxiliary Services, Inc.'s internal control over financial reporting and compliance.

Aldrich CPAs + Advisors LLP

Brea, California
October 11, 2024

This section of the Cal State L.A. University Auxiliary Services, Inc. (UAS) annual financial report includes management's discussion and analysis of the financial performance of UAS for the period July 1, 2023 through June 30, 2024. This discussion has been prepared by management along with the financial statements and related note disclosures and should be read in conjunction with and is qualified in its entirety by the financial statements and related notes. The financial statements, related notes and this discussion are the responsibility of management.

Introduction to the Financial Statements

UAS is a nonprofit organization formed to support the mission of California State University, Los Angeles (University). To fulfill this mission, UAS pursues a wide range of opportunities in the areas of developing and administering research and educational grants and contracts; conducting enterprise activities such as dining services, bookstore, conference center services and building operations; and administering numerous other educationally related functions including special programs, child care center, L.A. BioLab Incubator and other activities.

Financial Overview

The financial statements presented herein include all of the activities of UAS as prescribed by statements of the Governmental Accounting Standards Board (GASB). UAS is a component unit of the University.

Statement of Net Position: The statement of net position includes all assets, deferred outflows of resources, liabilities and deferred inflows of resources of UAS. It is prepared under the accrual basis of accounting, whereby revenues and receivables are recognized when the services are provided and expenses and liabilities are recognized when incurred, regardless of when cash is exchanged.

Statement of Revenues, Expenses, and Changes in Net Position: The statement of revenues, expenses, and changes in net position presents information showing how UAS's net position changed during the fiscal year presented. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, certain revenues and expenses are reported in this statement that will result in cash flows for future fiscal periods (e.g., uncollected interest receivable).

Statement of Cash Flows: The statement of cash flows presents the inflows and outflows of cash, summarized by operating, 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.

Notes to Financial Statements: This additional information is essential to a full understanding of the data reported in the basic financial statements.

Statements of Net Position

The following table is a summary of the UAS's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position comparing fiscal year 2023-24 with fiscal year 2022-23:

	2024	2023	% Change
Assets:			
Current assets	$ 25,127,916	$ 21,672,999	16%
Capital assets, net	32,713,513	34,368,122	-5%
Other noncurrent assts	11,994,113	11,482,481	4%
Total Assets	69,835,542	67,523,602	3%
Deferred Outflows of Resources	1,564,809	1,763,789	-11%
Liabilities:			
Current liabilities	15,470,942	16,000,799	-3%
Noncurrent liabilities	17,386,951	19,399,739	-10%
Total Liabilities	32,857,893	35,400,538	-7%
Deferred Inflows of Resources	7,461,932	5,772,986	29%
Net Position:			
Net investment in capital assets	14,364,518	14,506,444	-1%
Unrestricted	16,716,008	13,607,423	23%
Total net position	$ 31,080,526	$ 28,113,867	11%

Assets

UAS's assets totaled $69.8 million on June 30, 2024, an increase of $2.3 million, or 3%, compared to the previous year. Current assets increased $3.5 million, or 16%, primarily due to an increase in accounts receivable of $2.7 million, or 46%, due to an overall increase in grants and contracts and campus program activities two years post-COVID-19 campus presence in addition to net cash provided by operating activities. Capital assets, net, decreased by $1.7 million, or 5%, primarily due to annual amortization against the right-of-use intangible asset under the applicable leasing standard, in addition to annual depreciation of other capital assets. Other noncurrent assets increased by $512 thousand, or 4% due an increase in lease receivables.

Capital Assets

Capital assets include land, construction in progress, buildings and improvements, furniture, fixtures and equipment, software, and right-of-use assets at June 30, 2024. Total capital assets, net decreased by $1.7 million from the previous year primarily due to $1.5 million of annual accumulated amortization related to the Golden Eagle building for right-of-use under the applicable lease standard, in addition to the annual accumulated depreciation of other capital assets for $897 thousand. See Note 5 for additional information.

Debt Administration

Debt, including lease obligations and notes payable at June 30, 2024, totaled $18.3 million, a decrease of $1.5 million, or 8%, compared to the previous year. The decrease is due mainly to lease/purchase contracts paydown under the applicable lease standard. See Note 6 for additional information.

Liabilities

UAS's liabilities totaled $32.9 million on June 30, 2024, a decrease of $2.5 million, or 7%, compared to the previous year. The decrease was the result of a decrease of $2.3 million in unearned revenues and a $1.5 million decrease in liabilities related to bond and financing lease obligations related to the Golden Eagle building under the applicable leasing standard, offset by other increases.

Net Position

UAS's net position increased by $3.0 million, or 11%, from the previous year, primarily due to the facts described in the following revenues and expenses sections.

Statement of Revenues, Expenses, and Changes in Net Position

The following table is a summary of UAS's revenues, expenses and change in net position comparing fiscal year 2023-24 with fiscal year 2022-23:

	2024	2023	% Change
Operating Revenues:			
Grants and contracts	$ 26,394,200	$ 23,214,804	14%
Campus program activities	5,450,021	2,743,333	99%
Auxiliary activities	4,883,431	4,986,061	-2%
Lease income	1,819,338	1,890,290	-4%
Other income	886,707	810,858	9%
Total Operating Revenues	39,433,697	33,645,346	17%
Operating Expenses:			
Sponsored programs	24,852,565	23,706,792	5%
Auxiliary activities	6,740,503	5,327,249	27%
Campus program activities	3,986,185	2,665,079	50%
General and administrative	1,145,584	527,743	117%
Total Operating Expenses	36,724,837	32,226,863	14%
Operating Income	2,708,860	1,418,483	91%
Nonoperating Revenues (Expenses):			
Interest income	869,855	432,112	101%
Interest expense	(611,996)	(657,902)	-7%
Other	(60)	(648,061)	-100%
Total Nonoperating Revenues (Expenses)	257,799	(873,851)	-130%
Change in Net Position	2,966,659	544,632	445%
Net Position, beginning	28,113,867	27,569,235	2%
Net Position, ending	$ 31,080,526	$ 28,113,867	11%

Revenues

Operating revenues increased by $5.8 million, or 17%, compared to the previous year. The increase is primarily due to a $3.2 million increase in grants and contracts revenue and a $2.7 million increase in campus program activities revenue, related to an overall increase in campus activities two years after COVID-19.

Expenses

Operating expenses increased by $4.5 million, or 14%, compared to the previous year. The increase was primarily due to a $1.1 million increase in sponsored programs, $1.4 million increase in auxiliary activities, and $1.3 million increase in campus program activities.

Nonoperating activities increased by $1.1 million, or 130%, compared to the previous year. The net increase was due to an increase in interest income of $438 thousand and no activity for other expenses when compared to the previous year.

UAS's net position at June 30, 2024 reflected a surplus of $31.0 million, an increase of $3.0 million, or 11%, from the previous year primarily due to an overall increase in operating revenue.

Contacting UAS's Financial Management

UAS's financial report is designed to provide UAS's Board of Directors, management, legislative and oversight agencies, citizens, and customers with an overview of UAS's finances, and to demonstrate its accountability for funds received. For additional information about this report, you can contact the UAS Executive Director at 5151 State University Drive, Los Angeles, CA 90032.

CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.

Statement of Net Position

June 30, 2024

ASSETS		
Current Assets:		
Cash and cash equivalents	$	15,705,860
Accounts receivable, net		6,531,795
Due from related parties		2,044,012
Lease receivables, current portion		701,043
Prepaid expenses and other current assets		145,206
Total Current Assets		25,127,916
Noncurrent Assets:		
Restricted cash and cash equivalents		6,911,129
Lease receivables, net of current portion		5,082,984
Capital assets, net		32,713,513
Total Noncurrent Assets		44,707,626
Total Assets		69,835,542
DEFERRED OUTFLOWS OF RESOURCES		
Net other postemployment benefits liability		1,564,809
LIABILITIES		
Current Liabilities:		
Accounts payable		1,356,738
Due to related parties		1,549,552
Accrued expenses		1,763,583
Accrued compensated absences		356,321
Unearned revenues		8,919,486
Lease liabilites, current portion		1,305,262
Notes payable, current portion		220,000
Total Current Liabilities		15,470,942
Noncurrent Liabilities:		
Lease liabilities, net of current portion		11,999,384
Notes payable, net of current portion		4,824,349
Net other postemployment benefits liability		563,218
Total Noncurrent Liabilites		17,386,951
Total Liabilities		32,857,893
DEFERRED INFLOWS OF RESOURCES		
Net other postemployment benefits liability		1,911,342
Leases		5,550,590
Total Deferred Inflows of Resources		7,461,932
NET POSITION		
Net investment in capital assets		14,364,518
Unrestricted		16,716,008
Total Net Position	$	31,080,526

See accompanying notes to financial statements.

CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.

Statement of Revenues, Expenses, and Changes in Net Position

Year Ended June 30, 2024

Operating Revenues:		
Grants and contracts	$	26,394,200
Campus program activities		5,450,021
Auxiliary activities		4,883,431
Lease income		1,819,338
Other income		886,707
Total Operating Revenues		39,433,697
Operating Expenses:		
Sponsored programs		24,852,565
Auxiliary activities		6,740,503
Campus program activities		3,986,185
General and administrative		1,145,584
Total Operating Expenses		36,724,837
Operating Income		2,708,860
Nonoperating Revenues (Expenses):		
Interest income		869,855
Interest expense		(611,996)
Other expense		(60)
Total Nonoperating Revenues		257,799
Change in Net Position		2,966,659
Net Position, beginning		28,113,867
Net Position, ending	$	31,080,526

See accompanying notes to financial statements.

CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.

Statement of Cash Flows

Year Ended June 30, 2024

Cash Flows from Operating Activities:		
Grants and contracts	$	22,532,986
Sales and services of educational activities		6,471,786
Sales and services of auxiliary enterprises		2,841,519
Other receipts		2,519,263
Payments to suppliers		(10,946,416)
Payments to employees		(17,260,361)
Payments to students		(4,458,908)
Net Cash Provided by Operating Activities		1,699,869
Cash Flows from Capital and Related Financing Activities:		
Acquisition of capital assets		(734,866)
Principal paid on capital debt and leases		(1,512,683)
Interest paid on capital debt and leases		(611,996)
Net Cash Used by Capital and Related Financing Activities		(2,859,545)
Cash Flows Provided by Investing Activities:		
Investment income		869,795
Net Decrease in Cash, Cash Equivalents, and Restricted Cash and Cash Equivalents		(289,881)
Cash, Cash Equivalents, and Restricted Cash and Cash Equivalents, beginning		22,906,870
Cash, Cash Equivalents, and Restricted Cash and Cash Equivalents, ending	$	22,616,989
Cash, Cash Equivalents, and Restricted Cash and Cash Equivalents Components:		
Cash and cash equivalents	$	15,705,860
Restricted cash and cash equivalents		6,911,129
	$	22,616,989

See accompanying notes to financial statements.

CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.

Statement of Cash Flows, continued

Year Ended June 30, 2024

Reconciliation of Cash Flows from Operating Activities:		
Operating income	$	2,708,860
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization		2,389,475
Changes in operating assets, deferred outflows of resources, liabilities, and deferred inflows of resources:		
Accounts receivable, net		(658,719)
Due from related parties		(2,044,012)
Lease receivables		(1,623,909)
Prepaid expenses and other current assets		70,210
Accounts payable		107,849
Due to related parties		1,362,552
Accrued expenses		302,914
Accrued compensated absences		(45,655)
Unearned revenues		(2,286,849)
Other postemployment healthcare benefits		(470,773)
Deferred outflows - net other postemployment benefits liability		198,980
Deferred inflows - net other postemployment benefits liability		143,600
Deferred inflows - leases		1,545,346
Net Cash Provided by Operating Activities	$	1,699,869

Note 1 - Organization and Summary of Significant Accounting Policies

Nature of Activities
Cal State L.A. University Auxiliary Services, Inc. (UAS) is a non-profit auxiliary organization of California State University, Los Angeles (University). UAS assists the University in various activities, including developing and administering research and educational grants and contracts, managing building operations, campus day care center, bookstore, conference events, dining services, University support programs, special programs, and other activities.

Financial Reporting Entity
UAS is a government organization under accounting principles generally accepted in the United States of America (U.S. GAAP). As a component unit of a public institution, UAS has presented its basic financial statements using the reporting model for special purpose governments engaged only in business-type activities in accordance with GASB Statements No. 34 and 35.

Basis of Presentation
The accompanying basic financial statements of UAS have been prepared in accordance with U.S. GAAP, as promulgated by the GASB, the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

UAS operates as a business enterprise and the accompanying financial statements reflect the flow of economic resources measurement focus and the full accrual basis of accounting. Under this method, revenues are recorded when earned and the expenses are recorded at the time liabilities are incurred, regardless of timing of related cash flows. Voluntary non-exchange transactions are recognized as revenue as soon as all eligibility requirements have been met.

An enterprise fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the UAS's enterprise fund are grants and contracts, campus program revenue and revenue from auxiliary activities. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Use of Estimates
The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes
UAS is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the Revenue Taxation Code of California. Accordingly, there is no provision for income taxes in the financial statements.

UAS follows U.S. GAAP related to the recognition of uncertain tax positions. UAS recognizes accrued interest and penalties associated with uncertain tax positions as part of the statement of activities, when applicable. Management has determined that UAS has no uncertain tax positions at June 30, 2024 and therefore, no amounts have been accrued.

Cash and Cash Equivalents
UAS considers all highly liquid investments with an original maturity date of three months or less to be cash equivalents. Cash and cash equivalents consist of cash on hand, demand deposits, and restricted cash from grants and contracts, as well as UAS's share in the California State University system's cash and investment pool and the State of California, Local Agency Investment Fund, which are short-term and readily convertible into known amounts of cash.

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

Accounts Receivable
Receivables of reimbursements for grants and contract expenditures according to contractual agreements are included in accounts receivable. In addition, there are other receivables for enterprise activities and University support programs for various sales and services. Accounts receivable are stated at the amount management expects to collect from outstanding balances.

Management provides for probable uncollectable amounts through a provision for bad debt expense and adjustment to price concessions for uncollectable amounts based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to price concession for uncollectable amounts and credit to accounts receivable.

Lease Receivables
Lease receivables are recognized at the net present value of the leased assets at a borrowing rate either explicitly described in the agreement or implicitly determined by UAS, reduced by principle payments received.

Capital Assets
Building and improvements, furniture, fixtures and equipment are stated at cost at the date of acquisition. UAS capitalizes all expenses for building improvements, furniture, fixtures and equipment with costs in excess of $5,000 and with a useful life of one year or more and for which it is deemed probable that the assets will not revert back to the granting agency. For furniture, fixtures and equipment, depreciation is calculated using the straight-line method over the assets' estimated useful lives, which range from three to seven years. Building improvements are stated at cost and are amortized using the straight-line method over the estimated useful life of the asset or term of the lease, whichever is less. Buildings and housing are depreciated over thirty years.

Unearned Revenues
Unearned revenues represent grant payments received in advance of grant earnings and pre-payments for other services.

Other Post-Employment Benefits (OPEB)
For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the VEBA and additions to/deductions from the VEBA's fiduciary net position have been determined on the same basis as they are reported by VEBA. For this purpose, the VEBA recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Deferred Outflows/Inflows of Resources
In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and thus, will not be recognized as revenue until then.

Net Position
UAS's net position is classified into the following categories:

- *Net investment in capital assets* - This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings, lease liabilities, deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds or deferred inflows of resources at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets.

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

Net Position, continued

- *Restricted* - This component of net position consists of restricted assets reduced by liabilities related to those assets. Amounts are subject to externally imposed conditions that can be fulfilled by the actions of UAS.

- *Unrestricted* - This component of net position consists of the net amount of those assets that are not included in the determination of net investment in capital assets or the restricted component of net position.

Use of Restricted versus Unrestricted Resources
When an expense is incurred for purposes for which both restricted and unrestricted resources are available, UAS will utilize restricted resources first, and then unrestricted resources as needed.

Fair Value Measurements
UAS defines fair value as the exchange price that would be received for an asset or paid for a liability in the principal or most advantageous market. Associated Students applies fair value measurements to assets and liabilities that are required to be recorded at fair value under U.S. GAAP. Fair value measurement techniques maximize the use of observable inputs and minimize the use of unobservable inputs, and are categorized in a fair value hierarchy based on the transparency of inputs.

The three levels are defined as follows:

Level 1 – Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the same term of the financial instrument.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Certain financial instruments may be valued using net asset value (NAV) per share. NAV is based on the value of the underlying assets owned by the fund, minus its liabilities, divided by the number of shares outstanding or percentage ownership.

Subsequent Events
UAS has evaluated subsequent events through October 11, 2024, which is the date the financial statements were available to be issued.

Note 2 - Cash, Cash Equivalents, and Restricted Cash and Cash Equivalents

Both restricted and unrestricted balances are included in the ending balance of the statement of cash flows. UAS considers the CSU system's cash and investment pool and LAIF to be demand deposit accounts where funds may be withdrawn and deposited at any time without prior notice or penalty.

Cash, cash equivalents, and restricted cash and cash equivalents are composed of the following:

Cash and cash equivalents - unrestricted	$	15,705,860
Cash and cash equivalents - restricted for grant purposes		6,911,129
Total	$	22,616,989

Cash, cash equivalents, and restricted cash and cash equivalents consist of the following:

Cash on hand	$	5,425
Cash in banks		1,116,022
CSU cash and investment pool		6,341,792
State of California, Local Agency Investment Fund		15,153,750
Total	$	22,616,989

Cash in Banks

UAS maintains its cash in bank deposit accounts that are insured by Federal Deposit Insurance Corporation (FDIC) up to a limit of $250,000 per depositor per financial institution. The balances at times may exceed FDIC limits. UAS manages this risk by using high-quality financial institutions. As of June 30, 2024, UAS's bank deposits exceeded the balance insured by the FDIC by $1,076,066. UAS monitors its financial institutions and the concentration of credit risk on a regular basis and does not anticipate nonperformance by the financial institutions.

CSU Cash and Investment Pool

UAS participates in the California State University investment pool (Pool) managed by U.S. Bank, an asset management and investment advisory firm that serves the California State University (CSU). Securities within the investment pool that are not insured are held in the name of CSU. Investments are short-term and are reported at fair value, which was $6,341,792, and represent approximately 0.08% of the Pool as of June 30, 2024. The Pool is not rated as of June 30, 2024. The weighted average to maturity of the Pool as of June 30, 2024, was 0.6 years. Additional information regarding the interest rate, credit, concentration of credit risks and fair value hierarchy in the Pool can be found in the State of California’s system's basic financial statements.

State of California, Local Agency Investment Fund (LAIF)

UAS participates in the LAIF. Investments are short-term, except for restricted cash equivalents reported as noncurrent, and reported at fair value, which was $15,153,750, and represent approximately 0.07% of the LAIF as of June 30, 2024. The LAIF is not rated as of June 30, 2024. The weighted average to maturity of the LAIF as of June 30, 2024, was under one year. Additional information regarding the interest rate, credit, concentration of credit risks and fair value hierarchy in LAIF can be found in the State of California’s financial statements.

Fair Value

Investments in an external investment pool are not subject to reporting within the level hierarchy. There are no specific investments in the Pool or the LAIF belonging to UAS. As UAS does not own identifiable investments of the Pool or the LAIF, but participates as a shareholder of the Pool and the LAIF, these investments are not individually identifiable and are not included in the leveling hierarchy. The fair value of UAS's share in the Pool and the LAIF approximates the fair value of the position in the Pool and the LAIF at June 30, 2024.

Note 3 - Accounts Receivable

Accounts receivable consists of the following:

Grants and contracts, net of allowance of $1,057,607	$	5,362,054
Due from related parties		2,044,012
Other		1,169,741
Total	$	8,575,807

Note 4 - Lease Receivables

UAS leases space in the Student Union building to outside vendors for the operation of a food court and across campus to other customers. Lease agreements where UAS is the lessor are summarized as follows:

Description	Lease Start Date	Lease End Date	Payment Terms	Interest Rate	Payment Amount	Lease Receivable
AT&T cell tower	October 21, 2012	September 30, 2037	Monthly	0.35%	$ 5,703	$ 1,123,394
Bank of America ATM #1	July 10, 2006	June 30, 2027	Monthly	0.28%	1,087	38,967
Bank of America ATM #2	December 1, 2023	November 30, 2038	Monthly	5.19%	1,200	145,951
El Pollo Loco	February 1, 2024	June 30, 2029	Monthly	4.74%	4,513	240,648
Federal Credit Union kiosk	August 11, 2015	August 10, 2025	Monthly	0.98%	1,331	16,491
CSULA PaGE	July 1, 2023	June 30, 2027	Monthly	5.24%	39,037	1,299,033
Panda Express	August 28, 2023	August 27, 2033	Monthly	5.02%	3,833	334,673
T-Mobile cell tower	June 28, 2022	November 30, 2040	Monthly	1.09%	5,275	1,272,485
Verizon cell tower	July 1, 2021	June 30, 2040	Monthly	0.98%	5,534	1,266,960
Wells Fargo ATM	June 25, 2007	June 30, 2027	Monthly	0.28%	1,267	45,425
						$ 5,784,027

Future payments due to UAS under non-cancelable agreements are as follows:

Year Ending June 30,	Principal	Interest	Principal and Interest
2025	$ 713,995	$ 122,492	$ 836,487
2026	731,290	94,864	826,154
2027	766,712	65,876	832,588
2028	295,255	46,828	342,083
2029	308,335	40,575	348,910
2030-2034	1,407,936	132,976	1,540,912
2035-2039	1,311,258	49,049	1,360,307
2040-2044	249,246	2,379	251,625
	$ 5,784,027	$ 555,039	$ 6,339,066

During the year, UAS had lease revenue related to the non-cancelable agreements totaling $801,927 and interest revenue of $126,471. Deferred inflows of resources related to leases recognized during the year were $5,550,590.

Note 5 - Capital Assets

Changes in capital assets consist of the following:

	Balance June 30, 2023	Additions	Transfers	Balance June 30, 2024
Capital assets, non-depreciable:				
Land	$ 639,000	$ -	$ -	$ 639,000
Construction work in progress	-	70,000	-	70,000
Total nondepreciable capital assets	639,000	70,000	-	709,000
Capital assets, depreciable:				
Buildings and building improvements under financed purchase	22,071,443	-	-	22,071,443
Improvements, other than buildings	99,921	27,481	-	127,402
Leasehold Improvements	586,718	47,949	-	634,667
Furniture, fixtures and equipment	1,372,131	589,436	-	1,961,567
Software	16,438	-	-	16,438
Total depreciable capital assets	24,146,651	664,866	-	24,811,517
Less accumulated depreciation:				
Buildings and building improvements under financed purchase	(2,828,839)	(743,490)	-	(3,572,329)
Improvements, other than buildings	(95,846)	(5,679)	-	(101,525)
Leasehold Improvements	(578,230)	(1,317)	-	(579,547)
Furniture, fixtures and equipment	(956,061)	(146,116)	-	(1,102,177)
Software	(16,438)	-	-	(16,438)
Total accumulated depreciation	(4,475,414)	(896,602)	-	(5,372,016)
Total capital assets being depreciated, net	20,310,237	(161,736)	-	20,148,501
Lease assets:				
Buildings and building improvements under financed purchase	17,043,630	-	-	17,043,630
Less accumulated amortization:				
Buildings and building improvements under financed purchase	(2,985,745)	(1,492,873)	-	(4,478,618)
Total lease assets being amortized, net	14,057,885	(1,492,873)	-	12,565,012
Capital assets, net	$ 34,368,122	$ (1,654,609)	$ -	$ 32,713,513

Depreciation expense was $896,602 and amortization expense was $1,492,873.

Note 6 - Long-term Liabilities

Long-term liabilities activity for the year is as follows:

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024	Due in One Year
Accrued compensated absences	$ 401,976	$ 284,030	$ (329,685)	$ 356,321	$ 356,321
Notes payable	5,181,200	-	(226,200)	4,955,000	220,000
Unamortized note premium	106,102	-	(16,753)	89,349	-
Lease liabilities	14,574,376	-	(1,269,730)	13,304,646	1,305,262
Other postemployment benefits (Note 9)	1,033,991	-	(470,773)	563,218	-
	$ 21,297,645	$ 284,030	$ (2,313,141)	$ 19,268,534	$ 1,881,583
Less current portion				1,881,583	
Total long-term obligation				$ 17,386,951	

University Student Union Note
On April 1, 2008, UAS entered an interest-free note payable with the University-Student Union at California State University, Los Angeles (Union) Board, an affiliate, for borrowing up to $490,000. The purpose was to purchase furniture, fixtures or equipment, or for tenant improvement costs for Starbucks and Sbarro stores located in the Union's building. The note was paid off as of June 30, 2024.

2015 Note with Trustees
On August 1, 2015, the Board of Trustees of the California State University System (Trustees) issued System wide Revenue Bonds (SRB), Series 2015A. UAS simultaneously entered into a note agreement (2015 Note) with the Trustees and a portion of the SRB, in the amount of $1,685,000, was issued to UAS to replace the Bond Anticipation Notes (BAN) and refinance the Television Film Media Studio building. Amounts outstanding under the 2015 Note totaled $805,000 at June 30, 2024, and total principal paid for the year ended June 30, 2024 was $110,000. The interest rate of the SRB ranges from 2.0% to 5.0% in the next 14 years and total interest expense for the year ended June 30, 2024 was $41,894. In addition, UAS has deferred note premiums totaling $238,730. This balance is amortized over the term of the 2015 Note and, at June 30, 2024, the unamortized premium was $89,349.

2018 Note with Trustees
On August 2, 2018, the Trustees issued SRB Series 2018AB. UAS simultaneously entered into a note agreement (2018 Note) with the Trustees and a portion of the SRB, in the amount of $4,605,000, was issued to UAS to replace the BAN and finance the construction of the Rongxiang Xu BioScience Innovation Center building. Amounts outstanding under the 2018 Note totaled $4,150,000 at June 30, 2024. The interest rate of the SRB ranges from 2.0% to 5.0% in the next 30 years and total interest expense for the year ended June 30, 2024 was $169,347.

Note 6 - Long-term Liabilities, continued

The principal maturities of notes payable outstanding are as follows:

	2015 Note with Trustees		2018 Note with Trustees		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
At June 30,						
2025	$ 120,000	$ 36,550	$ 100,000	$ 166,189	$ 220,000	$ 202,739
2026	125,000	30,875	105,000	162,757	230,000	193,632
2027	130,000	24,750	110,000	159,034	240,000	183,784
2028	135,000	18,125	110,000	155,125	245,000	173,250
2029	145,000	11,125	115,000	151,043	260,000	162,168
2030-2034	150,000	3,750	650,000	684,445	800,000	688,195
2035-2039	-	-	790,000	542,467	790,000	542,467
2040-2044	-	-	970,000	361,080	970,000	361,080
2045-2049	-	-	1,200,000	131,688	1,200,000	131,688
	$ 805,000	$ 125,175	$ 4,150,000	$ 2,513,828	$ 4,955,000	$ 2,639,003

Lease Liabilities

Lease agreements are summarized as follows:

Description	Date	Payment Terms	Payment Amount	Total lease Liability	Balance June 30, 2024
Golden Eagle building	July 1, 2021	Semi Annual through 2032	$ 1,305,262	$ 17,043,130	$ 13,304,646

In connection with the issuance of the SRB, Series 2005A&B, which was subsequently refinanced by Series 2015 A&B (see below) by the Trustees, UAS agreed to sell, and the Trustees agreed to purchase, all UAS's rights, title and interest in and to the Golden Eagle Facility originally financed with the proceeds of the UAS 2001 Series Bonds.

UAS also simultaneously entered into a Ground and Facilities Lease (Lease) to lease back from the Trustees the Golden Eagle Facility for a lease commencing on April 15, 2005 through November 1, 2032. Based on the terms of the Lease, the transaction met the requirements to be treated as a sale-leaseback transaction.

The carrying value of the Golden Eagle Facility was approximately $29,001,497 at the time of the sale-leaseback transaction and the purchase price, agreed to as part of the transaction, was $29,352,161. This resulted in a net $350,664 gain on the sale for UAS. This balance is being amortized over the term of the lease and, at June 30, 2021, the unamortized gain on the sale was $130,693 and was classified as deferred inflows of resources. The Lease contains certain restrictive covenants including restrictions on the issuance of debt, budget goals, and minimum net income available for debt service and tax code compliance requirements.

Note 6 - Long-term Liabilities, continued

Lease Liabilities, continued
On August 1, 2015, the Trustees issued a $21,435,000 SRB, Series 2015A to UAS to refinance the SRB Series 2005A&B. The amount of defeased bond outstanding as of the date of refunding totaled $23,270,000. The refinancing resulted in an economic gain (difference between net present values of the debt service payments on the old lease and new lease) of approximately $3,892,000. In connection with the SRB, UAS renewed the Lease simultaneously with the Trustees through November 1, 2032. Amounts outstanding under the new lease totaled $15,825,000 at June 30, 2021. The interest rate of the SRB ranges from 2.0% to 5.0% in the next 15 years and total interest expense for the year was $698,929. In addition, UAS has a deferred lease premium, totaling $2,310,122 and deferred gain on refunding of the old lease, totaling $764,304. These balances were being amortized over the term of the Lease.

UAS implemented GASB Statement No. 87 in fiscal year 2022, which resulted in the lease liabilities and assets at the time of implementation being written off to instead recognize a right of use asset of $15,550,757 and a lease liability of $15,801,986 as of June 30, 2022. The interest rate is based on the incremental borrowing rate of 3.0%.

Annual requirements to amortize long-term obligations and related interest are as follows:

Year ending June 30,	Principal	Interest	Total
2025	$ 1,305,262	$ 383,038	$ 1,688,300
2026	1,344,672	342,903	1,687,575
2027	1,385,571	301,504	1,687,075
2028	1,426,003	258,997	1,685,000
2029	1,472,283	215,223	1,687,506
2030-2032	6,370,855	392,965	6,763,820
	$ 13,304,646	$ 1,894,630	$ 15,199,276

Note 7 - Franchise of Bookstore and Food Service

UAS has entered into a qualified management agreement with an unrelated corporation (Franchisee) under which UAS transferred management responsibilities to the bookstore. On May 1, 2021, the agreement was amended for its second term, extending the agreement for a five-year period through March 2027. Before the end of the third term, UAS will be able to submit a proposal to provide future bookstore services. The agreement shall be month to month until the proposal process is complete. Under the agreement, the Franchisee receives a predetermined fixed fee, and a lump-sum incentive award when a specific gross revenue is reached for each contract year. The predetermined fixed fee is designed to cover management costs incurred for the bookstore, Café 47, Starbucks, Golden Eagle Express, and Metro Express Convenience Store, including facilities rental and rental of UAS's leasehold improvements and equipment. Under the terms of the amended agreement, UAS receives a predetermined payment to cover utility overhead expenses, a fixed unrestricted contribution to support UAS operations, and a one-time signing bonus to be used at the discretion of UAS, amortized over the term of the 10-year contract. In addition, the Franchisee agreed to design, construct, equip, and install fixtures in the bookstore, Café 47, Starbucks and Metro Express Convenience Store. Both the signing bonus and renovation costs were repayable if the agreement had been terminated by UAS prior to March 22, 2022.

UAS has various agreements with other franchisees to operate food service units and vending machines on the University campus. Under the terms of the agreements, UAS is to receive a predetermined percentage of total net sales. The agreements expire on various dates through 2027, with most Franchisees renewing under the same terms and conditions, as defined in the agreements. During the year ended June 30, 2024, UAS recognized $2,848,180 in commission income from net sales. Commission income is included in revenue from auxiliary activities and campus program activities, depending on the nature of the service.

Note 8 - Retirement Plans

The UAS Money Purchase Pension Plan (Plan) is a defined contribution plan covering all employees of UAS who have one year of service and are age 18 or older. The Plan is administered by Teachers Insurance and Annuity Association of America (TIAA). Although UAS has not expressed any intent to do so, UAS has the right under the Plan to modify or discontinue its contributions at any time and to terminate the Plan. In the event of Plan termination, participants would become 100% vested in their employer contribution. The Plan contributes an amount equal to 6% of eligible employees' annual salaries. Total contribution payments to the Plan for the year were $386,021.

UAS also has a tax-sheltered annuity plan whereby UAS will match up to 6% of eligible employees' gross salary contributed by the employees. Total contribution payments to this plan for the year were $213,121.

Note 9 - Other Postemployment Benefits (OPEB) Plan

Plan Description
UAS sponsors Blue Cross and Kaiser HMOs and two Blue Cross PPOs. UAS contributes a significant portion of the cost of this coverage. Employees and retirees are required to contribute 10% of the monthly premium cost. The maximum UAS monthly contribution is set to the State 100/90 Annuitant Contribution Rate. The 2024 rate for employees only is $704, for two-party is $1,408, and for family is $1,994, respectively.

UAS employees hired prior to November 14, 2006, are eligible to receive UAS subsidized postemployment medical coverage for themselves and their spouse if they retire at age 55 or older with at least 10 years of service with UAS. Eligible retirees receive lifetime benefits from UAS as long as they remain enrolled in a medical plan sponsored by UAS. At age 65, retirees have the option of opting out of UAS sponsored coverage. In return, UAS agrees to pay the Medicare Part B premium for these retirees and their spouses.

UAS employees hired after November 14, 2006, are eligible to receive UAS subsidized postemployment medical coverage for themselves and their spouse if they retire at age 59.5 or older with at least 10 years of service with UAS. Eligible retirees receive lifetime benefits from UAS as long as they remain enrolled in a medical plan sponsored by UAS. Employees who retire with 10 through 19 years of service are eligible to receive 50% of the maximum UAS subsidy.

Employees who retire with 20 or more years of service are eligible to receive 100% of the maximum UAS subsidy. At age 65, retirees have the option of opting out of UAS sponsored coverage. In return, UAS agrees to pay the Medicare Part B premium for these retirees and their spouses.

UAS's OPEB plan is an agent multiple-employer defined benefit healthcare plan administered by CSU Auxiliaries Multiple Employer Voluntary Employee Benefit Association Trust (VEBA). The purpose of the VEBA is to assist participating CSU System Auxiliaries with the establishment and maintenance of the VEBA for investment of funds to be used for the provision of retiree health and welfare benefits to participating employees. The VEBA is to receive contributions from UAS as participating employer and establish separate employer pre-funding accounts to pay for health care or other postemployment benefits in accordance with the terms of UAS's plan. Management of the VEBA is vested in the VEBA Board of Directors.

The OPEB plan provides lifetime postemployment medical coverage to its eligible employees and their spouses. Benefit provisions of the plan are established and may be amended by the UAS Board of Directors. The OPEB stand-alone plan reporting can be obtained through the VEBA by submitting a request to: Keenan Financial Services, 2355 Crenshaw Blvd. Suite 200, Torrance, CA 90501.

Note 9 - Other Postemployment Benefits (OPEB) Plan, continued

Funding Policy

UAS makes all contributions to the Trust. The contribution requirements of plan members and UAS are established and may be amended by UAS's Board of Directors. Currently, UAS's policy is to contribute to the plan on a pay-as-you-go basis. UAS reserves the right at any time or times to discontinue contributions to any extent in its sole judgment. For the fiscal year ended June 30, 2024, UAS contributed $194,360. The contribution consists of premium payments made on behalf of retired employees. As of the valuation date of June 30, 2023, the number of active members and retired members and beneficiaries were 83 and 21, respectively.

Schedule of Changes in Net OPEB Liability

Total OPEB liability:		
Service cost	$	121,485
Interest on TOL		205,093
Differences between expected and actual experience		1,005,256
Changes in assumptions		(362,370)
Benefit payments, including refunds of employee contributions		(168,414)
Net change in total OPEB liability		801,050
Total OPEB liability, beginning <a>		3,590,294
Total OPEB liability, ending <b>	$	4,391,344
Plan fiduciary net position:		
Contribution - employer	$	1,168,414
Net investment gain		286,016
Benefit payments, including refunds of employee contributions		(168,414)
Administrative expense		(14,193)
Net change in plan fiduciary net position		1,271,823
Plan fiduciary net position, beginning <c>		2,556,303
Plan fiduciary net position, ending <d>		3,828,126
Net OPEB liability, beginning <a> - <c>		1,033,991
Net OPEB liability, ending <b> - <d>	$	563,218

Plan Fiduciary Net Position

Detailed information about the plan fiduciary net position as of June 30, 2024, is available in the separately issued VEBA financial report. The VEBA financial report can be obtained by submitting a request to: Keenan Financial Services, 2355 Crenshaw Blvd. Suite 200, Torrance, CA 90501.

Note 9 - Other Postemployment Benefits (OPEB) Plan, continued

Actuarial Methods and Assumptions

The total OPEB liability (TOL) was determined by an actuarial valuation as of June 30, 2023 with a measurement date of June 30, 2023 using the following assumptions, applied to all periods included in the measurement, unless otherwise specified.

Valuation date:	June 30, 2023
Measurement date:	June 30, 2023
Actuarial cost method:	Entry age normal
Discount rate:	5.75%, based on a blend of historic 39-year real rates of return for each asset class and long-term inflation assumptions
Net investment return:	5.75%
Inflation:	2.50% annual inflation
Payroll increases:	2.75% annual increases
Baseline cost:	Pre-65 Benefit: $11,179 per year Post-65 Benefit: $2,968 for those electing reimbursement; $4,811 per year for those electing coverage
Administrative expenses:	$14,193 for the measurement period ending June 30, 2023
Health plan participation:	100% of eligible participants will participate
Percent choosing Medicare Part B reimbursement:	50.00%
Retirement:	Same rates used in the most recent CalPERS public agency miscellaneous: 2021 CalPERS 2% @ 60 for actives hired before January 1, 2013 2021 CalPERS 2% @ 62 for actives hired on or after January 1, 2013
Mortality:	2021 CalPERS Mortality for Miscellaneous and Schools Employees
Healthcare trend:	4.00% for all years

Long-Term Expected Rate of Return

The below table shows the target asset allocation in the VEBA investment policy. As of June 30, 2023, the long-term expected rates of return for each major investment class in the VEBA's portfolio are as follows:

Investment Class	Target Allocation	Assumed Gross Return
Equity	10.00%	7.55%
Fixed income	90.00%	3.00%

Note 9 - Other Postemployment Benefits (OPEB) Plan, continued

Sensitivity Analysis

The following presents UAS's net OPEB liability if it were calculated using a discount rate that is 1% lower (4.75%) or 1% higher (6.75%) than the current rate.

	1% Decrease	Discount Rate (5.75%)	1% Increase
Net OPEB Liability	$ 1,243,013	$ 563,218	15,699

The following presents UAS's net OPEB liability if it were calculated using a trend rate that is 1% lower (3.00%) or 1% higher (5.00%) than the current rate.

	1% Decrease	Trend Rate (4.00%)	1% Increase
Net OPEB Liability	$ (98,633)	563,218	1,430,142

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point.

Annual OPEB Expense and Net OPEB Liability

At June 30, 2024, UAS reported $563,218 for the net OPEB liability. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2023. UAS's net OPEB liability was based on a projection of UAS's covered employee payroll of $6,302,943.

Plan fiduciary net position (plan assets) was valued as of the measurement date of June 30, 2023 and the total OPEB liability was determined based upon the actuarial valuation as of June 30, 2023. As of June 30, 2023, the Plan Fiduciary Net Position was $3,828,126.

The census data as of June 30, 2023 used in the measurement of total OPEB liability included 83 active members with an average age of 40 and average years of service 7.5, and 21 retired members with an average age of 74, for a total of 104 members.

For the year ended June 30, 2024, UAS recognized OPEB expense of $141,427. OPEB expense represents the change in the net OPEB liability during the measurement period, adjusted for service cost, interest on the total OPEB liability, expected investment return, net of investment expense, and the deferred recognition of changes in investment gains and losses, actuarial assumptions or methods, and plan benefits.

Note 9 - Other Postemployment Benefits (OPEB) Plan, continued

Deferred Outflows/Inflows of Resources

At June 30, 2024, UAS reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	$ 1,088,553	$ (589,080)
Changes in assumptions	98,079	(1,322,262)
Net difference between projected and actual earnings on investments	183,817	-
Employer contributions made after June 30, 2023	194,360	-
Total	$ 1,564,809	$ (1,911,342)

Deferred outflows of resources related to OPEB resulting from the UAS's contributions subsequent to the measurement date in the amount of $194,360 will be recognized as an adjustment to the net OPEB liability in the year ended June 30, 2025, included in the table below. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Deferred Outflows/(Inflows) of Resources
2025	$ 126,892
2026	(76,650)
2027	28,884
2028	(129,197)
2029	(107,062)
Thereafter	(189,400)
Total	$ (346,533)

Deferred outflows of resources and deferred inflows of resources above represent the unamortized portion of changes to net OPEB liability to be recognized in future periods in a systematic and rational manner in accordance with GASB 75. Investment gains or losses are recognized in OPEB expense over a five-year period and economic/demographic gains or losses and assumption changes or inputs are recognized over the average remaining service life for all active and inactive members.

Note 10 - Commitments and Contingencies

Grants and Contracts

Amounts received or claimed from federal and state agencies are subject to audit and any claims may constitute a liability of the applicable funds. The amount, if any, of expenses which may be potentially disallowed cannot be determined at this time. UAS expects such amounts, if any, to be insignificant as of June 30, 2024.

Note 10 - Commitments and Contingencies, continued

Litigation

UAS is subject to various claims and contingencies that arise from time to time in the ordinary course of business, including those related to regulation, litigation, business transactions, employee-related matters and administrative proceedings, among others. As of June 30, 2024, UAS has recorded an accrual in the amount of $1,000,000 for a legal settlement determined to be probable, reported in accrued expenses on the statement of net position. By September 30, 2024, the settlement funds were paid, received by plaintiff, and deposited and UAS has been dismissed from this action and case is closed.

Note 11 - Related Party Transactions

UAS is one of the four recognized auxiliary organizations of the University that provide services primarily to the University's students and faculty.

UAS received utilities, mainframe computer services, printing, faculty release time, office supplies, information technology management, accounting and financial services, and human resource services from the University and was charged $7,550,452 for the year ended June 30, 2024. This amount also included $1,691,769 of the current year lease and interest expense payments, and $264,347 for the Rongxiang Xu Bioscience Innovation Center for principal and interest of the current year's balance due to the University.

UAS received $10,391,842 from the University for providing catering and campus program services, and space to the University for the usage as classrooms, for special events, and as facilities for the Extended Education Division.

In April 2008, UAS entered an interest-free note payable with the Union, for borrowing up to $490,000 (Note 4). The note was paid in full as of June 30, 2024.

In August 2015, UAS participated in the SRB program to refinance the UAS Golden Eagle Building Facility and the Television Film Media Studio building. A ground lease agreement and a note agreement exist between the CSU Trustees, the University and UAS ending November 2032 and November 2029, respectively (Note 4).

UAS subleases space from the Union. The subleased space consists of 4,136 square feet of commercial retail space on the first floor of the University-Student Union Building at a rate of $2,000 per month. Payments made for the year ended June 30, 2024 were $38,939.

Associated Students of California State University, Los Angeles, Inc. (Associated Students) reimbursed UAS for food services provided for miscellaneous events held by Associated Students. Total reimbursements for the year ended June 30, 2024 were $4,229.

The following table summarizes accounts receivable, advancements to, and accounts payable with affiliated organizations at June 30, 2024:

Due from related parties:		
University	$	1,995,313
USU		44,881
ASI		3,818
	$	2,044,012
Due to related parties:		
University	$	1,547,950
USU		1,602
	$	1,549,552

SUPPLEMENTAL INFORMATION

CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.

Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios (Unaudited)

June 30, 2024[1]

The following reflects changes in net OPEB liability for the measurement years ended June 30:

Total OPEB Liability	2023	2022	2021	2020	2019	2018	2017
Service cost	$ 121,485	$ 177,607	$ 163,134	$ 164,529	$ 159,350	$ 185,403	$ 185,403
Interest	205,093	220,891	208,237	249,976	235,823	246,773	226,162
Differences between expected and actual experience	1,005,256	(488,011)	-	(295,156)	(8,998)	273,469	(12,215)
Changes of assumptions	(362,370)	-	126,927	(709,837)	-	(807,839)	-
Benefit payments, including refunds of employee contributions	(168,414)	(138,359)	(138,359)	(76,218)	(63,622)	(45,154)	(66,204)
Net Change in Total OPEB Liability	801,050	(227,872)	359,939	(666,706)	322,553	(147,348)	333,146
Total OPEB Liability, beginning <a>	3,590,294	3,818,166	3,458,227	4,124,933	3,802,380	3,949,728	3,616,582
Total OPEB Liability, ending <b>	$ 4,391,344	$ 3,590,294	$ 3,818,166	$ 3,458,227	$ 4,124,933	$ 3,802,380	$ 3,949,728
Plan Fiduciary Net Position							
Contribution - employer	$ 1,168,414	$ 138,359	$ 138,359	$ 76,218	$ 63,622	$ 1,545,154	$ 816,204
Net investment income (loss)	286,016	(608,082)	678,081	99,220	110,055	66,043	17,638
Benefit payments, including refunds of employee contributions	(168,414)	(138,359)	(138,359)	(76,218)	(63,622)	(45,154)	(66,204)
Administrative expense	(14,193)	(13,683)	(12,858)	(11,497)	(8,500)	(9,512)	(602)
Net Change in Plan Fiduciary Net Position	1,271,823	(621,765)	665,223	87,723	101,555	1,556,531	767,036
Plan Fiduciary Net Position, beginning <c>	2,556,303	3,178,068	2,512,845	2,425,122	2,323,567	767,036	-
Plan Fiduciary Net Position, ending <d>	3,828,126	2,556,303	3,178,068	2,512,845	2,425,122	2,323,567	767,036
Net OPEB Liability, beginning <a> - <c>	1,033,991	640,098	945,382	1,699,811	1,478,813	3,182,692	3,616,582
Net OPEB Liability, ending <b> - <d>	$ 563,218	$ 1,033,991	$ 640,098	$ 945,382	$ 1,699,811	$ 1,478,813	$ 3,182,692
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	87%	71%	83%	73%	59%	61%	19%
Covered-employee payroll	$ 5,163,796	$ 4,509,992	$ 3,851,540	$ 3,748,457	$ 3,914,924	$ 5,046,670	$ 4,208,766
Plan Net OPEB Liability as a Percentage of Covered-employee payroll	11%	20%	14%	25%	45%	38%	63%

(1) Historical information is required only for measurement periods for which GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (GASB 75) is applicable. Eventually, 10 years of data will be shown.

CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.

Schedule of Contributions for Net Postemployment Benefit Plan (Unaudited)

Year Ended June 30, 2024[1]

The following reflects the contribution toward the plan during the fiscal year ended June 30:

	2024	2023	2022	2021	2020	2019	2018
Actuarial determined contributions	$ -	$ -	$ -	$ -	$ -	$ 264,778	$ 390,272
Contributions to the trust	-	(1,000,000)	-	-	-	-	(1,500,000)
Pay-go payments by employer unreimbursed by the trust	(194,360)	(168,414)	(138,359)	(138,359)	(76,218)	(63,622)	(45,154)
Contribution (surplus) deficiency	$ (194,360)	$ (1,168,414)	$ (138,359)	$ (138,359)	$ (76,218)	$ 201,156	$ (1,154,882)
Covered-employee payroll	$ 6,302,943	$ 5,163,796	$ 4,509,992	$ 3,851,540	$ 3,748,457	$ 3,914,924	$ 5,046,670
Contributions as a percentage of covered-employee payroll	3%	23%	3%	4%	2%	-5%	23%

(1) Historical information is required only for measurement periods for which GASB 75 is applicable. Eventually, 10 years of data will be shown.

CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.

Schedule of Net Position

June 30, 2024

(for inclusion in the California State University)

Assets:	
Current assets:	
Cash and cash equivalents	1,121,447
Short-term investments	14,584,413
Accounts receivable, net	8,575,807
Lease receivable, current portion	701,043
P3 receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	-
Prepaid expenses and other current assets	145,206
Total current assets	25,127,916
Noncurrent assets:	
Restricted cash and cash equivalents	-
Accounts receivable, net	-
Lease receivable, net of current portion	5,082,984
P3 receivable, net of current portion	-
Notes receivable, net of current portion	-
Student loans receivable, net	-
Pledges receivable, net	-
Endowment investments	-
Other long-term investments	6,911,129
Capital assets, net	32,713,513
Other assets	-
Total noncurrent assets	44,707,626
Total assets	69,835,542
Deferred outflows of resources:	
Unamortized loss on debt refunding	-
Net pension liability	-
Net OPEB liability	1,564,809
Leases	-
P3	-
Others	-
Total deferred outflows of resources	1,564,809

Liabilities:	
Current liabilities:	
Accounts payable	2,906,290
Accrued salaries and benefits	1,763,583
Accrued compensated absences, current portion	356,321
Unearned revenues	8,919,486
Lease liabilities, current portion	1,305,262
SBITA liabilities - current portion	-
P3 liabilities - current portion	-
Long-term debt obligations, current portion	220,000
Claims liability for losses and loss adjustment expenses, current portion	-
Depository accounts	-
Other liabilities	-
Total current liabilities	15,470,942
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	-
Unearned revenues	-
Grants refundable	-
Lease liabilities, net of current portion	11,999,384
SBITA liabilities, net of current portion	-
P3 liabilities, net of current portion	-
Long-term debt obligations, net of current portion	4,824,349
Claims liability for losses and loss adjustment expenses, net of current portion	-
Depository accounts	-
Net other postemployment benefits liability	563,218
Net pension liability	-
Other liabilities	-
Total noncurrent liabilities	17,386,951
Total liabilities	32,857,893
Deferred inflows of resources:	
P3 service concession arrangements	-
Net pension liability	-
Net OPEB liability	1,911,342
Unamortized gain on debt refunding	-
Nonexchange transactions	-
Lease	5,550,590
P3	-
Others	-
Total deferred inflows of resources	7,461,932

CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.

Schedule of Net Position, continued

June 30, 2024

(for inclusion in the California State University)

Net position:	
Net investment in capital assets	14,364,518
Restricted for:	
Nonexpendable – endowments	-
Expendable:	
Scholarships and fellowships	-
Research	-
Loans	-
Capital projects	-
Debt service	-
Others	-
Unrestricted	16,716,008
Total net position	31,080,526

CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.

Schedule of Revenues, Expenses, and Changes in Net Position

Year Ended June 30, 2024

(for inclusion in the California State University)

Revenues:	
Operating revenues:	
Student tuition and fees, gross	-
Scholarship allowances (enter as negative)	-
Grants and contracts, noncapital:	
Federal	17,835,271
State	3,841,608
Local	1,833,471
Nongovernmental	2,883,850
Sales and services of educational activities	5,450,021
Sales and services of auxiliary enterprises, gross	4,883,431
Scholarship allowances (enter as negative)	-
Other operating revenues	2,706,045
Total operating revenues	39,433,697
Expenses:	
Operating expenses:	
Instruction	11,737,686
Research	-
Public service	1,603,803
Academic support	2,408,918
Student services	5,042,790
Institutional support	947,176
Operation and maintenance of plant	1,119,375
Student grants and scholarships	5,705,795
Auxiliary enterprise expenses	5,769,819
Depreciation and amortization	2,389,475
Total operating expenses	36,724,837
Operating income (loss)	2,708,860

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	-
Endowment income (loss), net	-
Interest expense	(611,996)
Other nonoperating revenues (expenses)	869,795
Net nonoperating revenues (expenses)	257,799
Income (loss) before other revenues (expenses)	2,966,659
State appropriations, capital	-
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	-
Increase (decrease) in net position	2,966,659
Net position:	
Net position at beginning of year, as previously reported	28,113,867
Restatements	-
Net position at beginning of year, as restated	28,113,867
Net position at end of year	31,080,526

CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.

Other Information

June 30, 2024

(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	1,121,447
Total	**$ 1,121,447**

2.1 Composition of investments:

Investment Type	Current	Noncurrent	Total
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	-	-	-
Supranational	-	-	-
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 types	-	-	-
Other external investment pools	-	-	-
CSU Consolidated Investment Pool (formerly SWIFT)	6,341,792	-	**6,341,792**
State of California Local Agency Investment Fund (LAIF)	8,242,621	6,911,129	**15,153,750**
State of California Surplus Money Investment Fund (SMIF)	-	-	-
Other investments:			
	-	-	-
Total Other investments	-	-	-
Total investments	**14,584,413**	**6,911,129**	**21,495,542**
Less endowment investments (enter as negative number)	-	-	-
Total investments, net of endowments	**$ 14,584,413**	**6,911,129**	**21,495,542**

2.2 Fair value hierarchy in investments:

Investment Type	Total	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	-	-	-	-	-
Supranational	-	-	-	-	-
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 types	-	-	-	-	-
Other external investment pools	-	-	-	-	-
CSU Consolidated Investment Pool (formerly SWIFT)	**6,341,792**	-	-	-	6,341,792
State of California Local Agency Investment Fund (LAIF)	**15,153,750**	-	-	-	15,153,750
State of California Surplus Money Investment Fund (SMIF)	-	-	-	-	-
Other investments:					
	-	-	-	-	-
Total other investments:	-	-	-	-	-
Total investments	**$ 21,495,542**	-	-	-	**21,495,542**

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):	6,341,792	-	**$ 6,341,792**

3.1 Capital Assets, excluding ROU assets:

Composition of capital assets, excluding ROU assets:

	Balance June 30, 2023	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2023 (Restated)	Additions	Retirements	Transfer of completed CWIP/PWIP	Balance June 30, 2024
Non-depreciable/Non-amortizable capital assets:									
Land and land improvements	**639,000**	-	-	-	**639,000**	-	-	-	**639,000**
Works of art and historical treasures	-	-	-	-	-	-	-	-	-
Construction work in progress (CWIP)	-	-	-	-	-	70,000	-	-	**70,000**
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	**639,000**	-	-	-	**639,000**	**70,000**	-	-	**709,000**
Depreciable/Amortizable capital assets:									
Buildings and building improvements	**22,080,619**	(9,176)	-	-	**22,071,443**	-	-	-	**22,071,443**
Improvements, other than buildings	**99,921**	-	-	-	**99,921**	27,481	-	-	**127,402**
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	**577,542**	9,176	-	-	**586,718**	47,949	-	-	**634,667**
Personal property:									
Equipment	**1,372,131**	-	-	-	**1,372,131**	589,436	-	-	**1,961,567**
Library books and materials	-	-	-	-	-	-	-	-	-
Intangible assets:									
Software and websites	**16,438**	-	-	-	**16,438**	-	-	-	**16,438**
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:									
	-	-	-	-	-	-	-	-	-
Total Other intangible assets	-	-	-	-	-	-	-	-	-
Total intangible assets	**16,438**	-	-	-	**16,438**	-	-	-	**16,438**
Total depreciable/amortizable capital assets	**24,146,651**	-	-	-	**24,146,651**	**664,866**	-	-	**24,811,517**
Total capital assets	**24,785,651**	-	-	-	**24,785,651**	**734,866**	-	-	**25,520,517**

Less accumulated depreciation/amortization: (enter as negative number, except for reductions enter as positive number)									
Buildings and building improvements	**(2,836,990)**	8,151	-	-	**(2,828,839)**	(743,490)	-	-	**(3,572,329)**
Improvements, other than buildings	**(87,695)**	(8,151)	-	-	**(95,846)**	(5,679)	-	-	**(101,525)**
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	**(577,542)**	(688)	-	-	**(578,230)**	(1,317)	-	-	**(579,547)**
Personal property:									
Equipment	**(956,749)**	688	-	-	**(956,061)**	(146,116)	-	-	**(1,102,177)**
Library books and materials	-	-	-	-	-	-	-	-	-
Intangible assets:									
Software and websites	**(16,438)**	-	-	-	**(16,438)**	-	-	-	**(16,438)**
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:									
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Total Other intangible assets	-	-	-	-	-	-	-	-	-
Total intangible assets	**(16,438)**	-	-	-	**(16,438)**	-	-	-	**(16,438)**
Total accumulated depreciation/amortization	**(4,475,414)**	-	-	-	**(4,475,414)**	**(896,602)**	-	-	**(5,372,016)**
Total capital assets, net excluding lease assets	**$ 20,310,237**	-	-	-	**20,310,237**	**(161,736)**	-	-	**20,148,501**

Capital Assets, Right of Use

Composition of capital assets - Lease ROU, net:	Balance June 30, 2023	Prior Period Reclassifications	Prior Period Additions	Prior Period Reductions	Balance June 30, 2023 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2024
Non-depreciable/Non-amortizable lease assets:									
Land and land improvements	-	-	-	-	-	-	-	-	-
Total non-depreciable/non-amortizable lease assets	-	-	-	-	-	-	-	-	-
Depreciable/Amortizable lease assets:									
Land and land improvements	-	-	-	-	-	-	-	-	-
Buildings and building improvements	**17,043,630**	-	-	-	17,043,630	-	-	-	**17,043,630**
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	-	-	-	-	-	-	-	-	-
Total depreciable/amortizable lease assets	**17,043,630**	-	-	-	17,043,630	-	-	-	**17,043,630**
Less accumulated depreciation/amortization:									
Land and land improvements	-	-	-	-	-	-	-	-	-
Buildings and building improvements	**(2,985,745)**	-	-	-	(2,985,745)	(1,492,873)			**(4,478,618)**
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	-	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	**(2,985,745)**	-	-	-	**(2,985,745)**	**(1,492,873)**	-	-	**(4,478,618)**
Total capital assets - lease ROU, net	**14,057,885**	-	-	-	**14,057,885**	**(1,492,873)**	-	-	**12,565,012**

Composition of capital assets - SBITA ROU, net	Balance June 30, 2023	Reclassifications	Prior Period Additions	Prior Period Reductions	Balance June 30, 2023 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2024
Depreciable/Amortizable SBITA assets:									
Software	-	-	-	-	-	-	-	-	-
Total depreciable/amortizable SBITA assets	-	-	-	-	-	-	-	-	-
Less accumulated depreciation/amortization:									
Software	-	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	-	-	-	-	-	-	-	-	-
Total capital assets - SBITA ROU, net	-	-	-	-	-	-	-	-	-

Composition of capital assets - P3 ROU, net:	Balance June 30, 2023	Reclassifications	Prior Period Additions	Prior Period Reductions	Balance June 30, 2023 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2024
Non-depreciable/Non-amortizable P3 assets:									
Land and land improvements	-	-	-	-	-	-	-	-	-
Total non-depreciable/non-amortizable P3 assets	-	-	-	-	-	-	-	-	-
Depreciable/Amortizable P3 assets:									
Land and land improvements	-	-	-	-	-	-	-	-	-
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	-	-	-	-	-	-	-	-	-
Total depreciable/amortizable P3 assets	-	-	-	-	-	-	-	-	-
Less accumulated depreciation/amortization:									
Land and land improvements	-	-	-	-	-	-	-	-	-
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	-	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	-	-	-	-	-	-	-	-	-
Total capital assets - P3 ROU, net	-	-	-	-	-	-	-	-	-

Total capital assets, net including ROU assets	**32,713,513**

3.2 Detail of depreciation and amortization expense:

Depreciation and amortization expense - capital assets, excluding ROU assets	$	896,602
Amortization expense - Leases ROU		1,492,873
Amortization expense - SBITA ROU		-
Amortization expense - P3 ROU		-
Depreciation and Amortization expense - Others		- Provide explanation for others:
Total depreciation and amortization	**$**	**2,389,475**

4 Long-term liabilities:

	Balance June 30, 2023	Prior Period Adjustments/ Reclassifications	Balance June 30, 2023 (Restated)	Additions	Reductions	Balance June 30, 2024	Current Portion	Noncurrent Portion
1. Accrued compensated absences	**401,976**	-	**401,976**	284,030	(329,685)	**356,321**	356,321	-
2. Claims liability for losses and loss adjustment expenses	-	-	-	-	-	-	-	-
3. Capital lease obligations (pre-ASC 842):								
Gross balance	-	-	-	-	-	-	-	-
Unamortized net premium/(discount)	-	-	-	-	-	-	-	-
Total capital lease obligations (pre ASC 842)	-	-	-	-	-	-	-	-
4. Long-term debt obligations:								
4.1 Auxiliary revenue bonds (non-SRB related)	-	-	-	-	-	-	-	-
4.2 Commercial paper	-	-	-	-	-	-	-	-
4.3 Notes payable (SRB related)	**5,160,000**	-	**5,160,000**	-	(205,000)	**4,955,000**	220,000	4,735,000
4.4 Finance purchase of capital assets	-	-	-	-	-	-	-	-
4.5 Others:								
Note Payable - University Student Union	21,200	-	21,200	-	(21,200)	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total others	**21,200**	-	**21,200**	-	**(21,200)**	-	-	-
Sub-total long-term debt	**5,181,200**	-	**5,181,200**	-	**(226,200)**	**4,955,000**	**220,000**	**4,735,000**
4.6 Unamortized net bond premium/(discount)	**106,102**	-	**106,102**	-	(16,753)	**89,349**	-	**89,349**
Total long-term debt obligations	**5,287,302**	-	**5,287,302**	-	**(242,953)**	**5,044,349**	**220,000**	**4,824,349**

5. Lease, SBITA, P3 liabilities:	Balance June 30, 2023	Prior Period Adjustments/ Reclassifications	Additions	Remeasurements	Reductions	Balance June 30, 2024	Current Portion	Noncurrent Portion
Lease liabilities	14,574,376	-	-	-	(1,269,730)	13,304,646	1,305,262	11,999,384
SBITA liabilities	-	-	-	-	-	-	-	-
P3 liabilities - SCA	-	-	-	-	-	-	-	-
P3 liabilities - non-SCA	-	-	-	-	-	-	-	-
Sub-total P3 liabilities	-	-	-	-	-	-	-	-
Total Lease, SBITA, P3 liabilities	**$ 14,574,376**	-	-	-	**(1,269,730)**	**13,304,646**	**1,305,262**	**11,999,384**
Total long-term liabilities						**$ 18,705,316**	**$ 1,881,583**	**$ 16,823,733**

5 Future minimum payments schedule - leases, SBITA, P3:

	Lease Liabilities			SBITA liabilities			Public-Private or Public-Public Partnerships (P3)			Total Leases, SBITA, P3 liabilities		
	Principal Only	Interest Only	Principal and Interest	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:												
2025	1,305,262	383,038	1,688,300	-	-	-	-	-	-	1,305,262	383,038	1,688,300
2026	1,344,672	342,903	1,687,575	-	-	-	-	-	-	1,344,672	342,903	1,687,575
2027	1,385,571	301,504	1,687,075	-	-	-	-	-	-	1,385,571	301,504	1,687,075
2028	1,426,003	258,997	1,685,000	-	-	-	-	-	-	1,426,003	258,997	1,685,000
2029	1,472,283	215,223	1,687,506	-	-	-	-	-	-	1,472,283	215,223	1,687,506
2030 - 2034	1,525,437	169,933	1,695,370	-	-	-	-	-	-	1,525,437	169,933	1,695,370
2035 - 2039	1,567,697	123,128	1,690,825	-	-	-	-	-	-	1,567,697	123,128	1,690,825
2040 - 2044	1,616,680	74,820	1,691,500	-	-	-	-	-	-	1,616,680	74,820	1,691,500
2045 - 2049	1,661,041	25,084	1,686,125	-	-	-	-	-	-	1,661,041	25,084	1,686,125
2050 - 2054	-	-	-	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-	-	-	-
Total minimum lease payments	$ 13,304,646	1,894,630	15,199,276	-	-	-	-	-	-	13,304,646	1,894,630	15,199,276
Less: amounts representing interest												(1,894,630)
Present value of future minimum lease payments												13,304,646
Total Leases, SBITA, P3 liabilities												13,304,646
Less: current portion												(1,305,262)
Leases, SBITA, P3 liabilities, net of current portion												**$ 11,999,384**

6 Future minimum payments schedule - Long-term debt obligations:

	Auxiliary revenue bonds (non-SRB related)			All other long-term debt obligations			Total long-term debt 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:									
2025	220,000	202,739	422,739	-	-	-	220,000	202,739	422,739
2026	230,000	193,632	423,632	-	-	-	230,000	193,632	423,632
2027	240,000	183,784	423,784	-	-	-	240,000	183,784	423,784
2028	245,000	173,250	418,250	-	-	-	245,000	173,250	418,250
2029	260,000	162,168	422,168	-	-	-	260,000	162,168	422,168
2030 - 2034	800,000	688,195	1,488,195	-	-	-	800,000	688,195	1,488,195
2035 - 2039	790,000	542,467	1,332,467	-	-	-	790,000	542,467	1,332,467
2040 - 2044	970,000	361,080	1,331,080	-	-	-	970,000	361,080	1,331,080
2045 - 2049	1,200,000	131,688	1,331,688	-	-	-	1,200,000	131,688	1,331,688
2050 - 2054	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-
Total minimum payments	**$ 4,955,000**	**2,639,003**	**7,594,003**	**-**	**-**	**-**	**4,955,000**	**2,639,003**	**7,594,003**
Less: amounts representing interest									(2,639,003)
Present value of future minimum payments									4,955,000
Unamortized net premium/(discount)									89,349
Total long-term debt obligations									5,044,349
Less: current portion									(220,000)
Long-term debt obligations, net of current portion									**$ 4,824,349**

7 Transactions with related entities:

Payments to University for salaries of University personnel working on contracts, grants, and other programs	$ 3,187,774
Payments to University for other than salaries of University personnel	4,362,678
Payments received from University for services, space, and programs	10,391,842
Gifts-in-kind to the University from discretely presented component units	-
Gifts (cash or assets) to the University from discretely presented component units	-
Accounts (payable to) University	(1,547,950)
Other amounts (payable to) University	-
Accounts receivable from University	1,995,313
Other amounts receivable from University	-

8 Restatements: Not Applicable

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	6,491,940	1,440,007	161,236	119,671	-	3,524,832	-	**11,737,686**
Research	-	-	-	-	-	-	-	**-**
Public service	379,230	42,386	6,838	11,302	-	1,164,047	-	**1,603,803**
Academic support	1,204,392	141,452	9,168	8,758	-	1,045,148	-	**2,408,918**
Student services	1,275,008	268,716	137,597	36,892	-	3,324,577	-	**5,042,790**
Institutional support	640,187	37,952	60,047	(278,098)	-	487,088	-	**947,176**
Operation and maintenance of plant	62,192	8,043	3,302	1,304	-	1,044,534	-	**1,119,375**
Student grants and scholarships	-	-	-	-	5,705,795	-	-	**5,705,795**
Auxiliary enterprise expenses	3,103,826	636,011	220,954	113,675	-	1,695,353	-	**5,769,819**
Depreciation and amortization	-	-	-	-	-	-	2,389,475	**2,389,475**
Total operating expenses	**$ 13,156,775**	**2,574,567**	**599,142**	**13,504**	**5,705,795**	**12,285,579**	**2,389,475**	**36,724,837**

Select type of pension plan >>	**Defined Contribution Plan**

10 Deferred outflows/inflows of resources:

1. Deferred Outflows of Resources

Deferred outflows - unamortized loss on refunding(s)	-
Deferred outflows - net pension liability	-
Deferred outflows - net OPEB liability	1,564,809
Deferred outflows - leases	-
Deferred outflows - P3	-
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	**$ 1,564,809**

2. Deferred Inflows of Resources

Deferred inflows - service concession arrangements	-
Deferred inflows - net pension liability	-
Deferred inflows - net OPEB liability	1,911,342
Deferred inflows - unamortized gain on debt refunding(s)	-
Deferred inflows - nonexchange transactions	-
Deferred inflows - leases	5,550,590
Deferred inflows - P3	-
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	**$ 7,461,932**

11 Other nonoperating revenues (expenses)

Other nonoperating revenues	869,855
Other nonoperating (expenses)	(60)
Total other nonoperating revenues (expenses)	**869,795**

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

To the Audit Committee
Cal State L.A. University Auxiliary Services, Inc.

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 Cal State L.A. University Auxiliary Services, Inc. (a nonprofit organization), which comprise the statement of net position as of June 30, 2024, the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 11, 2024.

Report on Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described below as item 2024-001 to be a material weakness.

2024-001 Financial Close and Reporting

Criteria: In accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and accrual accounting, goods and services must be recorded in the year they were received or performed. Revenues and expenses should match the timing of when they were recognized or incurred. Estimates for accruals and the allowance for doubtful accounts should accurately reflect the financial condition of the entity. OPEB reporting should take into account differences between the actuarial measurement date and fiscal year for accounting and reporting accuracy.

An effective financial close and reporting process should include reconciling accounts, reviewing transactions, posting adjusting entries, preparing financial statements, and analyzing performance.

Condition: Transactions for goods received and services performed in fiscal year 2023 were reported in fiscal year 2024. Transactions for goods received and services performed in fiscal year 2024 were not accrued at year-end. Revenues and receivables related to cost-reimbursement grant activity were matched with when this activity was reported. Benefit accrual accounts were not reconciled and the methodology for establishing the allowance for doubtful accounts was outdated and calculations were not updated. Deferred outflows for contributions to the OPEB plan made after the measurement date were not recorded appropriately.

Report on Internal Control over Financial Reporting, continued

2024-001 Financial Close and Reporting, continued

Cause: Invoices for goods received and services performed in fiscal year 2023 were received by UAS after the end of the fiscal year and after the internal cutoff for year-end close. Other transactions without invoices, like payroll, were not captured in the year-end closing process. Grant activity was not monitored sufficiently to identify when accruals were necessary. Leadership transitions at year-end contributed to the oversight of closing procedures.

Effect: A significant amount of collective transactions related to cost-reimbursement grants were recorded in fiscal year 2024, instead of correctly in fiscal year 2023 causing an overstatement of expenses and liabilities and an overstatement of related revenues and receivables for the year ended June 30, 2024. Due to the nature of these transactions, this had no effect on UAS's ending net position at June 30, 2023 or 2024.

Federal grant transactions in the amount of $750,841 occurring in fiscal year 2024 were not reported until fiscal year 2025 causing an understatement of expenses and liabilities and an understatement of related revenues and receivables. As a result, the schedule of expenditures of Federal awards was also understated. Similarly, non-Federal grant and non-grant transactions occurring in fiscal year 2024 were not reported until fiscal year 2025, understating liabilities and expenses.

Benefit accruals were overstated by $900,553 and the allowance for doubtful accounts lacked support based on current conditions. Deferred outflows of $194,360 related to the OPEB plan were not recorded.

Recommendation: At year-end, extend the closing date to allow more time for invoices to be received and necessary accruals to be made. In addition, review vendor activity, especially related to grants, at year-end to evaluate whether all invoices for services performed have been received and make necessary accruals and/or estimates for known services performed. Establish monthly and annual reconciliation procedures for all accounts, including those related to the OPEB plan, and perform a robust review of UAS's receivables to establish a relevant allowance methodology.

Views of Responsible Officials: Management acknowledges the auditor's identification of a material weakness in the financial close and reporting processes. We recognize the urgency in addressing the issues related to the year-end cutoff for transactions, benefit accrual accounts reconciliation, and the methodology for establishing the allowance for doubtful accounts. To address these concerns, we will enhance our year-end close procedures to ensure all liabilities and expenses are captured accurately and timely.

We will enhance our year-end close procedures to ensure all liabilities and expenses, particularly those related to accounts payable (AP), state unemployment insurance (SUI), and workers' compensation (WC), are captured accurately and timely. We will enhance our AP processes by conducting multiple rounds of search for unrecorded liabilities (SUL) before year-end closing to ensure all outstanding obligations are identified and recorded promptly. Additionally, we will implement more rigorous reconciliation and analytical procedures for SUI and WC liabilities, including regular reviews to ensure these accounts are properly adjusted. This will involve reconciling accumulated balances to correct any discrepancies, while also improving communication between Human Resources and Accounting departments to facilitate timely data sharing.

Report on Internal Control over Financial Reporting, continued

2024-001 Financial Close and Reporting, continued

For the allowance for doubtful accounts, we will implement a data-driven approach. This includes conducting a thorough analysis of historical collection rates, aging of receivables, and current economic conditions to support our estimates. We will review and update this analysis annually, ensuring our allowance always reflects current conditions. A formal documentation process will be established to support the rationale behind our allowance calculations, which will be reviewed by senior management before finalizing financial statements.

Specialized training will be provided to our accounting staff on accrual accounting techniques, particularly for period-end reviews and proper reconciliation of accounts. These corrective actions will be closely monitored, with regular updates provided to senior management to ensure that the financial reporting process is strengthener, and all transactions and accruals are accurately captured in the correct fiscal year.

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. We consider the deficiency described below as item 2024-002 to be a significant deficiency.

2024-002 Capitalization of Assets

Criteria: U.S. GAAP requires the capitalization of costs when a future benefit for expenditure exists. Per 2 CFR section 200.1, equipment is tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or $5,000. UAS's capitalization policy is defined as an asset with an original total cost of $5,000 or greater (total cost including all expenditures, reasonable and necessary, in acquiring or receiving the asset) with a useful life of more than one year. Additionally, any assets purchased for the use of University campus projects or grants and contracts are not considered UAS capital assets as they are transferred to the University.

Condition: Purchases meeting the requirements per UAS's capitalization policy were expensed.

Cause: Equipment and related expense accounts were not reviewed thoroughly for items meeting the capitalization policy.

Effect: Expenses were overstated and capital assets were understated by $259,147.

Recommendation: Evaluate whether the policy to expense grant-related assets is achieving the Uniform Guidance objectives of asset tracking and ongoing management. If assets transferred to the University are still being utilized for grant purposes by UAS, ensure that sufficient monitoring procedures are in place to ensure compliance with Federal award terms and conditions. Review equipment expense accounts at year-end, or on a more frequent basis, for items meeting UAS's capitalization policy and record as appropriate.

Views of Responsible Officials: Management agrees with the finding and acknowledges that certain expenses were overstated, and capital assets were understated due to an insufficient review of expense accounts for items that met the capitalization policy. The root cause of this issue was an inadequate review of the expense accounts for capitalizable items at year-end and throughout the fiscal year in certain categories of purchases.

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

Report on Internal Control over Financial Reporting, continued

2024-002 Capitalization of Assets, continued

To prevent recurrence, management is implementing a comprehensive year-end review of equipment expense accounts to identify items that should be capitalized and introducing quarterly review process for timely identification of capitalizable assets. Additionally, management will provide enhanced training to our accounting staff on the capitalization policy.

Report on Compliance and Other Matters

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

Cal State L.A. University Auxiliary Services, Inc.'s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Cal State L.A. University Auxiliary Services, Inc.'s response to the findings identified in our audit and described above. Cal State L.A. University Auxiliary Services, Inc.'s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Aldrich CPAs + Advisors LLP

Brea, California
October 11, 2024