

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

Anna Bing Arnold Children's Center

FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

Year Ended June 30, 2025



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

ANNA BING ARNOLD CHILDREN'S CENTER

General Information

Year Ended June 30, 2025

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

ANNA BING ARNOLD CHILDREN'S CENTER

General Information

Year Ended June 30, 2025

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-4087
California State Preschool Program: CSPP-4163
Child Care Food Program: 04676-CACFP-19-NP-IC
Child Care Access Means Parents in School (CCAMPIS): P335A230029-24

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

Timothy Chang, 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, 2024 to June 30, 2025

8. Number of Days of Agency Operation

General Child Care and Development Program - 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.

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, 2025, 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, 2025, 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 (GAAS) 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 GAAS 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.

INDEPENDENT AUDITOR'S REPORT, CONTINUED

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

In performing an audit in accordance with GAAS 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 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, 2025, 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 10, 2025, 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.

INDEPENDENT AUDITOR'S REPORT, CONTINUED

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 10, 2025, on our consideration of the Center's internal control over 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.

Aldrich CPAs + Advisors LLP

Brea, California
December 10, 2025

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

June 30, 2025

ASSETS

Cash	\$ 407,717
Accounts receivable, net	83,758
Restricted cash	136,211
Capital assets, net	<u>186,699</u>
 Total Assets	814,385

LIABILITIES

Accounts payable	189,155
Accrued expenses	39,345
Accrued compensated absences	47,220
Unearned revenues	136,211
Due to other funds of Cal State L.A. University Auxiliary Services, Inc.	<u>402,454</u>
 Total Liabilities	814,385

NET POSITION

Net investment in capital assets	186,699
Unrestricted	<u>(186,699)</u>
 Total Net Position	\$ <u> </u> -

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, 2025

Operating Revenues:

Grants and contracts:	
State apportionments	\$ 1,234,637
Early Head Start grant	307,591
Child Care Access Means Parents in School (CCAMPIS) grant	287,307
Federal apportionments	198,201
Child care food program	80,919
Other grants	83,521
Family fees	624,088
Associated student fees	140,779
Other revenue	<u>98,463</u>
Total Operating Revenues	3,055,506

Operating Expenses:

Certified salaries - teachers	1,011,859
Classified salaries:	
Temporary help	509,317
Teachers	228,163
Clerical	1,204
Employee benefits	431,679
Supplies	248,216
Building supplies/repairs and maintenance	154,040
Indirect costs	125,068
Food services	86,360
Contractual services	65,335
Miscellaneous	27,732
Equipment purchase and maintenance	24,761
Utilities	23,818
Depreciation	22,442
Travel	<u>13,981</u>
Total Operating Expenses	<u>2,973,975</u>
Operating Income	81,531

Transfers:

Capital asset transfer to Cal State L.A.	(117,500)
Fund transfer from Cal State L.A. University Auxiliary Services, Inc.	<u>35,969</u>
Total Transfers	(81,531)

Change in Net Position

Net Position, beginning	<u> </u>
Net Position, ending	\$ <u> </u>

CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.**ANNA BING ARNOLD CHILDREN'S CENTER****Statement of Cash Flows**

Year Ended June 30, 2025

Cash Flows from Operating Activities:

Grants and contracts	\$ 2,709,574
Other receipts	863,330
Payments to suppliers	(781,327)
Payments to employees	(1,950,899)
Payments to students	(199,167)
	<hr/>
Net Cash Provided by Operating Activities	641,511

Cash Flows from Noncapital Financing Activities:

Funds transfer from Cal State L.A. University Auxiliary Services, Inc.	35,969
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Cash Flows Used by Capital and Related Financing Activities:

Acquisition of capital assets	<hr/> (191,559)
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Net Increase in Cash and Restricted Cash	485,921
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Cash and Restricted Cash, beginning

	<hr/> 58,007
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Cash and Restricted Cash, ending

\$	<hr/> 543,928
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Reconciliation of Cash Flows From Operating Activities:

Operating loss	\$ 81,531
Adjustments to reconcile change in net position to net cash provided by operating activities:	
Depreciation	22,442
Change in operating assets and liabilities:	
Accounts receivable, net	457,842
Accounts payable	(63,673)
Accrued expenses	(15,064)
Accrued compensated absences	47,220
Unearned revenues	59,556
Due to other funds of Cal State L.A. University Auxiliary Services, Inc.	51,657
	<hr/>
Net Cash Provided by Operating Activities	\$ 641,511

Supplemental Disclosure of Noncash Capital and Related Financing Activities:

Capital asset transfer to Cal State L.A.	\$ <hr/> (117,500)
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Cash and Restricted Cash Components:

Cash	\$ 407,717
Restricted cash	<hr/> 136,211
	<hr/> \$ 543,928

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

ANNA BING ARNOLD CHILDREN'S CENTER

Notes to Financial Statements

Year Ended June 30, 2025

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.

New Accounting Pronouncements

Effective July 1, 2024, UAS adopted Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences* (GASB 101). GASB 101 establishes recognition and measurement guidance for all types of compensated absences, including vacation, sick leave, and other forms of leave. Management has analyzed the provisions contained in GASB 101 and determined that there is no impact on net position as of July 1, 2024, due to the adoption of GASB 101.

Effective July 1, 2024, UAS adopted GASB Statement No.102, *Certain Risk Disclosures* (GASB 102). GASB 102 requires disclosures related to risks associated with concentrations and constraints common in the governmental environment. Management has analyzed the provisions contained in GASB 102 and provided the necessary disclosures to comply with GASB 102.

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 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.

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.

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

ANNA BING ARNOLD CHILDREN'S CENTER

Notes to Financial Statements

Year Ended June 30, 2025

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

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, 2025, and therefore no amounts have been accrued.

Cash, Cash Equivalents, and Restricted Cash

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, demand deposits, and restricted cash from grants and contracts.

Accounts Receivable

Receivables of reimbursements for grants and contract expenditures according to contractual agreements are included in accounts receivable. 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 allowance 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 allowance for uncollectable accounts and credit to accounts receivable.

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.

Compensated Absences

The Center recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example, paid in cash to the employee or payment to an employee flex spending account) during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences – vacation and sick leave. The liability for compensated absences is reported as incurred in the financial statements. A liability for compensated absences is recorded only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

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

ANNA BING ARNOLD CHILDREN'S CENTER

Notes to Financial Statements

Year Ended June 30, 2025

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

Compensated Absences, continued

Paid Time Off (includes vacation and sick leave)

The Center's policy permits employees to accumulate earned but unused paid-time-off benefits, which are eligible for payment at the employee's current pay rate upon separation from employment.

Unearned Revenues

Unearned revenues represent grant payments received in advance of grant earnings.

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, 2025, the amount due back to UAS is \$402,454.

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.

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.

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

ANNA BING ARNOLD CHILDREN'S CENTER

Notes to Financial Statements

Year Ended June 30, 2025

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

Fair Value Measurements, continued

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, 2025, 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.

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.

Subsequent Events

The Center has evaluated subsequent events through December 10, 2025, which is the date the financial statements were available to be issued.

Note 2 - Accounts Receivable

Accounts receivable consist of the following:

Baldwin Park Unified School District - Early Head Start grant	\$ 58,005
U.S. Department of Agriculture - Child and Adult Care Food Program	15,314
California Department of Social Services - CCTR-4087	8,535
U.S. Department of Education - CCAMPIS grant	1,904
	<hr/>
	\$ 83,758

Note 3 – Cash, Cash Equivalents, and Restricted Cash

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. 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.

CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.**ANNA BING ARNOLD CHILDREN'S CENTER****Notes to Financial Statements**

Year Ended June 30, 2025

Note 4 - Capital Assets

Changes in capital assets consist of the following:

	Balance				Balance
	June 30, 2024	Additions	Disposals	Transfers	June 30, 2025
Capital assets, non-depreciable:					
Construction work in progress	\$ 70,000	\$ 47,500	\$ -	\$ (117,500)	\$ -
Total non-depreciable capital assets	70,000	47,500	-	(117,500)	-
Capital assets, depreciable:					
Improvements	204,846	144,059	-	-	348,905
Furniture, fixtures and equipment	46,915	-	(8,794)	-	38,121
Total depreciable capital assets	251,761	144,059	(8,794)	-	387,026
Less accumulated depreciation:					
Improvements	(139,764)	(22,442)	-	-	(162,206)
Furniture, fixtures and equipment	(46,915)	-	8,794	-	(38,121)
Total accumulated depreciation	(186,679)	(22,442)	8,794	-	(200,327)
Capital assets, net	<u>\$ 135,082</u>	<u>\$ 169,117</u>	<u>\$ -</u>	<u>\$ (117,500)</u>	<u>\$ 186,699</u>

Depreciation expense for the year ended June 30, 2025 was \$22,442.

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 for the year ended June 30, 2025. The Center transferred \$117,500 completed capital assets to the University for the year ended June 30, 2025 (see Note 4). The Center received utilities, mainframe computer services, printing, office supplies, information technology management, accounting and financial services, and human resource services from the University.

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.

Supplies costs are allocated based on the enrollment in each program.

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 based on a determination by administrative personnel.

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

ANNA BING ARNOLD CHILDREN'S CENTER

Notes to Financial Statements

Year Ended June 30, 2025

Note 7 - 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 contributions to the Plan for the year ended June 30, 2025, were \$392,325, of which \$72,064 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, 2025 were \$190,373, of which \$25,740 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, Concentrations of Revenue, and Funding Constraints

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.

The Center derives a significant portion of its revenue from state and federal grants and awards. During the fiscal year ended June 30, 2025, approximately 41% and 31% of the Center's total revenue was received from such state and federal sources, respectively.

Continued operations are substantially dependent on these sources, and any interruption, reduction, or cancellation of this funding could adversely affect the Center's ability to provide services. Management is actively assessing strategies to diversify funding sources and minimize reliance on any single funding stream, although significant constraints may remain due to the nature of grant restrictions and the mission-specific nature of state and federal support.

In August 2025, the Center was notified that the Child Care Access Means Parents in School (CCAMPIS) grant funded by the U.S. Department of Education would be discontinued as of the end of the current grant budget period, ended September 30, 2025. This award represented approximately \$900,000 in remaining funding over the next 2 years directly impacting student support.

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, 2025

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>U.S. Department of Education</u>									
Direct Program:									
Child Care Access Means Parents in School (CCAMPIS)	84.335A	P335A230029-24	\$ 450,000	\$ -	\$ 450,000	\$ 287,307	\$ -		
Total Research and Development Cluster			450,000	-	450,000	287,307	-		
Child Care and Development Fund Cluster									
<u>U.S. Department of Health and Human Services</u>									
Passed-through California Department of Social Services:									
General Child Care and Development Program	93.575	CCTR-4087	182,269	-	182,269	182,269	-		
General Child Care and Development Program	93.596	CCTR-4087	15,932	-	15,932	15,932	-		
Total Child Care and Development Fund Cluster			198,201	-	198,201	198,201	-		
Head Start Cluster									
<u>U.S. Department of Health and Human Services</u>									
Passed-through Baldwin Park Unified School District:									
Early Head Start	93.600	PO #2500703	327,846	-	327,846	307,591	-		
Total Head Start Cluster			327,846	-	327,846	307,591	-		
Other Programs									
<u>U.S. Department of Agriculture</u>									
Passed-through California Department of Social Services:									
Child and Adult Care Food Program	10.558	04676-CACFP-19-NP-IC	77,474	3,445	80,919	77,474	3,445		
<u>U.S. Department of Education</u>									
Passed-through California Department of Education:									
California State Preschool Program	N/A	CSPP-4163	-	662,632	662,632	-	662,632		
America Rescue Plan Act	93.UNKNOWN	65-408188	121,318	-	121,318	71,635	-		
Total U.S. Department of Education			121,318	662,632	783,950	71,635	662,632		
<u>U.S. Department of Health and Human Services</u>									
Passed-through California Department of Social Services:									
General Child Care and Development Program	N/A	CCTR-4087	-	572,005	572,005	-	572,005		
Total Other Programs			198,792	1,238,082	1,436,874	149,109	1,238,082		
Total Expenditures of Federal and State Awards			\$ 1,174,839	\$ 1,238,082	\$ 2,412,921	\$ 942,208	\$ 1,238,082		

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

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

ANNA BING ARNOLD CHILDREN'S CENTER

Notes to Schedule of Expenditures of Federal and State Awards

Year Ended June 30, 2025

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, 2025. 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 minimis indirect cost rate for the year ended June 30, 2025.

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

ANNA BING ARNOLD CHILDREN'S CENTER

Combining Statement of Net Position

Year Ended June 30, 2025

	Children's Center	Non-CD Programs	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 407,717	\$ 17,622,372	\$ 18,030,089
Accounts receivable, net	83,758	10,016,757	10,100,515
Due from related parties	-	784,633	784,633
Leases receivable, current portion	-	250,168	250,168
Prepaid expenses and other current assets	-	145,627	145,627
Total Current Assets	491,475	28,819,557	29,311,032
Noncurrent Assets:			
Restricted cash and cash equivalents	136,211	4,447,992	4,584,203
Leases receivable, net of current portion	-	3,188,264	3,188,264
Capital assets, net	186,699	30,333,068	30,519,767
Total Noncurrent Assets	322,910	37,969,324	38,292,234
Total Assets	814,385	66,788,881	67,603,266
DEFERRED OUTFLOWS OF RESOURCES			
Net other postemployment benefits liability	-	1,290,513	1,290,513
LIABILITIES			
Current Liabilities:			
Accounts payable	189,155	2,666,707	2,855,862
Due to related parties	402,454	1,799,579	2,202,033
Accrued expenses	39,345	809,842	849,187
Accrued compensated absences	47,220	401,402	448,622
Unearned revenues	136,211	6,181,037	6,317,248
Lease liabilities, current portion	-	1,344,672	1,344,672
Notes payable, current portion	-	230,000	230,000
Total Current Liabilities	814,385	13,433,239	14,247,624
Noncurrent Liabilities:			
Lease liabilities, net of current portion	-	10,654,712	10,654,712
Notes payable, net of current portion	-	4,577,596	4,577,596
Net other postretirement benefits liability	-	402,004	402,004
Total Noncurrent Liabilities	-	15,634,312	15,634,312
Total Liabilities	814,385	29,067,551	29,881,936
DEFERRED INFLOWS OF RESOURCES			
Net other postemployment benefits liability	-	1,774,904	1,774,904
Leases	-	3,140,822	3,140,822
Total Deferred Inflows of Resources	-	4,915,726	4,915,726
NET POSITION			
Net investment in capital assets	186,699	13,526,088	13,712,787
Unrestricted	(186,699)	20,570,029	20,383,330
Total Net Position	\$ -	\$ 34,096,117	\$ 34,096,117

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, 2025

	General Child Care and Development CCTR-4087	California State Preschool Program CSPP-4163	Total CD Programs	Non-CD Programs	Total
Operating Revenues:					
Grants and contracts:					
State apportionments	\$ 572,005	\$ 662,632	\$ 1,234,637	\$ -	\$ 1,234,637
Early Head Start grant	307,591	-	307,591	-	307,591
Child Care Access Means Parents in School (CCAMPIS) grant*	136,471	150,836	287,307	-	287,307
Federal apportionments	198,201	-	198,201	-	198,201
Child care food program	38,437	42,482	80,919	-	80,919
Other grants	5,646	77,875	83,521	31,960,268	32,043,789
Total Grants and Contracts	1,258,351	933,825	2,192,176	31,960,268	34,152,444
Family fees	302,547	321,541	624,088	-	624,088
Associated student fees	66,870	73,909	140,779	(140,779)	-
Other revenue	46,770	51,693	98,463	11,304,979	11,403,442
Total Operating Revenues	1,674,538	1,380,968	3,055,506	43,124,468	46,179,974
Operating Expenses:					
Salaries	919,035	831,508	1,750,543	14,892,774	16,643,317
Employee benefits	226,631	205,048	431,679	3,387,027	3,818,706
Supplies	130,313	117,903	248,216	1,253,525	1,501,741
Building supplies/repair and maintenance	80,871	73,169	154,040	127,238	281,278
Indirect costs	65,661	59,407	125,068	5,561,286	5,686,354
Food services	45,339	41,021	86,360	-	86,360
Contractual services	34,301	31,034	65,335	275,543	340,878
Miscellaneous	14,559	13,173	27,732	12,908,857	12,936,589
Equipment purchase and maintenance	13,000	11,761	24,761	87,708	112,469
Utilities	12,504	11,314	23,818	878,058	901,876
Depreciation	11,782	10,660	22,442	2,714,677	2,737,119
Travel	7,340	6,641	13,981	437,263	451,244
Total Operating Expenses	1,561,336	1,412,639	2,973,975	42,523,956	45,497,931

*Child Care Access Means Parents in School (CCAMPIS) program revenue of \$287,307 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, 2025

	General Child Care and Development CCTR-4087	California State Preschool Program CSPP-4163	Total CD Programs	Non-CD Programs	Total
Nonoperating Revenues (Expenses):					
Interest income	-	-	-	1,055,296	1,055,296
Interest expense	-	-	-	(564,281)	(564,281)
Other expense	-	-	-	3,278	3,278
Net Nonoperating Revenues	-	-	-	494,293	494,293
Change in Net Position Prior to Transfers	113,202	(31,671)	81,531	1,094,805	1,176,336
Transfers:					
Capital asset transfer to Cal State L.A.	(61,688)	(55,812)	(117,500)	-	(117,500)
Transfer (to) from Cal State L.A. University Auxiliary Services, Inc.	(51,514)	87,483	35,969	(35,969)	-
Change in Net Position	-	-	-	1,058,836	1,176,336
Net Position, beginning, as previously stated	-	-	-	31,080,526	31,080,526
Restatement	-	-	-	1,839,255	1,839,255
Net Position, beginning, as restated	-	-	-	32,919,781	32,919,781
Net Position, ending	\$ -	\$ -	\$ -	\$ 33,978,617	\$ 34,096,117

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

ANNA BING ARNOLD CHILDREN'S CENTER

Schedule of Expenditures by State Categories

Year Ended June 30, 2025

Expenditures		General Child Care and Development CCTR-4087	California State Preschool Program CSPP-4163	Total CD Programs
Direct payments to providers	\$ -	\$ -	\$ -	\$ -
1000 Certificated salaries		386,019	480,633	866,652
2000 Classified salaries		387,809	350,875	738,684
3000 Employee benefits		185,187	205,048	390,235
4000 Books and supplies		126,788	158,924	285,712
5000 Services and other operating expenses		130,334	140,157	270,491
6100/ Other approved capital outlay		-	-	-
6200		-	-	-
6400 New equipment expense		-	-	-
6500 Replacement equipment		-	-	-
Depreciation on assets not purchased with public funds		11,782	10,660	22,442
Indirect costs (a)		65,661	59,407	125,068
 Total Expenses Claimed for Reimbursement (b)		 1,293,580	 1,405,704	 2,699,284
Supplemental Expenditures		General Child Care and Development CCTR-4087	California State Preschool Program CSPP-4163	Total CD Programs
Total supplemental expenses		307,591	-	307,591
 Total Expenditures	 \$ 1,601,171	 \$ 1,405,704	 \$ 3,006,875	

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, 2025

	General Child Care and Development CCTR-4087	California State Preschool Program CSPP-4163	Non-CD Programs	Total
Revenue				
AUD/CDFS 9500 and 8501 Total Revenue	\$ 904,332	\$ 718,336	\$ -	\$ 1,622,668
Adjustments to Reconcile Difference in Reporting:				
Revenue from CDE and CDSS for CCTR and CSPP contracts	770,206	662,632	-	1,432,838
Revenue from non-Children's Center funds	-	-	43,124,468	43,124,468
Total adjustments	<u>1,674,538</u>	<u>1,380,968</u>	<u>43,124,468</u>	<u>46,179,974</u>
Revenues per GAAP:				
Combining statement of revenues, expenses, and changes in net position				
Total operating revenues	<u>\$ 1,674,538</u>	<u>\$ 1,380,968</u>	<u>\$ 43,124,468</u>	<u>\$ 46,179,974</u>
Expenses				
Schedule of Expenditures by State Categories (CD)	\$ 1,601,171	\$ 1,405,704	\$ -	\$ 3,006,875
Adjustments to Reconcile Differences in Reporting:				
Expenses from non-Children's Center funds	-	-	42,523,956	42,523,956
Renovations and repairs expenses not claimed for reimbursement	7,665	6,935	-	14,600
Capitalized renovations & repairs expensed as supplemental on AUD forms	<u>(47,500)</u>	<u>-</u>	<u>-</u>	<u>(47,500)</u>
Total adjustments	<u>1,561,336</u>	<u>1,412,639</u>	<u>42,523,956</u>	<u>45,497,931</u>
Expenses per GAAP:				
Combining statement of revenues, expenses, and changes in net position				
Total operating expenses	<u>\$ 1,561,336</u>	<u>\$ 1,412,639</u>	<u>\$ 42,523,956</u>	<u>\$ 45,497,931</u>

CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.
 ANNA BING ARNOLD CHILDREN'S CENTER
Combining Schedule of Claimed Equipment Expenditures
 Year Ended June 30, 2025

Capitalized Equipment Expensed on the AUD with Prior Written Approval	None	General Child Care and Development	California State Preschool Program	Non-CD Programs	Total
		CCTR-4087	CSPP-4163		
	Subtotal	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -
Capitalized Equipment Expensed on the AUD without Prior Written Approval	None	General Child Care and Development	California State Preschool Program	Non-CD Programs	Total
	Subtotal	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -
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, 2025

		General Child Care and Development CCTR-4087	California State Preschool Program CSPP-4163	Non-CD Programs	Total
Capitalized R&R Project Under \$10,000	None	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -
	Subtotal	_____ -	_____ -	_____ -	_____ -
Capitalized R&R Project of \$10,000 or More with Prior Written Approval	None	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -
	Subtotal	_____ -	_____ -	_____ -	_____ -
Capitalized R&R Project of \$10,000 or More without Prior Written Approval	None	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -
	Subtotal	_____ -	_____ -	_____ -	_____ -
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, 2025

Administrative Costs		General Child Care and Development CCTR-4087	California State Preschool Program CSPP-4163	Total CD Programs
Direct payments to providers	\$ -	\$ -	\$ -	\$ -
1000 Certificated salaries		6,739	7,338	14,077
2000 Classified salaries		-	-	-
3000 Employee benefits		-	-	-
4000 Books and supplies		-	-	-
5000 Services and other operating expenses		18,078	19,321	37,399
6100/ Other approved capital outlay		-	-	-
6200		-	-	-
6400 New equipment expense		-	-	-
6500 Replacement equipment		-	-	-
Depreciation on assets not purchased with public funds		-	-	-
Indirect costs		65,661	59,407	125,068
Total administrative costs claimed for reimbursement	\$ 90,478	\$ 86,066	\$ 176,544	

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

ANNA BING ARNOLD CHILDREN'S CENTER

Notes to the Child Care and Development Program Supplemental Information

Year Ended June 30, 2025

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, 2025.
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, 2025.
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, 2025.

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

ANNA BING ARNOLD CHILDREN'S CENTER

Summary and Statement of Claim

Year Ended June 30, 2025

Summary of Claim

Federal Fund Reimbursement Variance Underpayment (Overpaid):

Amount Reimbursable from Federal Fund	\$ 71,940
Less: Federal Fund Payments to Date	58,293 \$ 13,647

Cash In-Lieu Reimbursement:

Allowed	5,534
Paid	4,528

Total Federal Fund Reimbursement Refund (Overpayment)	<u>14,653</u>
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State Fund Reimbursement Variance Underpayment (Overpaid):

Amount Reimbursable from State Fund	\$ 3,445
Less: State Fund Payments to Date	2,784

State Fund Reimbursement Refund (Overpayment)	<u>661</u>
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Total Program Reimbursement Refund (Overpayment)	\$ <u>15,314</u>
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Statement of Claim

Reimbursement per Examination (Supported by pages 26 - 29)	\$ 80,919
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Program Reimbursements Claimed and Received	<u>65,605</u>
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Amount Due from Agency	\$ <u>15,314</u>
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Footnotes:

Note 1: Total income accrued to the program for year ended June 30, 2025 was \$80,919.

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, 2025.

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, 2025

Federal Meal Compensation	Reported	Meals Adjusted	Allowed	Food Service Rates	Revenue Recognized	Audit Adjustments	Earned Reimbursement
<u>Breakfast</u>							
Free	6,523	-	6,523	2.3700	\$ 15,460	\$ -	\$ 15,460
Reduced	1,154	-	1,154	2.0700	2,389	-	2,389
Base	9,431	-	9,431	0.3900	3,678	-	3,678
Total	<u>17,108</u>	<u>-</u>	<u>17,108</u>		<u>\$ 21,527</u>	<u>\$ -</u>	<u>\$ 21,527</u>
<u>Lunch</u>							
Free	7,028	-	7,028	4.4300	\$ 31,134	\$ -	\$ 31,134
Reduced	1,245	-	1,245	4.0300	5,017	-	5,017
Base	10,172	-	10,172	0.4200	4,272	-	4,272
Total	<u>18,445</u>	<u>-</u>	<u>18,445</u>		<u>\$ 40,423</u>	<u>\$ -</u>	<u>\$ 40,423</u>
<u>Supplement</u>							
Free	6,770	-	6,770	1.2100	\$ 8,192	\$ -	\$ 8,192
Reduced	1,200	-	1,200	0.6000	720	-	720
Base	9,804	-	9,804	0.1100	1,078	-	1,078
Total	<u>17,774</u>	<u>-</u>	<u>17,774</u>		<u>\$ 9,990</u>	<u>\$ -</u>	<u>\$ 9,990</u>
Total Federal Meal Reimbursement					<u>\$ 71,940</u>	<u>\$ -</u>	<u>\$ 71,940</u>
Cash-in-Lieu	<u>18,445</u>	<u>-</u>	<u>18,445</u>	0.3000	5,534	-	5,534
Difference Due to Rounding					-	-	-
Total Federal Reimbursement					<u>\$ 77,474</u>	<u>\$ -</u>	<u>\$ 77,474</u>
State Meal Compensation*	<u>15,950</u>	<u>-</u>	<u>15,950</u>	0.2160	<u>\$ 3,445</u>	<u>\$ -</u>	<u>\$ 3,445</u>
Total State Reimbursement					<u>\$ 3,445</u>	<u>\$ -</u>	<u>\$ 3,445</u>
Total Program Reimbursement Underpaid/(Overpaid)						<u>\$ -</u>	

Footnotes:

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, 2025

FIXED PERCENTAGE METHOD

	July	August	September	October	November	December	January	February	March	April	May	June
Total Enrolled												
Reported	103	103	103	104	104	104	104	104	104	104	104	104
Adjusted	-	-	-	-	-	-	-	-	-	-	-	-
Allowed	103	103	103	104	104	104	104	104	104	104	104	104
Eligibility Categories												
Free												
Reported	32	32	32	42	42	42	42	42	42	42	42	42
Adjusted	-	-	-	-	-	-	-	-	-	-	-	-
Allowed	32	32	32	42	42	42	42	42	42	42	42	42
Reduced												
Reported	7	7	7	7	7	7	7	7	7	7	7	7
Adjusted	-	-	-	-	-	-	-	-	-	-	-	-
Allowed	7	7	7	7	7	7	7	7	7	7	7	7
Base												
Reported	64	64	64	55	55	55	55	55	55	55	55	55
Adjusted	-	-	-	-	-	-	-	-	-	-	-	-
Allowed	64	64	64	55	55	55	55	55	55	55	55	55

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, 2025

	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed
		July 2024			August 2024			September 2024	
Breakfast									
Free	408	-	408	372	-	372	509	-	509
Reduced	89	-	89	81	-	81	111	-	111
Base	816	-	816	743	-	743	1,018	-	1,018
Total	1,313	-	1,313	1,196	-	1,196	1,638	-	1,638
Lunch									
Free	461	-	461	405	-	405	541	-	541
Reduced	101	-	101	89	-	89	118	-	118
Base	921	-	921	811	-	811	1,083	-	1,083
Total	1,483	-	1,483	1,305	-	1,305	1,742	-	1,742
Supplement									
Free	446	-	446	388	-	388	517	-	517
Reduced	98	-	98	85	-	85	113	-	113
Base	893	-	893	776	-	776	1,033	-	1,033
Total	1,437	-	1,437	1,249	-	1,249	1,663	-	1,663
	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed
		October 2024			November 2024			December 2024	
Breakfast									
Free	729	-	729	542	-	542	322	-	322
Reduced	122	-	122	90	-	90	54	-	54
Base	955	-	955	711	-	711	421	-	421
Total	1,806	-	1,806	1,343	-	1,343	797	-	797
Lunch									
Free	786	-	786	579	-	579	348	-	348
Reduced	131	-	131	96	-	96	58	-	58
Base	1,029	-	1,029	758	-	758	455	-	455
Total	1,946	-	1,946	1,433	-	1,433	861	-	861
Supplement									
Free	752	-	752	546	-	546	334	-	334
Reduced	125	-	125	91	-	91	56	-	56
Base	986	-	986	716	-	716	438	-	438
Total	1,863	-	1,863	1,353	-	1,353	828	-	828

See independent auditor's report.

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, 2025

	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed
	January 2025			February 2025			March 2025		
<u>Breakfast</u>									
Free	551	-	551	644	-	644	617	-	617
Reduced	92	-	92	107	-	107	103	-	103
Base	721	-	721	843	-	843	809	-	809
Total	1,364	-	1,364	1,594	-	1,594	1,529	-	1,529
<u>Lunch</u>									
Free	587	-	587	684	-	684	669	-	669
Reduced	98	-	98	114	-	114	112	-	112
Base	768	-	768	895	-	895	876	-	876
Total	1,453	-	1,453	1,693	-	1,693	1,657	-	1,657
<u>Supplement</u>									
Free	574	-	574	663	-	663	650	-	650
Reduced	96	-	96	111	-	111	108	-	108
Base	752	-	752	869	-	869	851	-	851
Total	1,422	-	1,422	1,643	-	1,643	1,609	-	1,609
<u>Breakfast</u>	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed	Reported	Adjusted	Allowed
	April 2025			May 2025			June 2025		
Free	562	-	562	678	-	678	589	-	589
Reduced	94	-	94	113	-	113	98	-	98
Base	736	-	736	887	-	887	771	-	771
Total	1,392	-	1,392	1,678	-	1,678	1,458	-	1,458
<u>Lunch</u>									
Free	613	-	613	725	-	725	630	-	630
Reduced	102	-	102	121	-	121	105	-	105
Base	802	-	802	949	-	949	825	-	825
Total	1,517	-	1,517	1,795	-	1,795	1,560	-	1,560
<u>Supplement</u>									
Free	592	-	592	704	-	704	604	-	604
Reduced	99	-	99	117	-	117	101	-	101
Base	775	-	775	923	-	923	792	-	792
Total	1,466	-	1,466	1,744	-	1,744	1,497	-	1,497

See independent auditor's report.

**AUDITED ENROLLMENT, ATTENDANCE AND FISCAL REPORT
FOR CHILD CARE AND DEVELOPMENT PROGRAMS
(FOR SINGLE SERVICE COUNTY)**

Fiscal Year Ending*	June 30, 2025
Contract Number*	CCTR-4087
Vendor Code*	Q967

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

Section 1 - Contractor Provided Services in Only One County

- Services were provided to certified children, check this box and **include** pages 6-7.*
- Mental health consultation services were provided to certified children, check this box and **include** pages 8-9.*
- Services were provided to non-certified children, check this box and **include** pages 10-11.*
- Mental health consultation services were provided to non-certified children, check this box and **include** pages 12-13.*

Section 2 - Days of Enrollment, Attendance and Operation

	Column A Cumulative FY CDFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjusted Days per Audit
Total Certified Days of Enrollment	7,175	0	7,175	11,877.6181
Total Certified Days of Enrollment with Mental Health Consultation Services	0	0	0	0.0000
Days of Attendance (including MHCS)	7,130	0	7,130	N/A
Total Non-Certified Days of Enrollment	3,148	0	3,148	5,992.1600
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.

Full Name of Contractor **Cal State L.A. University Auxiliary Services, Inc.**Contract Number **CCTR-4087****Section 3 - Revenue**

	Column A Cumulative FY CDFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit
Restricted Income - Child Nutrition Programs	41,224	(2,787)	38,437
Restricted Income - County Maintenance of Effort (WIC Section 10308.5)	0	0	0
Restricted Income - American Rescue Plan Act (ARPA)	0	0	0
Restricted Income - Other: CCAMPIS grant	0	136,471	136,471
Restricted Income - Subtotal	41,224	133,684	174,908
Transfer from Reserve	0	0	0
Waived Family Fees for Certified Children*	0	0	0
Family Fees Collected for Certified Children	1,353	0	1,353
Interest Earned on Child Development Apportionment Payments	0	0	0
Unrestricted Income - Fees for Non-Certified Children	277,272	23,922	301,194
Unrestricted Income - Head Start	0	0	0
Unrestricted Income - Other: ASI, General Fund, Lottery, IRA, Misc.	311,974	(192,688)	119,286
Total Revenue (*Waived Family Fees Not Included)	631,823	(35,082)	596,741

Comments: Restricted income, revenue, reimbursable expenses, supplemental revenue, and supplemental expenses adjusted for changes to the general ledger after June submission.

Full Name of Contractor **Cal State L.A. University Auxiliary Services, Inc.**Contract Number **CCTR-4087****Section 4 - Reimbursable Expenses**

	Column A Cumulative FY CDFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit
Direct Payments to Providers (FCCH only)	0	0	0
1000 Certificated Salaries	413,484	(27,465)	386,019
2000 Classified Salaries	351,907	35,902	387,809
3000 Employee Benefits	186,382	(1,195)	185,187
4000 Books and Supplies	25,002	101,786	126,788
5000 Services and Other Operating Expenses	258,264	(127,930)	130,334
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	11,155	627	11,782
Start-up Expenses (service level exemption)	0	0	0
Budget Impasse Credit	0	0	0
Indirect Costs (include in Administrative Cost)	55,436	10,225	65,661
Total Reimbursable Expenses	1,301,630	(8,050)	1,293,580
Total Administrative Cost (included in section 4 above)	80,254	10,224	90,478
Total Staff Training Cost (included in section 4 above)	13,156	0	13,156

Approved Indirect Cost Rate: **4.26 %** NO SUPPLEMENTAL REVENUE / EXPENSES Check this box and omit page 4.

Full Name of Contractor **Cal State L.A. University Auxiliary Services, Inc.**Contract Number **CCTR-4087****Section 5 - Supplemental Revenue**

	Column A Cumulative FY CDFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit
Enhancement Funding	307,591	(307,591)	0
Other: Early Head Start	0	307,591	307,591
Other:	0	0	0
Total Supplemental Revenue	307,591	0	307,591

Section 6 - Supplemental Expenses

	Column A Cumulative FY CDFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit
1000 Certificated Salaries	145,207	0	145,207
2000 Classified Salaries	0	0	0
3000 Employee Benefits	41,444	0	41,444
4000 Books and Supplies	40,058	8,806	48,864
5000 Services and Other Operating Expenses	33,382	(8,806)	24,576
6000 Equipment / Capital Outlay	47,500	0	47,500
Depreciation or Use Allowance	0	0	0
Indirect Costs	0	0	0
Non-Reimbursable Supplemental Expenses	0	0	0
Total Supplemental Expenses	307,591	0	307,591

Full Name of Contractor **Cal State L.A. University Auxiliary Services, Inc.**Contract Number **CCTR-4087****Section 7 - Summary**

	Column A Cumulative FY CDFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit
Total Certified Days of Enrollment (including MHCS)	7,175	0	7,175
Days of Operation	230	0	230
Days of Attendance (including MHCS)	7,130	0	7,130
Restricted Program Income	41,224	133,684	174,908
Transfer from Reserve	0	0	0
Family Fees Collected for Certified Children	1,353	0	1,353
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	1,301,630	(8,050)	1,293,580
Total Administrative Cost	80,254	10,224	90,478
Total Staff Training Cost	13,156	0	13,156
Non-Reimbursable (State use only)	N/A	N/A	

Total Certified Adjusted Days of Enrollment (including MHCS) **11,877.6181**Total Non-Certified Adjusted Days of Enrollment (including MHCS) **5,992.1600**

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.

Full Name of Contractor **Cal State L.A. University Auxiliary Services, Inc.**Contract Number **CCTR-4087**

CHILD CARE AND DEVELOPMENT PROGRAMS

CERTIFIED CHILDREN DAYS OF ENROLLMENT AND ATTENDANCE

Service County: *** Los Angeles**

	Column A Cumulative FY CDFS 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	960	0	960	2.4400	2,342.4000
Infants (up to 18 months) One-half-time	0	0	0	1.5455	0.0000
Toddlers (18 up to 36 months) Full-time-plus	0	0	0	2.1240	0.0000
Toddlers (18 up to 36 months) Full-time	4,078	0	4,078	1.8000	7,340.4000
Toddlers (18 up to 36 months) One-half-time	963	0	963	1.0825	1,042.4475
Three Years and Older Full-time-plus	0	0	0	1.1401	0.0000
Three Years and Older Full-time	1,115	0	1,115	1.0000	1,115.0000
Three Years and Older One-half-time	59	0	59	0.6334	37.3706
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	0.9754	0.0000

*Indicates field is required.

Full Name of Contractor	Cal State L.A. University Auxiliary Services, Inc.	Contract Number	CCTR-4087
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	Column A Cumulative FY CDFS 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	0.6334	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	0.6334	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	1.2225	0.0000
Total Certified Days of Enrollment	7,175	0	7,175	N/A	11,877.6181
Days of Attendance*	7,130	0	7,130	N/A	N/A

If no services were provided to certified children, omit pages 6-7.

*Indicates filed is required for Days of Attendance.

Full Name of Contractor **Cal State L.A. University Auxiliary Services, Inc.**Contract Number **CCTR-4087**

CHILD CARE AND DEVELOPMENT PROGRAMS

NON-CERTIFIED CHILDREN DAYS OF ENROLLMENT

Service County: **Los Angeles**

	Column A Cumulative FY CDFS 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	1,054	0	1054	2.4400	2,571.7600
Infants (up to 18 months) One-half-time	0	0	0	1.5455	0.0000
Toddlers (18 up to 36 months) Full-time-plus	0	0	0	2.1240	0.0000
Toddlers (18 up to 36 months) Full-time	1,658	0	1,658	1.8000	2,984.4000
Toddlers (18 up to 36 months) One-half-time	0	0	0	1.1401	0.0000
Three Years and Older Full-time-plus	0	0	0	1.1800	0.0000
Three Years and Older Full-time	436	0	436	1.0000	436.0000
Three Years and Older One-half-time	0	0	0	0.6334	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	0.9754	0.0000

*Indicates field is required.

Full Name of Contractor **Cal State L.A. University Auxiliary Services, Inc.**Contract Number **CCTR-4087**

	Column A Cumulative FY CDFS 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	0.6334	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	0.6334	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	1.2225	0.0000
Total Non-Certified Days of Enrollment	3,148	0	3,148	N/A	5,992.1600

If no services were provided to non-certified children, omit pages 10-11.

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

Contract Number: CSPP-4163

California Department of Education

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

Fiscal Year Ended: June 30, 2025

Vendor Code: Q967

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	7,486	0	7,486	10,588.4858
Total Certified Days of Enrollment with Mental Health Consultation Services	0	0	0	0.0000
Days of Attendance (including MHCS)	7,445	(2)	7,443	N/A
Total Non-Certified Days of Enrollment	5,406	0	5,406	7,333.1134
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	43,575	(1,093)	42,482
Exceptional Needs/Severely Disabled Service Level Exemption Credit	0	0	0
County Maintenance of Effort (EC Section 8260)	0	0	0
American Rescue Plan Act (ARPA)	0	71,635	71,635
Other: CCAMPIS grant	0	150,836	150,836
Other:	0	0	0
TOTAL RESTRICTED INCOME	43,575	221,378	264,953

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

Other Income	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Family Fees for Certified Children	2,964	0	2,964
Interest Earned on Apportionment Payments	0	0	0
Unrestricted Income: Fees for Non-Certified Children	294,817	23,760	318,577
Unrestricted Income: Early Head Start	0	0	0
Other: ASI, lottery fund, general fund, IRA, misc.	364,236	(232,394)	131,842

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 (FCCCH only)	0	0	0
Direct Payments to Subcontractors: Cost of Care Plus & One-Time Allocations Only	0	0	0
1000 Certificated Salaries	452,756	27,877	480,633
2000 Classified Salaries	386,452	(35,577)	350,875
3000 Employee Benefits	202,661	2,387	205,048
4000 Books and Supplies	27,040	131,884	158,924
5000 Services and Other Operating Expenses	270,572	(130,415)	140,157
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
6600 Lease Assets (used in governmental funds only)	0	0	0
Depreciation or Use Allowance	11,287	(627)	10,660
Start-up Expenses (service level exemption)	0	0	0
Indirect Costs (include in Total Administrative Cost)	48,315	11,092	59,407
TOTAL REIMBURSABLE EXPENSES	1,399,083	6,621	1,405,704

Section 4 - Reimbursable Expenses (cont.)

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)	74,976	11,090	86,066
Total Staff Training Cost (included in Reimbursable Expenses)	13,811	0	13,811
<i>Total Program Closure Only (Management Bulletin 19-05)</i>			
Total Exceptional Needs/Severely Disabled Service Level Exception Credit Expense (included in Reimbursable Expenses)	82,688	0	82,688

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	0	0
Other:	0	0	0
TOTAL SUPPLEMENTAL REVENUE	0	0	0

Supplemental Expenses	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
1000 Certificated Salaries	0	0	0
2000 Classified Salaries	0	0	0
3000 Employee Benefits	0	0	0
4000 Books and Supplies	0	0	0
5000 Services and Other Operating Expenses	0	0	0
6000 Equipment / Capital Outlay	0	0	0
Depreciation or Use Allowance	0	0	0
Indirect Costs	0	0	0
Non-Reimbursable Supplement Expenses	0	0	0
TOTAL SUPPLEMENTAL EXPENSES	0	0	0

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)	7,486	0	7,486
Days of Operation	230	0	230
Days of Attendance (including MHCS)	7,445	(2)	7,443
Total Certified Adjusted Days of Enrollment	N/A	N/A	10,588.4858
Total Non-Certified Adjusted Days of Enrollment	N/A	N/A	7,333.1134
Restricted Program Income	43,575	221,378	264,953
Transfer from Preschool Reserve Account	0	0	0
Family Fees for Certified Children	2,964	0	2,964
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	1,399,083	6,621	1,405,704
Total Administrative Cost	0	0	0
Total Staff Training Cost	0	0	0
Total Exceptional Needs/Severely Disabled Service Level Exception Credit Expense (included in total Reimbursable Expenses)	82,688	0	82,688
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 attendance for certified children adjusted to correctly report best interest days above 10 as unexcused absences.

Restricted income, other income, and reimbursable expenses adjusted for changes to the general ledger after June submission.

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
Two Years Old and Three Years Old Full-time-plus	0	0	0	2.1240	0.0000
Two Years Old and Three Years Old Full-time	1,868	0	1,868	1.8000	3,362.4000
Two Years Old and Three Years Old Part-time	184	0	184	1.1401	209.7784
Four Years and Older Full-time-plus	0	0	0	1.1800	0.0000
Four Years and Older Full-time	1,000	0	1,000	1.0000	1,000.0000
Four Years and Older Part-time	0	0	0	0.6334	0.0000
Exceptional Needs Full-time-plus (Active IEP/IFSP Only)	0	0	0	2.8320	0.0000
Exceptional Needs Full-time (Active IEP/IFSP Only)	632	0	632	2.4000	1,516.8000
Exceptional Needs Part-time (Active IEP/IFSP Only)	0	0	0	1.5202	0.0000
Dual Language Learner Full-time-plus	0	0	0	1.4160	0.0000
Dual Language Learner Full-time	3,691	0	3,691	1.2000	4,429.2000
Dual Language Learner Part-time	111	0	111	0.6334	70.3074

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	0.6334	0.0000
Severely Disabled Full-time-plus (Active IEP/IFSP Only)	0	0	0	2.8320	0.0000
Severely Disabled Full-time (Active IEP/IFSP Only)	0	0	0	2.4000	0.0000
Severely Disabled Part-time (Active IEP/IFSP Only)	0	0	0	1.5202	0.0000
TOTAL CERTIFIED DAYS OF ENROLLMENT	7,486	0	7,486	N/A	10,588.4858

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	7,445	(2)	7,443	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
Two Years Old and Three Years Old Full-time-plus	0	0	0	2.1240	0.0000
Two Years Old and Three Years Old Full-time	2,501	0	2,501	1.8000	4,501.8000
Two Years Old and Three Years Old Part-time	0	0	0	1.1401	0.0000
Four Years and Older Full-time-plus	0	0	0	1.1800	0.0000
Four Years and Older Full-time	2,704	0	2,704	1.0000	2,704.0000
Four Years and Older Part-time	201	0	201	0.6334	127.3134
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	1.5202	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	0.6334	0.0000

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	0.6334	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	1.5202	0.0000
TOTAL NON-CERTIFIED DAYS OF ENROLLMENT	5,406	0	5,406	N/A	7,333.1134

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

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 (Center), which comprise the statement of net position as of June 30, 2025, 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 10, 2025.

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 2025-001 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 2025-002 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

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

Aldrich CPAs + Advisors LLP

Brea, California
December 10, 2025

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

ANNA BING ARNOLD CHILDREN'S CENTER

Schedule of Findings and Questioned Costs

Year Ended June 30, 2025

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 is not considered to be a material weakness?	Yes
Noncompliance material to financial statements noted?	No

Section II - Financial Statement Findings

Material Weakness

2025-001 Financial Close and Reporting (Recurring)

Criteria: Accounting principles generally accepted in the United States of America (U.S. GAAP) require revenues and expenses to be recorded in the period in which goods or services are provided or received. An effective financial close process includes reconciling accounts, accruing transactions, reviewing journal entries, and preparing accurate financial statements.

Condition:

- Management identified and closed inactive grant funds in the current year, resulting in recognition of revenue associated with prior-year activity.
- Transactions for goods and services received in fiscal year 2024 were recorded in fiscal year 2025.
- Transactions for goods and services performed in fiscal year 2025 were not accrued until late in the year-end process. Although management implemented a phased accrual review, significant adjustments were still necessary.
- Revenues and receivables related to cost-reimbursement grants were not initially aligned with related expense accruals. Expense accruals were processed first, while revenue and receivable accruals were posted subsequently, creating a lag before the two were matched.
- Management calculated the allowance for doubtful accounts in accordance with its policy; however, the policy is based on an outdated study that could not be provided and resulted in an allowance significantly higher than supported by recent collection history.
- Beginning net position was misstated due to journal entries posted directly to fund balance.
- Over 20 audit adjustments and reclassifications were required during the audit.

Cause:

- Controls to identify and close inactive funds timely were not in place.
- The accrual process is concentrated at year-end, resulting in a high volume of manual entries.
- Payable and receivable accruals are processed separately, with limited reconciliation to ensure alignment.
- The allowance methodology is outdated and does not reflect recent collection experience.
- Journal entries, including those affecting fund balance, were not adequately reviewed before posting.

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

ANNA BING ARNOLD CHILDREN'S CENTER

Schedule of Findings and Questioned Costs, continued

Year Ended June 30, 2025

Section II - Financial Statement Findings, continued

Material Weakness, continued

2025-001 Financial Close and Reporting (Recurring), continued

Effect:

- Beginning net position required restatement to recognize revenue earned in prior periods.
- Expenses, liabilities, revenues, and receivables were misstated between fiscal years 2024 and 2025 until accrual entries were posted.
- Late accrual postings increased the risk of misstatement and reduced the accuracy of interim reporting for some programs.
- The outdated allowance methodology reduced the relevance of the estimate and increased the risk that the allowance may not reflect actual collections.
- Beginning net position did not roll forward correctly due to postings directly to fund balance.

These issues required significant audit adjustments and indicate a material weakness in the financial close and reporting process.

Context: Leadership transitions at UAS contributed to the thoroughness of year-end closing procedures.

Repeat Finding: Yes.

Recommendation: Strengthen financial close procedures by:

- Implementing a process to close out inactive funds and periodically review them for timely closure.
- Performing accrual reviews more frequently (e.g., quarterly or monthly) to reduce the year-end burden and improve interim reporting.
- Incorporating estimation procedures earlier in the close process so accruals are recorded timely, even if some invoices arrive later.
- Reconciling revenues and expenses for cost-reimbursement grants after posting to confirm alignment.
- Updating the allowance methodology to reflect recent collection history and trends.
- Enhancing journal entry review procedures to ensure unusual or high-risk entries, such as those affecting fund balance, are appropriately supported and classified.

Views of Responsible Officials and Planned Corrective Actions: Management concurs with the finding and has initiated corrective actions to strengthen the financial close and reporting process.

Monthly and Quarterly

- In the immediate term, management has hired an Accounting Manager, a new position that will oversee the entire accounting and post award areas focusing on billing, cash reimbursement, accrual reviews, the timely close out of inactive funds, and improved coordination between the team.

March 31, 2026

- Within the next 6 months, the allowance for doubtful accounts methodology will be updated to align with recent collection history, documentation standards will be enhanced, and journal entry review procedures will be strengthened to ensure proper support and classification.

June 30, 2026

- Within this current fiscal year, management will provide additional training for the staff, formalize cross-functional communication protocols, and evaluate opportunities to automate and/or streamline aspects of the financial close process.

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

ANNA BING ARNOLD CHILDREN'S CENTER

Schedule of Findings and Questioned Costs, continued

Year Ended June 30, 2025

Section II - Financial Statement Findings, continued

Significant Deficiency

2025-002 Capitalization and Asset Classification (Recurring)

Criteria: U.S. GAAP requires that expenditures meeting capitalization thresholds be recorded as capital assets when incurred. GASB requires subscription-based information technology arrangements (SBITAs) to be evaluated for recognition as right-to-use assets and related liabilities. An effective process includes evaluating purchases and agreements when incurred to ensure proper capitalization and classification.

Condition:

- Purchases meeting capitalization requirements were expensed, particularly those funded by grants.
- Long-term software license agreements were not assessed for potential SBITA treatment.

Cause: Equipment purchased with grant funds was not considered for capitalization due to the limited duration of use (grant period) and the ultimate transfer to the University upon grant completion. While these items were tracked in the inventory monitoring system, they were not capitalized. Management has also not implemented procedures to evaluate IT agreements for applicability under GASB's SBITA guidance at the time of purchase.

Effect:

- Capital assets were understated prior to audit adjustment.
- SBITAs were omitted from the financial statements. While the proposed adjustment was not material and was not recorded, the absence of a process increases the risk of future misstatements if larger or more complex arrangements are entered into.

Context: The internal policy to expense grant-funded assets since they would most likely be transferred to the University upon completion of the grant was not in alignment with U.S. GAAP. Leadership transitions at UAS contributed to the thoroughness of accounting treatment evaluations.

Repeat Finding: Yes.

Recommendation: Establish procedures to:

- Evaluate purchases at the time of transaction for compliance with capitalization thresholds.
- Review significant IT agreements when executed to determine whether they meet SBITA criteria under the GASB standard.

Views of Responsible Officials and Planned Corrective Actions: Management agrees with the condition that certain grant-funded purchases meeting capitalization thresholds were expensed and that SBITAs were not consistently evaluated at inception. We are updating our capitalization policy and procedures to ensure purchases are evaluated when incurred and that significant IT agreements are screened for SBITA criteria under GASB guidance.

Management agrees with the finding and acknowledges that certain capital assets were understated due to staff's understanding of the former auditor's treatment of grant-funded assets and turnover in accounting staff. Effective October 2025, UAS will update its year-end closing procedures and work with the University Controller's Office to ensure that capitalization/SBITA screening occurs which will include a Controller review step for all equipment and software above a specified threshold. Ongoing compliance will be monitored via quarterly asset reviews. We believe these actions along with the new Director position will remediate the deficiency during the fiscal year ending June 30, 2026.

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

ANNA BING ARNOLD CHILDREN'S CENTER

Schedule of Findings and Questioned Costs, continued

Year Ended June 30, 2025

Section III - Findings and Questioned Costs for Child Development Programs

None reported.

Section IV - Status of Corrective Action on Prior Year Findings

There were four findings in the prior year.

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.

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.

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

ANNA BING ARNOLD CHILDREN'S CENTER

Schedule of Findings and Questioned Costs, continued

Year Ended June 30, 2025

Section IV - Status of Corrective Action on Prior Year Findings, continued

Material Weakness, continued

2024-001 Financial Close and Reporting, continued

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 and Planned Corrective Actions: 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.

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 strengthened, and all transactions and accruals are accurately captured in the correct fiscal year.

Status of Corrective Action: The issues were not resolved and a recurring finding (Finding 2025-001) was reported.

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

ANNA BING ARNOLD CHILDREN'S CENTER

Schedule of Findings and Questioned Costs, continued

Year Ended June 30, 2025

Section IV - Status of Corrective Action on Prior Year Findings, continued

Significant Deficiencies

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.

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 and Planned Corrective Actions: 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.

Status of Corrective Action: The issues were not resolved and a recurring finding (Finding 2025-002) was reported.

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

ANNA BING ARNOLD CHILDREN'S CENTER

Schedule of Findings and Questioned Costs, continued

Year Ended June 30, 2025

Section IV - Status of Corrective Action on Prior Year Findings, continued

Significant Deficiencies, continued

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.

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 and Planned Corrective Actions: 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.

Status of Corrective Action: The finding has been adequately resolved.

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.

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

ANNA BING ARNOLD CHILDREN'S CENTER

Schedule of Findings and Questioned Costs, continued

Year Ended June 30, 2025

Section IV - Status of Corrective Action on Prior Year Findings, continued

Significant Deficiencies, continued

2024-004 Mis-reporting of Enrolled Days, continued

Effect and Context: There were three 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 and Planned Corrective Actions: Management has reviewed and agrees with the finding.

Status of Corrective Action: The finding has been adequately resolved.

Quality Review Checklist for FY 2024–25 Child Care and Development Program Agencies

Vendor Number: _____

Agency Name: _____

Director Name & email: _____

Introduction

The quality review checklist is required to be completed by the agency's representative and submitted along with the agency's 2024–25 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: _____

Auditor Name: _____

Auditor Email: _____

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 (<i>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</i>):			
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 <i>FT&C Section I Definitions</i>).	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 CDFS 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 fifteen percent (15%)?.....	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:

Title:

If necessary, add additional comments here:

Quality Review Checklist

California State Preschool Program Contractors

Contractor Name & Vendor #:

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:

Email:

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 (<i>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.</i>):			
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 contractors 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 and supplemental revenue 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 <i>CDE Audit Guide</i> , 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
a. If not, please explain (attach additional pages if necessary).		N/A
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
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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 FY 2022-23 or FY2023-24 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

a. If not, please explain (attach additional pages if necessary).

b. Please provide the balance of the unexpended portion of the set aside credit at the end of the fiscal year.

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:

Title:

Additional
Comments:

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

FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

Year Ended June 30, 2025



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

Financial Statements and Supplemental Information

Year Ended June 30, 2025

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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, 2025, 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, 2025, 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.

Correction of an Error

As discussed in Note 13 to the financial statements, an error resulting in an understatement of net position related to historical revenue recognition was discovered during the current year. Accordingly, the amount reported for net position has been restated as of June 30, 2024 to correct the error. Our opinion is not modified with respect to this matter.

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.

INDEPENDENT AUDITOR'S REPORT, CONTINUED

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

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.
- 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 29, and Schedule of Other Postemployment Benefits Plan Contributions on page 30 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 31-45 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.

INDEPENDENT AUDITOR'S REPORT, CONTINUED

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 3, 2025, 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 3, 2025

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

Management's Discussion and Analysis

Year Ended June 30, 2025

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, 2024 through June 30, 2025. 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, childcare center, L.A. BioSpace 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.

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

Management's Discussion and Analysis

Year Ended June 30, 2025

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 2024-25 with fiscal year 2023-24:

	2025	2024	% Change
Assets:			
Current assets	\$ 29,311,032	\$ 25,127,916	17%
Capital assets, net	30,519,767	32,713,513	-7%
Other noncurrent assets	<u>7,772,467</u>	<u>11,994,113</u>	<u>-35%</u>
Total Assets	67,603,266	69,835,542	-3%
Deferred Outflows of Resources	1,290,513	1,564,809	-18%
Liabilities:			
Current liabilities	14,247,624	15,470,942	-8%
Noncurrent liabilities	<u>15,634,312</u>	<u>17,386,951</u>	<u>-10%</u>
Total Liabilities	29,881,936	32,857,893	-9%
Deferred Inflows of Resources	4,915,726	7,461,932	-34%
Net Position:			
Net investment in capital assets	13,712,787	14,364,518	-5%
Unrestricted	<u>20,383,330</u>	<u>16,716,008</u>	<u>22%</u>
Total Net Position	\$ 34,096,117	\$ 31,080,526	10%

Assets

UAS's assets totaled \$67.6 million on June 30, 2025, a decrease of \$2.2 million, or 3%, from the previous year. Current assets increased \$4.2 million, or 17%, driven primarily by a \$3.6 million, or 55%, rise in accounts receivable related to grants, contracts, and campus program activities. The remainder of the increase was attributable to higher net cash provided by operating activities. Other noncurrent assets decreased by \$4.2 million, or 35%, due to a \$2.3 million reduction in restricted cash and cash equivalents related to contracts and grants activity, a \$1.9 million decline in long-term lease receivables, and capital asset activity noted below.

Capital Assets

Capital assets include land, buildings and improvements, furniture, fixtures and equipment, software, and right-of-use assets at June 30, 2025. Total capital assets, net decreased by \$2.2 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 \$1.2 million, and an increase of \$613 thousand in building, building improvements, equipment, and non-depreciable assets additions. See Note 5 for additional information.

Debt Administration

Debt, including lease obligations and notes payable at June 30, 2025, totaled \$16.8 million, a decrease of \$1.5 million, or 8%, compared to the previous year. The decrease is due primarily to lease/purchase contracts paydown under the applicable lease standard. See Note 6 for additional information.

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

Management's Discussion and Analysis

Year Ended June 30, 2025

Liabilities

UAS's liabilities totaled \$29.9 million on June 30, 2025, a decrease of \$3.0 million, or 9%, compared to the previous year. The decrease was the result of a decrease of \$2.6 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 in accounts payable, accrued compensated absences, and other post-employment benefits (OPEB) liability.

Net Position

UAS's net position increased by \$3.0 million, or 10%, from the previous year, primarily due to the facts described in the following revenues and expenses sections.

Statements 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 2024-25 with fiscal year 2023-24:

	2025	2024	% Change
Operating Revenues:			
Grants and contracts	\$ 34,152,444	\$ 26,394,200	29%
Campus program activities	4,757,656	5,450,021	-13%
Auxiliary activities	4,187,029	4,883,431	-14%
Lease income	1,639,154	1,819,338	-10%
Other income	1,443,691	886,707	63%
Total Operating Revenues	46,179,974	39,433,697	17%
Operating Expenses:			
Sponsored programs	32,063,001	24,852,565	29%
Auxiliary activities	7,682,757	6,740,503	14%
Campus program activities	5,250,543	3,986,185	32%
General and administrative	501,630	1,145,584	-56%
Total Operating Expenses	45,497,931	36,724,837	24%
Operating Income	682,043	2,708,860	-75%
Nonoperating Revenues (Expenses):			
Interest income	1,055,296	869,855	21%
Interest expense	(564,281)	(611,996)	-8%
Other	3,278	(60)	5563%
Total Nonoperating Revenues (Expenses)	494,293	257,799	92%
Change in Net Position	1,176,336	2,966,659	-60%
Net Position, beginning, as previously stated	32,919,781	28,113,867	17%
Restatement (Note 13)	-	1,839,255	100%
Net Position, beginning, as restated	32,919,781	29,953,122	100%
Net Position, ending	\$ 34,096,117	\$ 32,919,781	4%

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

Management's Discussion and Analysis

Year Ended June 30, 2025

Revenues

Operating revenues increased by \$6.7 million, or 17%, compared to the previous year. The increase is primarily due to a \$7.8 million increase in grants and contracts revenue offset by decreases in other categories of revenues.

Expenses

Operating expenses increased by \$8.8 million, or 24%, compared to the previous year. The increase was primarily due to a \$7.2 million increase in sponsored programs, \$1.3 million increase in campus program activities, and \$942 thousand increase in auxiliary activities.

Nonoperating activities increased by \$236 thousand, or 92%, compared to the previous year. The net increase was primarily due to an increase in interest income of \$185 thousand and a decrease in interest expense of \$48 thousand.

Net Position

UAS's net position at June 30, 2025 reflected a surplus of \$34.1 million, an increase of \$1.2 million, or 4%, from the previous year 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, 2025

ASSETS

Current Assets:

Cash and cash equivalents	\$ 18,030,089
Accounts receivable, net	10,100,515
Due from related parties	784,633
Lease receivables, current portion	250,168
Prepaid expenses and other current assets	<u>145,627</u>

Total Current Assets	29,311,032
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Noncurrent Assets:

Restricted cash and cash equivalents	4,584,203
Lease receivables, net of current portion	3,188,264
Capital assets, net	<u>30,519,767</u>
Total Noncurrent Assets	38,292,234

Total Assets	67,603,266
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DEFERRED OUTFLOWS OF RESOURCES

Net other postemployment benefits liability	1,290,513
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LIABILITIES

Current Liabilities:

Accounts payable	2,855,862
Due to related parties	2,202,033
Accrued expenses	849,187
Accrued compensated absences	448,622
Unearned revenues	6,317,248
Lease liabilities, current portion	1,344,672
Notes payable, current portion	<u>230,000</u>

Total Current Liabilities	14,247,624
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Noncurrent Liabilities:

Lease liabilities, net of current portion	10,654,712
Notes payable, net of current portion	4,577,596
Net other postemployment benefits liability	<u>402,004</u>
Total Noncurrent Liabilities	15,634,312

Total Liabilities	29,881,936
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DEFERRED INFLOWS OF RESOURCES

Net other postemployment benefits liability	1,774,904
Leases	<u>3,140,822</u>
Total Deferred Inflows of Resources	4,915,726

NET POSITION

Net investment in capital assets	13,712,787
Unrestricted	<u>20,383,330</u>
Total Net Position	\$ 34,096,117

CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.**Statement of Revenues, Expenses, and Changes in Net Position**

Year Ended June 30, 2025

Operating Revenues:

Grants and contracts	\$ 34,152,444
Campus program activities	4,757,656
Auxiliary activities	4,187,029
Lease income	1,639,154
Other income	1,443,691
	<hr/>
Total Operating Revenues	46,179,974

Operating Expenses:

Sponsored programs	32,063,001
Auxiliary activities	7,682,757
Campus program activities	5,250,543
General and administrative	501,630
	<hr/>
Total Operating Expenses	45,497,931
	<hr/>
Operating Income	682,043

Nonoperating Revenues (Expenses):

Interest income	1,055,296
Interest expense	(564,281)
Other revenue	3,278
	<hr/>
Total Nonoperating Revenues	494,293
	<hr/>
Change in Net Position	1,176,336
	<hr/>
Net Position, beginning, as previously stated	31,080,526
Restatement (Note 13)	1,839,255
	<hr/>
Net Position, beginning, as restated	32,919,781
Net Position, ending	\$ 34,096,117
	<hr/>

CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.**Statement of Cash Flows**

Year Ended June 30, 2025

Cash Flows from Operating Activities:

Grants and contracts	\$ 28,389,907
Sales and services of auxiliary activities	6,790,178
Sales and services of campus program activities	4,699,049
Other receipts	3,164,343
Payments to suppliers	(14,836,096)
Payments to employees	(20,197,825)
Payments to students	<u>(6,421,158)</u>
Net Cash Provided by Operating Activities	1,588,398

Cash Flows from Capital and Related Financing Activities:

Acquisition of capital assets	(730,873)
Disposal and transfer of capital assets	187,500
Principal paid on capital debt and leases	(1,542,015)
Interest paid on capital debt and leases	<u>(564,281)</u>
Net Cash Used by Capital and Related Financing Activities	(2,649,669)

Cash Flows Provided by Investing Activities:

Investment income	<u>1,058,574</u>
Net Decrease in Cash, Cash Equivalents, and Restricted Cash and Cash Equivalents	(2,697)

Cash, Cash Equivalents, and Restricted Cash and Cash Equivalents, beginning

22,616,989

Cash, Cash Equivalents, and Restricted Cash and Cash Equivalents, ending

\$ 22,614,292**Cash, Cash Equivalents, and Restricted Cash and Cash Equivalents Components:**

Cash and cash equivalents	\$ 18,030,089
Restricted cash and cash equivalents	<u>4,584,203</u>
	<u>\$ 22,614,292</u>

CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.**Statement of Cash Flows, continued**

Year Ended June 30, 2025

Reconciliation of Cash Flows from Operating Activities:

Operating income	\$ 682,043
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	2,737,119
Changes in operating assets, deferred outflows of resources, liabilities, and deferred inflows of resources:	
Accounts receivable, net	(3,568,720)
Due from related parties	1,259,379
Lease receivables	2,345,595
Prepaid expenses and other current assets	(421)
Accounts payable	1,499,124
Due to related parties	652,481
Accrued expenses	(914,396)
Accrued compensated absences	92,301
Unearned revenues	(762,983)
Other postemployment healthcare benefits	(161,214)
Deferred outflows - net other postemployment benefits liability	274,296
Deferred inflows - net other postemployment benefits liability	(136,438)
Deferred inflows - leases	(2,409,768)
Net Cash Provided by Operating Activities	\$ <u>1,588,398</u>

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

Notes to Financial Statements

Year Ended June 30, 2025

Note 1 - Organization and Summary of Significant Accounting Policies

Nature of Activities

Cal State L.A. University Auxiliary Services, Inc. is a non-profit auxiliary organization of California State University, Los Angeles. 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.

New Accounting Pronouncements

Effective July 1, 2024, UAS adopted GASB Statement No. 101, *Compensated Absences* (GASB 101). GASB 101 establishes recognition and measurement guidance for all types of compensated absences, including vacation, sick leave, and other forms of leave. Management has analyzed the provisions contained in GASB 101 and determined that there is no impact on net position as of July 1, 2024 due to the adoption of GASB 101.

Effective July 1, 2024, UAS adopted GASB Statement No.102, *Certain Risk Disclosures* (GASB 102). GASB 102 requires disclosures related to risks associated with concentrations and constraints common in the governmental environment. Management has analyzed the provisions contained in GASB 102 and determined that there is no impact on the financial statements from the adoption of GASB 102.

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.

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

Notes to Financial Statements

Year Ended June 30, 2025

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

Income Taxes, continued

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, 2025 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.

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 allowance for uncollectable accounts 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 allowance for uncollectable accounts 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 principal 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. 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.

Compensated Absences

UAS recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee flex spending account) during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences – vacation and sick leave. The liability for compensated absences is reported as incurred in the financial statements. A liability for compensated absences is recorded only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

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

Notes to Financial Statements

Year Ended June 30, 2025

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

Compensated Absences, continued

Vacation

UAS's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment at the employee's current pay rate upon separation from employment.

Sick Leave

UAS's policy permits employees to accumulate earned but unused sick leave. All sick leave lapses when employees leave the employ of UAS and, upon separation from service, no monetary obligation exists. However, a liability for estimated value of sick leave that will be used by employees as time off is included in the liability for compensated absences.

Other Post-Employment Benefits

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 Voluntary Employees' Beneficiary Association (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 or fund balance 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.
- *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.

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

Notes to Financial Statements

Year Ended June 30, 2025

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

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. UAS 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 3, 2025, 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	\$ 18,030,089
Cash and cash equivalents - restricted for grant purposes	<u>4,584,203</u>
Total	\$ <u>22,614,292</u>

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

Cash on hand	\$ 5,425
Cash in banks (adjusted for reconciling items)	4,926,648
CSU cash and investment pool	4,627,910
State of California, Local Agency Investment Fund	<u>13,054,309</u>
Total	\$ <u>22,614,292</u>

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

Notes to Financial Statements

Year Ended June 30, 2025

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

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, 2025, UAS's bank deposits exceeded the balance insured by the FDIC by \$5,274,069. 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 \$4,627,910, and represent approximately 0.07% of the Pool as of June 30, 2025. The Pool is not rated as of June 30, 2025. The weighted average to maturity of the Pool as of June 30, 2025, was 0.7 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 and reported at fair value, which was \$13,054,309, and represent approximately 0.05% of the LAIF as of June 30, 2025. The LAIF is not rated as of June 30, 2025. The weighted average to maturity of the LAIF as of June 30, 2025, 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, 2025.

Note 3 - Accounts Receivable

Accounts receivable consists of the following:

Grants and contracts, net of allowance of \$1,154,294	\$ 8,831,510
Other, net of allowance of \$33,845	<u>1,269,005</u>
Total	\$ <u>10,100,515</u>
Due from related parties (see Note 11)	\$ <u>784,633</u>

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

Notes to Financial Statements

Year Ended June 30, 2025

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, 2032	Monthly	1.85%	\$ 5,703	\$ 551,367
Bank of America ATM	July 10, 2006	November 30, 2038	Monthly	0.28%	1,087	149,308
El Pollo Loco	February 1, 2024	June 30, 2029	Monthly	4.74%	4,513	196,960
Panda Express	August 28, 2023	August 27, 2033	Monthly	5.02%	3,833	304,792
T-Mobile cell tower	June 28, 2022	March 31, 2041	Monthly	1.09%	5,275	1,091,261
Verizon cell tower	July 1, 2021	June 30, 2040	Monthly	0.98%	5,534	1,116,168
Wells Fargo ATM	June 25, 2007	June 30, 2027	Monthly	0.28%	1,267	28,576
						\$ 3,438,432

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

Year Ending June 30,	Principal	Interest	Principal and Interest
2026	\$ 250,168	\$ 129,591	\$ 379,759
2027	264,407	85,527	349,934
2028	264,710	77,374	342,084
2029	280,685	68,854	349,539
2030	241,862	61,008	302,870
2031-2035	1,076,160	204,552	1,280,712
2036-2040	982,767	74,665	1,057,432
2041-2045	77,673	797	78,470
	\$ 3,438,432	\$ 702,368	\$ 4,140,800

During the year, UAS had lease revenue related to the non-cancelable agreements totaling \$713,995 and interest revenue of \$122,492. Deferred inflows of resources related to leases recognized during the year were \$3,140,822.

Subsequent to year-end, UAS entered into three new lease agreements with the University and third-party vendors for the right to use spaces within the Golden Eagle Building, the University Media Center, including parking, the John F. Kennedy Memorial Library, and Salazar Hall, all located on the University campus. As the lessor for these agreements, UAS will recognize the present value of the lease receivables and a corresponding deferred inflow of resources upon the lease commencement dates.

The University agreement is for a noncancelable term of 3 years, beginning on July 1, 2025 and ending on June 30, 2028. The lease calls for annual lease payments of \$1,051,907. One of the third-party vendor agreements is for a noncancelable term of approximately 5 years, beginning on September 30, 2025 and ending on December 31, 2030. The lease calls for annual lease payments of \$60,000 escalating to \$66,000 on January 1, 2027. The other third-party vendor agreement is for a noncancelable term of approximately 5 years, beginning on September 15, 2025 and ending on June 30, 2030. The lease calls for annual lease payments of \$60,000 escalating to \$66,000 on July 1, 2027.

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

Notes to Financial Statements

Year Ended June 30, 2025

Note 5 - Capital Assets

Changes in capital assets consist of the following:

	Balance June 30, 2024	Additions	Disposals	Transfers to University	Balance June 30, 2025
Capital assets, non-depreciable:					
Land	\$ 639,000	\$ -	\$ -	\$ -	\$ 639,000
Construction work in progress	70,000	117,500	-	(187,500)	-
Total nondepreciable capital assets	709,000	117,500	-	(187,500)	639,000
Capital assets, depreciable:					
Buildings and building improvements					
under financed purchase	22,071,443	242,893	-	-	22,314,336
Improvements, other than buildings	127,402	144,059	-	-	271,461
Leasehold Improvements	634,667	-	-	-	634,667
Furniture, fixtures and equipment	1,961,567	226,421	(7,819)	-	2,180,169
Software	16,438	-	-	-	16,438
Total depreciable capital assets	24,811,517	613,373	(7,819)	-	25,417,071
Less accumulated depreciation:					
Buildings and building improvements					
under financed purchase	(3,572,329)	(732,465)	-	-	(4,304,794)
Improvements, other than buildings	(101,525)	(27,182)	-	-	(128,707)
Leasehold Improvements	(579,547)	(2,889)	-	-	(582,436)
Furniture, fixtures and equipment	(1,102,177)	(481,710)	7,819	-	(1,576,068)
Software	(16,438)	-	-	-	(16,438)
Total accumulated depreciation	(5,372,016)	(1,244,246)	7,819	-	(6,608,443)
Total capital assets being depreciated, net	20,148,501	(513,373)	-	(187,500)	19,447,628
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	(4,478,618)	(1,492,873)	-	-	(5,971,491)
Total lease assets being amortized, net	12,565,012	(1,492,873)	-	-	11,072,139
Capital assets, net	\$ 32,713,513	\$ (2,006,246)	\$ -	\$ (187,500)	\$ 30,519,767

Depreciation expense was \$1,244,246 and amortization expense was \$1,492,873.

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

Notes to Financial Statements

Year Ended June 30, 2025

Note 6 - Long-term Liabilities

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

	<u>Balance</u> <u>July 1, 2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2025</u>	<u>Due in</u> <u>One Year</u>
Accrued compensated absences	\$ 356,321	\$ 503,152	\$ (410,851)	\$ 448,622	\$ 448,622
Notes payable	4,955,000	-	(220,000)	4,735,000	230,000
Unamortized note premium	89,349	-	(16,753)	72,596	-
Lease liabilities	13,304,646	-	(1,305,262)	11,999,384	1,344,672
Other postemployment benefits (Note 9)	563,218	-	(161,214)	402,004	-
	<u>\$ 19,268,534</u>	<u>\$ 503,152</u>	<u>\$ (2,114,080)</u>	<u>\$ 17,657,606</u>	<u>\$ 2,023,294</u>
Less current portion				2,023,294	
Total long-term obligation				<u>\$ 15,634,312</u>	

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 \$685,000 at June 30, 2025, and total principal paid for the year ended June 30, 2025 was \$120,000. The interest rate of the SRB ranges from 2.0% to 5.0% in the next 5 years and total interest expense for the year ended June 30, 2025 was \$35,616. 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, 2025, the unamortized premium was \$72,596.

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 \$4,050,000 at June 30, 2025, and total principal paid for the year ended June 30, 2025 was \$100,000. The interest rate of the SRB ranges from 2.0% to 5.0% in the next 25 years and total interest expense for the year ended June 30, 2025 was \$165,655.

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

Notes to Financial Statements

Year Ended June 30, 2025

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	Principal	Interest
At June 30,								
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	150,000	3,750	120,000	146,691	270,000	150,441		
2031-2035	-	-	675,000	658,621	675,000	658,621		
2036-2040	-	-	825,000	509,958	825,000	509,958		
2041-2045	-	-	1,010,000	319,025	1,010,000	319,025		
2046-2050	-	-	980,000	85,385	980,000	85,385		
	<u>\$ 685,000</u>	<u>\$ 88,625</u>	<u>\$ 4,050,000</u>	<u>\$ 2,347,639</u>	<u>\$ 4,735,000</u>	<u>\$ 2,436,264</u>		

Lease Liabilities

Lease agreements are summarized as follows:

Description	Date	Payment Terms	Payment Amount	Total lease Liability	Balance June 30, 2025
Golden Eagle building	July 1, 2021	Semi Annual through 2032	\$ 1,344,672	\$ 17,043,130	\$ 11,999,384

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.

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

Notes to Financial Statements

Year Ended June 30, 2025

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.

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% and total interest expense for the year was \$376,584.

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

Year ending June 30,	Principal	Interest	Total
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	1,525,437	96,207	1,621,644
2031-2032	4,845,418	296,757	5,142,175
	\$ 11,999,384	\$ 1,511,591	\$ 13,510,975

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, 2025, UAS recognized \$2,392,878 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.

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

Notes to Financial Statements

Year Ended June 30, 2025

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 \$392,325.

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 \$190,373.

Note 9 - Other Postemployment Benefits 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 2025 rate for employees only is \$744, for two-party is \$1,488, and for family is \$2,108, 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. 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.

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.

UAS's OPEB plan is an agent multiple-employer defined benefit healthcare plan administered by CSU Auxiliaries Multiple Employer 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.

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

Notes to Financial Statements

Year Ended June 30, 2025

Note 9 - Other Postemployment Benefits 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, 2025, UAS contributed \$215,589. 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 (TOL):	
Service cost	\$ 263,774
Interest on TOL	254,498
Benefit payments, including refunds of employee contributions	<u>(194,360)</u>
Net change in total OPEB liability	323,912
Total OPEB liability, beginning <a>	<u>4,391,344</u>
Total OPEB liability, ending 	\$ <u>4,715,256</u>
Plan fiduciary net position (FNP):	
Contribution - employer	\$ 194,360
Net investment gain	502,804
Benefit payments, including refunds of employee contributions	<u>(194,360)</u>
Administrative expense	<u>(17,678)</u>
Net change in plan fiduciary net position	485,126
Plan fiduciary net position, beginning <c>	<u>3,828,126</u>
Plan fiduciary net position, ending <d>	<u>4,313,252</u>
Net OPEB liability, beginning <a> - <c>	<u>563,218</u>
Net OPEB liability, ending - <d>	\$ <u>402,004</u>

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.

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

Notes to Financial Statements

Year Ended June 30, 2025

Note 9 - Other Postemployment Benefits Plan, continued

Actuarial Methods and Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2023 with a measurement date of June 30, 2024 using the following assumptions, applied to all periods included in the measurement, unless otherwise specified.

Valuation date:	June 30, 2023
Measurement date:	June 30, 2024
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:	\$17,678 for the measurement period ending June 30, 2024
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%	7.25%
Fixed income	90.00%	3.00%

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

Notes to Financial Statements

Year Ended June 30, 2025

Note 9 - Other Postemployment Benefits 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.

	Discount Rate		
	1% Decrease	(5.75%)	1% Increase
Net OPEB Liability	\$ 1,147,323	\$ 402,004	\$ (196,985)

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.

	Trend Rate		
	1% Decrease	(4.00%)	1% Increase
Net OPEB Liability	\$ (362,028)	\$ 402,004	\$ 1,408,518

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, 2025, UAS reported \$402,004 for the net OPEB liability. The net OPEB liability was measured as of June 30, 2024, 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 \$6,468,394.

Plan fiduciary net position (plan assets) was valued as of the measurement date of June 30, 2024 and the total OPEB liability was determined based upon the actuarial valuation as of June 30, 2023. As of June 30, 2024, the plan fiduciary net position was \$4,313,252.

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, 2025, UAS recognized OPEB expense of \$213,463. 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.

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

Notes to Financial Statements

Year Ended June 30, 2025

Note 9 - Other Postemployment Benefits Plan, continued

Deferred Outflows/Inflows of Resources

At June 30, 2025, 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	\$ 986,461	\$ (506,576)
Changes in assumptions	88,463	(1,185,996)
Net difference between projected and actual earnings on investments	-	(82,332)
Employer contributions made after June 30, 2024	215,589	-
Total	\$ 1,290,513	\$ (1,774,904)

Deferred outflows of resources related to OPEB resulting from the UAS's contributions subsequent to the measurement date in the amount of \$215,589 will be recognized as an adjustment to the net OPEB liability in the year ended June 30, 2026, 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 Outflow s/(Inflow s) of Resources
2026	\$ 82,300
2027	(27,755)
2028	(185,836)
2029	(163,700)
2030	(107,062)
Thereafter	(82,338)
Total	\$ (484,391)

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, 2025.

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, 2025, UAS determined these proceedings are not material relative to UAS' financial position.

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

Notes to Financial Statements

Year Ended June 30, 2025

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.

Transactions with the University

UAS transferred \$187,500 construction work in progress to the University for the year ended June 30, 2025 (see Note 5).

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 \$9,181,390 for the year ended June 30, 2025. This amount also included \$1,445,389 of the current year lease and interest expense payments, and \$183,913 for the Rongxiang Xu Bioscience Innovation Center for principal and interest of the current year's balance due to the University.

UAS received \$13,551,299 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 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 (see Note 4).

Transactions with the California State University, Los Angeles Foundation (Foundation)

UAS received \$67,682 in reimbursements from the Foundation for campus program expenses incurred during the year ended June 30, 2025.

From time to time, the Foundation collects contributions intended for UAS through the online giving platform or for administrative ease. For the year ended June 30, 2025, contributions transferred to UAS were \$202,844.

Transactions with the University-Student Union at California State University, Los Angeles (Union)

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, 2025 were \$28,749.

Transactions with Associated Students of California State University, Los Angeles, Inc. (Associated Students)

Associated Students reimbursed UAS for food services provided for miscellaneous events held by Associated Students. Total reimbursements for the year ended June 30, 2025 were \$4,250.

The following table summarizes accounts receivable, advancements to, and accounts payable with affiliated organizations at June 30, 2025:

Due from related parties:

University	\$ 726,636
Foundation	<hr/> 57,997
	\$ 784,633

Due to related parties:

University	\$ 2,202,033
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CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.

Notes to Financial Statements

Year Ended June 30, 2025

Note 12 - Concentrations of Revenue and Funding Constraints

UAS derives a significant portion of its revenue from federal grants and awards. During the fiscal year ended June 30, 2025, approximately 55% of UAS's total revenue was received from such federal sources.

Continued operations are substantially dependent on these sources, and any interruption, reduction, or cancellation of this funding could adversely affect UAS's ability to provide services. In 2025, two grants funded by the U.S. Department of Education were canceled. These awards represented approximately \$13 million in remaining funding over the next four years directly impacting student support and the associated indirect cost recovery.

Management is actively assessing strategies to diversify funding sources and minimize reliance on any single funding stream, although significant constraints may remain due to the nature of grant restrictions and the mission-specific nature of federal support.

Note 13 - Restatement

During the year ended June 30, 2025, management identified numerous funds related to inactive grants with balances left unrecognized in unearned revenue. During the current year, management recognized the associated revenue and closed these funds. Because this revenue related to prior years' grants and activities, the adjustment was recorded as a restatement of beginning net position in the current year financial statements in accordance with *GASB Statement No. 100*. Its impact on beginning net position is as follows:

June 30, 2024, as previously stated	\$ 31,080,526
Restatement	<hr/> 1,839,255
June 30, 2024, as restated	\$ <hr/> 32,919,781

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, 2025¹

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

Total OPEB Liability	2024	2023	2022	2021	2020	2019	2018	2017
Service cost	\$ 263,774	\$ 121,485	\$ 177,607	\$ 163,134	\$ 164,529	\$ 159,350	\$ 185,403	\$ 185,403
Interest	254,498	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	(194,360)	(168,414)	(138,359)	(138,359)	(76,218)	(63,622)	(45,154)	(66,204)
Net Change in Total OPEB Liability	323,912	801,050	(227,872)	359,939	(666,706)	322,553	(147,348)	333,146
Total OPEB Liability, beginning <a>	4,391,344	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 	\$ 4,715,256	\$ 4,391,344	\$ 3,590,294	\$ 3,818,166	\$ 3,458,227	\$ 4,124,933	\$ 3,802,380	\$ 3,949,728
<u>Plan Fiduciary Net Position</u>								
Contribution - employer	\$ 194,360	\$ 1,168,414	\$ 138,359	\$ 138,359	\$ 76,218	\$ 63,622	\$ 1,545,154	\$ 816,204
Net investment income (loss)	502,804	286,016	(608,082)	678,081	99,220	110,055	66,043	17,638
Benefit payments, including refunds of employee contributions	(194,360)	(168,414)	(138,359)	(138,359)	(76,218)	(63,622)	(45,154)	(66,204)
Administrative expense	(17,678)	(14,193)	(13,683)	(12,858)	(11,497)	(8,500)	(9,512)	(602)
Net Change in Plan Fiduciary Net Position	485,126	1,271,823	(621,765)	665,223	87,723	101,555	1,556,531	767,036
Plan Fiduciary Net Position, beginning <c>	3,828,126	2,556,303	3,178,068	2,512,845	2,425,122	2,323,567	767,036	-
Plan Fiduciary Net Position, ending <d>	4,313,252	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>	563,218	1,033,991	640,098	945,382	1,699,811	1,478,813	3,182,692	3,616,582
Net OPEB Liability, ending - <d>	\$ 402,004	\$ 563,218	\$ 1,033,991	\$ 640,098	\$ 945,382	\$ 1,699,811	\$ 1,478,813	\$ 3,182,692
<u>Plan Fiduciary Net Position as a Percentage of the Total OPEB</u>								
Liability	91%	87%	71%	83%	73%	59%	61%	19%
Covered-employee payroll	\$ 6,302,943	\$ 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	6%	11%	20%	14%	25%	45%	63%	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 Other Postemployment Benefit Plan Contributions (Unaudited)

Year Ended June 30, 2025¹

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

	2025	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	(215,589)	(194,360)	(168,414)	(138,359)	(138,359)	(76,218)	(63,622)	(45,154)
Contribution (surplus) deficiency	\$ (215,589)	\$ (194,360)	\$ (1,168,414)	\$ (138,359)	\$ (138,359)	\$ (76,218)	\$ 201,156	\$ (1,154,882)
Covered-employee payroll	\$ 6,468,394	\$ 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%	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, 2025

(for inclusion in the California State University)

Assets:**Current assets:**

Cash and cash equivalents	347,870
Short-term investments	17,682,219
Accounts receivable, net	10,885,148
Lease receivable, current portion	250,168
P3 receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	-
Prepaid expenses and other current assets	145,627
Total current assets	29,311,032

Noncurrent assets:

Restricted cash and cash equivalents	4,584,203
Accounts receivable, net	-
Lease receivable, net of current portion	3,188,264
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	-
Capital assets, net	30,519,767
Other assets	-
Total noncurrent assets	38,292,234
Total assets	67,603,266

Deferred outflows of resources:

Unamortized loss on debt refunding	-
Net pension liability	-
Net OPEB liability	1,290,513
Leases	-
P3	-
Others	-
Total deferred outflows of resources	1,290,513

CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.**Schedule of Net Position, continued**

June 30, 2025

(for inclusion in the California State University)

Liabilities:**Current liabilities:**

Accounts payable	5,159,763
Accrued salaries and benefits	747,319
Accrued compensated absences, current portion	448,622
Unearned revenues	6,317,248
Lease liabilities, current portion	1,344,672
SBITA liabilities - current portion	-
P3 liabilities - current portion	-
Long-term debt obligations, current portion	230,000
Claims liability for losses and loss adjustment expenses, current portion	-
Depository accounts	-
Other liabilities	-
Total current liabilities	14,247,624

Noncurrent liabilities:

Accrued compensated absences, net of current portion	-
Unearned revenues	-
Grants refundable	-
Lease liabilities, net of current portion	10,654,712
SBITA liabilities, net of current portion	-
P3 liabilities, net of current portion	-
Long-term debt obligations, net of current portion	4,577,596
Claims liability for losses and loss adjustment expenses, net of current portion	-
Depository accounts	-
Net other postemployment benefits liability	402,004
Net pension liability	-
Other liabilities	-
Total noncurrent liabilities	15,634,312
Total liabilities	29,881,936

CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.**Schedule of Net Position, continued**

June 30, 2025

(for inclusion in the California State University)

Deferred inflows of resources:

P3 service concession arrangements	-
Net pension liability	-
Net OPEB liability	1,774,904
Unamortized gain on debt refunding	-
Nonexchange transactions	-
Lease	3,140,822
P3	-
Others	-
Total deferred inflows of resources	4,915,726

Net position:

Net investment in capital assets	13,712,787
Restricted for:	
Nonexpendable – endowments	-
Expendable:	
Scholarships and fellowships	-
Research	-
Loans	-
Capital projects	-
Debt service	-
Others	-
Unrestricted	20,383,330
Total net position	34,096,117

CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.**Schedule of Revenues, Expenses, and Changes in Net Position**

Year Ended June 30, 2025

(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	25,253,703
State	5,264,611
Local	1,286,270
Nongovernmental	2,347,860
Sales and services of educational activities	4,757,656
Sales and services of auxiliary enterprises, gross	4,187,029
Scholarship allowances (enter as negative)	-
Other operating revenues	<u>3,082,845</u>
Total operating revenues	<u>46,179,974</u>

Expenses:**Operating expenses:**

Instruction	15,612,075
Research	-
Public service	930,260
Academic support	2,645,666
Student services	7,210,388
Institutional support	747,372
Operation and maintenance of plant	894,171
Student grants and scholarships	8,036,223
Auxiliary enterprise expenses	6,684,657
Depreciation and amortization	<u>2,737,119</u>
Total operating expenses	<u>45,497,931</u>
Operating income (loss)	<u>682,043</u>

CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.**Schedule of Revenues, Expenses, and Changes in Net Position, continued**

Year Ended June 30, 2025

(for inclusion in the California State University)

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	1,055,296
Endowment income (loss), net	-
Interest expense	(564,281)
Other nonoperating revenues (expenses)	3,278
Net nonoperating revenues (expenses)	494,293
Income (loss) before other revenues (expenses)	1,176,336

State appropriations, capital	-
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	-
Increase (decrease) in net position	1,176,336

Net position:

Net position at beginning of year, as previously reported	31,080,526
Restatements	1,839,255
Net position at beginning of year, as restated	32,919,781
Net position at end of year	34,096,117

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

Other Information

June 30, 2025

(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	4,584,203
Noncurrent restricted cash and cash equivalents	4,584,203
Current cash and cash equivalents	347,870
Total	\$ 4,932,073

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)	4,627,910	-	4,627,910
State of California Local Agency Investment Fund (LAIF)	13,054,309	-	13,054,309
State of California Surplus Money Investment Fund (SMIF)	-	-	-
Other investments:			
	-	-	-
	-	-	-
Total Other investments	-	-	-
Total investments	17,682,219	-	17,682,219
Less endowment investments (enter as negative number)	-	-	-
Total investments, net of endowments	17,682,219	-	17,682,219

See independent auditor's report.

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

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(for inclusion in the California State University)

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)	4,627,910	-	-	-	4,627,910
State of California Local Agency Investment Fund (LAIF)	13,054,309	-	-	-	13,054,309
State of California Surplus Money Investment Fund (SMIF)	-	-	-	-	-
Other investments:					
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
Total other investments:					
Total investments	17,682,219	-	-	-	17,682,219

See independent auditor's report.

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

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2.3 Investments held by the University under contractual agreements:

Investments held by the University under contractual agreements
e.g. - CSU Consolidated Investment Pool (formerly SWIFT): **4,627,910** **- \$** **4,627,910**

3.1 Capital Assets, excluding ROU assets:

Composition of capital assets, excluding ROU assets:

	Balance June 30, 2024	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2024 (Restated)	Additions	Retirements	Transfer of completed CWIP/PWIP	Balance June 30, 2025
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	117,500	(187,500)	-	-
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	709,000	-	-	-	709,000	117,500	(187,500)	-	639,000
Depreciable/Amortizable capital assets:									
Buildings and building improvements	22,071,443	-	-	-	22,071,443	242,893	-	-	22,314,336
Improvements, other than buildings	127,402	-	-	-	127,402	144,059	-	-	271,461
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	634,667	-	-	-	634,667	-	-	-	634,667
Personal property:									
Equipment	1,961,567	-	-	-	1,961,567	226,421	(7,819)	-	2,180,169
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	24,811,517	-	-	-	24,811,517	613,373	(7,819)	-	25,417,071
Total capital assets	25,520,517	-	-	-	25,520,517	730,873	(195,319)	-	26,056,071

See independent auditor's report.

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

Other Information

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(for inclusion in the California State University)

Less accumulated depreciation/amortization: (enter as negative number, except for reductions enter as positive number)

Buildings and building improvements	(3,572,329)	-	-	-	(3,572,329)	(732,465)	-	-	(4,304,794)
Improvements, other than buildings	(101,525)	-	-	-	(101,525)	(27,182)	-	-	(128,707)
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	(579,547)	-	-	-	(579,547)	(2,889)	-	-	(582,436)
Personal property:									
Equipment	(1,102,177)	-	-	-	(1,102,177)	(481,710)	7,819	-	(1,576,068)
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	(5,372,016)	-	-	-	(5,372,016)	(1,244,246)	7,819	-	(6,608,443)
Total capital assets, net excluding ROU assets	\$ 20,148,501	-	-	-	20,148,501	(513,373)	(187,500)	-	19,447,628

Capital Assets, Right of Use

	Balance June 30, 2024	Prior Period Reclassifications	Prior Period Additions	Prior Period Reductions	Balance				Balance June 30, 2025
					June 30, 2024 (Restated)	Additions	Remeasurements	Reductions	
Composition of capital assets - Lease ROU, net:									
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

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

Other Information

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Less accumulated depreciation/amortization: (enter as negative number, except for reductions enter as positive number)

Land and land improvements	-	-	-	-	(4,478,618)	(1,492,873)	-	-	(5,971,491)
Buildings and building improvements	-	-	-	-	(4,478,618)	(1,492,873)	-	-	(5,971,491)
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	-	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	(4,478,618)	-	-	-	(4,478,618)	(1,492,873)	-	-	(5,971,491)

Total capital assets -lease ROU, net

12,565,012	-	-	-	12,565,012	(1,492,873)	-	-	11,072,139
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Composition of capital assets - SBITA ROU, net

	Balance June 30, 2024	Reclassifications	Prior Period Additions	Prior Period Reductions	Balance June 30, 2024 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2025
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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

-									
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Composition of capital assets - P3 ROU, net:

	Balance June 30, 2024	Reclassifications	Prior Period Additions	Prior Period Reductions	Balance June 30, 2024 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2025
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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

Equipment	-	-	-	-	-	-	-	-	-
Total depreciable/amortizable P3 assets	-								

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

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3.2 Detail of depreciation and amortization expense:

Depreciation and amortization expense - capital assets, excluding ROU assets	\$ 1,244,246
Amortization expense - Leases ROU	1,492,873
Amortization expense - SBITA ROU	
Amortization expense - P3 ROU	
Depreciation and Amortization expense - Others	
Total depreciation and amortization	\$ 2,737,119

4 Long-term liabilities:

	Balance June 30, 2024	Prior Period Adjustments/ Rerclassifications	Balance June 30, 2024 (Restated)	Additions	Reductions	Balance June 30, 2025	Current Portion	Noncurrent Portion
1. Accrued compensated absences	356,321	-	356,321	92,301	-	448,622	448,622	
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)	4,955,000	-	4,955,000	-	(220,000)	4,735,000	230,000	4,505,000
4.4 Finance purchase of capital assets	-	-	-	-	-	-	-	-
4.5 Others:	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
Total others	-	-	-	-	-	-	-	-
Sub-total long-term debt	4,955,000	-	4,955,000	-	(220,000)	4,735,000	230,000	4,505,000
4.6 Unamortized net bond premium/(discount)	89,349	-	89,349	-	(16,753)	72,596	-	72,596
Total long-term debt obligations	5,044,349	-	5,044,349	-	(236,753)	4,807,596	230,000	4,577,596

See independent auditor's report.

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

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5. Lease, SBITA, P3 liabilities:	Prior Period				Balance June 30, 2025	Current Portion	Noncurrent Portion	
	Balance June 30, 2024	Adjustments/ Reclassifications	Additions	Remeasurements				
Lease liabilities	\$ 13,304,646	-	-	-	(1,305,262)	11,999,384	1,344,672	
SBITA liabilities	-	-	-	-	-	-	-	
P3 liabilities - SCA	-	-	-	-	-	-	-	
P3 liabilities - non-SCA	-	-	-	-	-	-	-	
Sub-total P3 liabilities	-	-	-	-	-	-	-	
Total Lease, SBITA, P3 liabilities	\$ 13,304,646	-	-	-	(1,305,262)	11,999,384	1,344,672	
Total long-term liabilities					\$ 17,255,602	\$ 2,023,294	\$ 15,232,308	
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
Year ending June 30:								
2026	1,344,672	342,903	1,687,575	-	-	-	-	1,344,672
2027	1,385,571	301,504	1,687,075	-	-	-	-	1,385,571
2028	1,426,003	258,997	1,685,000	-	-	-	-	1,426,003
2029	1,472,283	215,223	1,687,506	-	-	-	-	1,472,283
2030	1,525,437	96,207	1,621,644	-	-	-	-	1,525,437
2031 - 2035	4,845,418	296,757	5,142,175	-	-	-	-	4,845,418
2036 - 2040	-	-	-	-	-	-	-	-
2041 - 2045	-	-	-	-	-	-	-	-
2046 - 2050	-	-	-	-	-	-	-	-
2051 - 2055	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-
Total minimum lease payments	11,999,384	1,511,591	13,510,975	-	-	-	-	11,999,384
Less: amounts representing interest								(1,511,591)
Present value of future minimum lease payments								11,999,384
Total Leases, SBITA, P3 liabilities								11,999,384
Less: current portion								(1,344,672)
Leases, SBITA, P3 liabilities, net of current portion								\$ 10,654,712

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

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

Year ending June 30:	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
Total minimum payments									
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	-	-	-	270,000	150,441	420,441	270,000	150,441	420,441
2031 - 2035	-	-	-	675,000	658,621	1,333,621	675,000	658,621	1,333,621
2036 - 2040	-	-	-	825,000	509,958	1,334,958	825,000	509,958	1,334,958
2041 - 2045	-	-	-	1,010,000	319,025	1,329,025	1,010,000	319,025	1,329,025
2046 - 2050	-	-	-	980,000	85,385	1,065,385	980,000	85,385	1,065,385
2051 - 2055	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-
Present value of future minimum payments									
Less: amounts representing interest									(2,436,264)
Unamortized net premium/(discount)									4,735,000
Total long-term debt obligations									
Less: current portion									72,596
Long-term debt obligations, net of current portion									
									4,807,596
									(230,000)
									\$ 4,577,596

7 Transactions with related entities:

Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$ 3,816,061
Payments to University for other than salaries of University personnel	5,365,329
Payments received from University for services, space, and programs	13,551,299
Gifts-in-kind to the University from discretely presented component units	-
Gifts (cash or assets) to the University from discretely presented component units	187,500
Accounts (payable to) University	(2,202,033)
Other amounts (payable to) University	-
Accounts receivable from University	726,636
Other amounts receivable from University	-

8 Restatements: Not Applicable

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

Note: Additional account details can be found in the Table of Object Codes and CSU Fund Definitions

Restatement #1	Enter transaction description	Debit/(Credit)
Error Correction	Grants and contracts revenue	1,839,255
Error Correction	Net position	(1,839,255)

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

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(for inclusion in the California State University)

9 Natural classifications of operating expenses:

	Salaries	Benefits - Other	Benefits - Pension	Benefits - OPEB	Scholarships and fellowships	Supplies and other services	Depreciation and amortization	Total operating expenses
Instruction	8,889,550	1,728,225	137,779	122,263		4,734,258		15,612,075
Research	-	-	-	-		-		-
Public service	404,257	52,510	11,240	11,957		450,296		930,260
Academic support	1,600,796	209,024	12,641	11,950		811,255		2,645,666
Student services	1,574,626	285,854	128,451	38,506		5,182,951		7,210,388
Institutional support	749,653	159,194	55,524	(216,999)		-		747,372
Operation and maintenance of plant	145,582	21,262	11,448	3,735		712,144		894,171
Student grants and scholarships					8,036,223			8,036,223
Auxiliary enterprise expenses	3,278,853	690,486	225,615	118,041		2,371,662		6,684,657
Depreciation and amortization							2,737,119	2,737,119
Total operating expenses	\$ 16,643,317	3,146,555	582,698	89,453	8,036,223	14,262,566	2,737,119	45,497,931

Select type of pension plan >>

Defined Contribution Plan

10 Deferred outflows/inflows of resources: Not Applicable

1. Deferred Outflows of Resources

Deferred outflows - unamortized loss on refunding(s)	-
Deferred outflows - net pension liability	-
Deferred outflows - net OPEB liability	1,290,513
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	\$ 1,290,513

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

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2. Deferred Inflows of Resources

Deferred inflows - service concession arrangements	
Deferred inflows - net pension liability	-
Deferred inflows - net OPEB liability	1,774,904
Deferred inflows - unamortized gain on debt refunding(s)	-
Deferred inflows - nonexchange transactions	-
Deferred inflows - leases	3,140,822
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	\$ 4,915,726

11 Other nonoperating revenues (expenses):

Other nonoperating revenues	3,278
Other nonoperating (expenses)	-
Total other nonoperating revenues (expenses)	3,278

**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, 2025, 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 3, 2025.

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 opinion 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 below, we identified certain deficiencies in internal control that we consider to be a material weakness and significant deficiency.

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 2025-001 to be a material weakness.

2025-001 Financial Close and Reporting

Criteria: Accounting principles generally accepted in the United States of America (U.S. GAAP) require revenues and expenses to be recorded in the period in which goods or services are provided or received. An effective financial close process includes reconciling accounts, accruing transactions, reviewing journal entries, and preparing accurate financial statements.

Condition:

- Management identified and closed inactive grant funds in the current year, resulting in recognition of revenue associated with prior-year activity.
- Transactions for goods and services received in fiscal year 2024 were recorded in fiscal year 2025.
- Transactions for goods and services performed in fiscal year 2025 were not accrued until late in the year-end process. Although management implemented a phased accrual review, significant adjustments were still necessary.

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

2025-001 Financial Close and Reporting, continued

Condition, continued:

- Revenues and receivables related to cost-reimbursement grants were not initially aligned with related expense accruals. Expense accruals were processed first, while revenue and receivable accruals were posted subsequently, creating a lag before the two were matched.
- Management calculated the allowance for doubtful accounts in accordance with its policy; however, the policy is based on an outdated study that could not be provided and resulted in an allowance significantly higher than supported by recent collection history.
- Beginning net position was misstated due to journal entries posted directly to fund balance.
- Over 20 audit adjustments and reclassifications were required during the audit.

Cause:

- Controls to identify and close inactive funds timely were not in place.
- The accrual process is concentrated at year-end, resulting in a high volume of manual entries.
- Payable and receivable accruals are processed separately, with limited reconciliation to ensure alignment.
- The allowance methodology is outdated and does not reflect recent collection experience.
- Journal entries, including those affecting fund balance, were not adequately reviewed before posting.

Effect:

- Beginning net position required restatement to recognize revenue earned in prior periods.
- Expenses, liabilities, revenues, and receivables were misstated between fiscal years 2024 and 2025 until accrual entries were posted.
- Late accrual postings increased the risk of misstatement and reduced the accuracy of interim reporting for some programs.
- The outdated allowance methodology reduced the relevance of the estimate and increased the risk that the allowance may not reflect actual collections.
- Beginning net position did not roll forward correctly due to postings directly to fund balance.

These issues required significant audit adjustments and indicate a material weakness in the financial close and reporting process.

Recommendation: Strengthen financial close procedures by:

- Implementing a process to close out inactive funds and periodically review them for timely closure.
- Performing accrual reviews more frequently (e.g., quarterly or monthly) to reduce the year-end burden and improve interim reporting.
- Incorporating estimation procedures earlier in the close process so accruals are recorded timely, even if some invoices arrive later.
- Reconciling revenues and expenses for cost-reimbursement grants after posting to confirm alignment.
- Updating the allowance methodology to reflect recent collection history and trends.
- Enhancing journal entry review procedures to ensure unusual or high-risk entries, such as those affecting fund balance, are appropriately supported and classified.

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

2025-001 Financial Close and Reporting, continued

Views of Responsible Officials: Management concurs with the finding and has initiated corrective actions to strengthen the financial close and reporting process.

Month and Quarterly

- In the immediate term, management has hired a Director of Finance and Accounting, a new position that will oversee the entire accounting and post award areas focusing on billing, cash reimbursement, accrual reviews, the timely close out of inactive funds, and improved coordination between the team.

March 31, 2026

- Within the next 6 months, the allowance for doubtful accounts methodology will be updated to align with recent collection history, documentation standards will be enhanced, and journal entry review procedures will be strengthened to ensure proper support and classification.

June 30, 2026

- Within this current fiscal year, management will provide additional training for the staff, formalize cross-functional communication protocols, and evaluate opportunities to automate and/or streamline aspects of the financial close process.

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 2025-002 to be a significant deficiency.

2025-002 Capitalization and Asset Classification

Criteria: U.S. GAAP requires that expenditures meeting capitalization thresholds be recorded as capital assets when incurred. GASB requires subscription-based information technology arrangements (SBITAs) to be evaluated for recognition as right-to-use assets and related liabilities. An effective process includes evaluating purchases and agreements when incurred to ensure proper capitalization and classification.

Condition:

- Purchases meeting capitalization requirements were expensed, particularly those funded by grants.
- Long-term software license agreements were not assessed for potential SBITA treatment.

Cause: Equipment purchased with grant funds was not considered for capitalization due to the limited duration of use (grant period) and the ultimate transfer to the University upon grant completion. While these items were tracked in the inventory monitoring system, they were not capitalized. Management has also not implemented procedures to evaluate IT agreements for applicability under GASB's SBITA guidance at the time of purchase.

Effect:

- Capital assets were understated prior to audit adjustment.
- SBITAs were omitted from the financial statements. While the proposed adjustment was not material and was not recorded, the absence of a process increases the risk of future misstatements if larger or more complex arrangements are entered into.

Recommendation: Establish procedures to:

- Evaluate purchases at the time of transaction for compliance with capitalization thresholds.
- Review significant IT agreements when executed to determine whether they meet SBITA criteria under the GASB standard.

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

2025-002 Capitalization and Asset Classification, continued

Views of Responsible Officials: Management agrees with the condition that certain grant-funded purchases meeting capitalization thresholds were expensed and that SBITAs were not consistently evaluated at inception. We are updating our capitalization policy and procedures to ensure purchases are evaluated when incurred and that significant IT agreements are screened for SBITA criteria under GASB guidance.

Management agrees with the finding and acknowledges that certain capital assets were understated due to staff's understanding of the former auditor's treatment of grant funded assets and turnover in accounting staff. Effective October 2025, UAS will update its year-end closing procedures and work with the University Controller's Office to ensure that capitalization/SBITA screening occurs which will include a Controller review step for all equipment and software above a specified threshold. Ongoing compliance will be monitored via quarterly asset reviews. We believe these actions along with the new Director position will remediate the deficiency during the fiscal year ending June 30, 2026.

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 3, 2025