

# 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

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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	7,772,467	11,994,113	-35%
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	15,634,312	17,386,951	-10%
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	20,383,330	16,716,008	22%
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 payoff 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

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**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
<b>Operating Revenues:</b>			
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%
<b>Operating Expenses:</b>			
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%
<b>Nonoperating Revenues (Expenses):</b>			
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

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#### **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

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**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		145,627
Total Current Assets		29,311,032

## Noncurrent Assets:

Restricted cash and cash equivalents		4,584,203
Lease receivables, net of current portion		3,188,264
Capital assets, net		30,519,767
Total Noncurrent Assets		38,292,234
Total Assets		67,603,266

**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		230,000
Total Current Liabilities		14,247,624

## 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		402,004
Total Noncurrent Liabilities		15,634,312
Total Liabilities		29,881,936

**DEFERRED INFLOWS OF RESOURCES**

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

**NET POSITION**

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

See accompanying notes to financial statements.

**CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.****Statement of Revenues, Expenses, and Changes in Net Position**Year Ended June 30, 2025

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## 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
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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

Change in Net Position	1,176,336
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Net Position, beginning, as previously stated	31,080,526
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Restatement (Note 13)	1,839,255
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Net Position, beginning, as restated	32,919,781
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Net Position, ending	\$ 34,096,117
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**CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.****Statement of Cash Flows**Year Ended June 30, 2025

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## 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	(6,421,158)

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	(564,281)

Net Cash Used by Capital and Related Financing Activities (2,649,669)

## Cash Flows Provided by Investing Activities:

Investment income	1,058,574
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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	4,584,203
	\$ 22,614,292

**CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.****Statement of Cash Flows, continued**Year Ended June 30, 2025

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## 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

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#### **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

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#### **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

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#### 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

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### 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	4,584,203
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	13,054,309
Total	<u>\$ 22,614,292</u>

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

### Notes to Financial Statements

Year Ended June 30, 2025

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#### 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	1,269,005
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
						<u>\$ 3,438,432</u>

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
	<u>\$ 3,438,432</u>	<u>\$ 702,368</u>	<u>\$ 4,140,800</u>

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 noncancellable 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 noncancellable 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 noncancellable 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

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**Note 6 - Long-term Liabilities**

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

	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025	Due in One Year
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				<u>2,023,294</u>	
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
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	\$ <u>1,344,672</u>	\$ <u>17,043,130</u>	\$ <u>11,999,384</u>

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

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#### 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:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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
	<u>\$ 11,999,384</u>	<u>\$ 1,511,591</u>	<u>\$ 13,510,975</u>

#### 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

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#### **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

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#### 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	(194,360)
Net change in total OPEB liability	323,912
Total OPEB liability, beginning <a>	4,391,344
Total OPEB liability, ending <b>	\$ 4,715,256
Plan fiduciary net position (FNP):	
Contribution - employer	\$ 194,360
Net investment gain	502,804
Benefit payments, including refunds of employee contributions	(194,360)
Administrative expense	(17,678)
Net change in plan fiduciary net position	485,126
Plan fiduciary net position, beginning <c>	3,828,126
Plan fiduciary net position, ending <d>	4,313,252
Net OPEB liability, beginning <a> - <c>	563,218
Net OPEB liability, ending <b> - <d>	\$ 402,004

##### 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

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**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

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**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

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#### 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	<u>\$ 1,290,513</u>	<u>\$ (1,774,904)</u>

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	<u>\$ (484,391)</u>

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

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#### 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		57,997
	\$	<u>784,633</u>

Due to related parties:

University	\$	<u>2,202,033</u>
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**CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.**

**Notes to Financial Statements**

Year Ended June 30, 2025

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**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	<u>1,839,255</u>
June 30, 2024, as restated	<u><u>\$ 32,919,781</u></u>

## 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, 2025<sup>1</sup>

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 <b>	\$ 4,715,256	\$ 4,391,344	\$ 3,590,294	\$ 3,818,166	\$ 3,458,227	\$ 4,124,933	\$ 3,802,380	\$ 3,949,728
<b>Plan Fiduciary Net Position</b>								
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 <b> - <d>	\$ 402,004	\$ 563,218	\$ 1,033,991	\$ 640,098	\$ 945,382	\$ 1,699,811	\$ 1,478,813	\$ 3,182,692
<b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</b>								
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, 2025<sup>1</sup>

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	<u>(215,589)</u>	<u>(194,360)</u>	<u>(168,414)</u>	<u>(138,359)</u>	<u>(138,359)</u>	<u>(76,218)</u>	<u>(63,622)</u>	<u>(45,154)</u>
Contribution (surplus) deficiency	<u>\$ (215,589)</u>	<u>\$ (194,360)</u>	<u>\$ (1,168,414)</u>	<u>\$ (138,359)</u>	<u>\$ (138,359)</u>	<u>\$ (76,218)</u>	<u>\$ 201,156</u>	<u>\$ (1,154,882)</u>
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	-
<b>Total current liabilities</b>	<b>14,247,624</b>

**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	-
<b>Total noncurrent liabilities</b>	<b>15,634,312</b>
<b>Total liabilities</b>	<b>29,881,936</b>

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

June 30, 2025

(for inclusion in the California State University)

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<b>Deferred inflows of resources:</b>	
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	-
<b>Total deferred inflows of resources</b>	<u>4,915,726</u>
<b>Net position:</b>	
Net investment in capital assets	13,712,787
Restricted for:	
Nonexpendable – endowments	-
Expendable:	
Scholarships and fellowships	-
Research	-
Loans	-
Capital projects	-
Debt service	-
Others	-
Unrestricted	<u>20,383,330</u>
<b>Total net position</b>	<u><u>34,096,117</u></u>

**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)

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**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	3,082,845
<b>Total operating revenues</b>	<b>46,179,974</b>

**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	2,737,119
<b>Total operating expenses</b>	<b>45,497,931</b>
<b>Operating income (loss)</b>	<b>682,043</b>

**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
<b>Net nonoperating revenues (expenses)</b>	<b>494,293</b>
<b>Income (loss) before other revenues (expenses)</b>	<b>1,176,336</b>

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

**Net position:**

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

# 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
<b>Noncurrent restricted cash and cash equivalents</b>	<b>4,584,203</b>
Current cash and cash equivalents	347,870
<b>Total</b>	<b>\$ 4,932,073</b>

### 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	-	-	-
<b>Total investments</b>	<b>17,682,219</b>	<b>-</b>	<b>17,682,219</b>
Less endowment investments (enter as negative number)	-	-	-
<b>Total investments, net of endowments</b>	<b>17,682,219</b>	<b>-</b>	<b>17,682,219</b>

See independent auditor's report.

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

## Other Information

June 30, 2025

(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:	-	-	-	-	-
<b>Total investments</b>	<b>17,682,219</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17,682,219</b>

See independent auditor's report.



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

## Other Information

June 30, 2025

(for inclusion in the California State University)

### 2.3 Investments held by the University under contractual agreements:

	Current	Noncurrent	Total
Investments held by the University under contractual agreements e.g. - CSU Consolidated Investment Pool (formerly SWIFT):	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
<b>Non-depreciable/Non-amortizable capital assets:</b>									
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	-	-	-	-	-	-	-	-	-
<b>Total intangible assets</b>	-	-	-	-	-	-	-	-	-
<b>Total non-depreciable/non-amortizable capital assets</b>	<b>709,000</b>	-	-	-	<b>709,000</b>	<b>117,500</b>	<b>(187,500)</b>	-	<b>639,000</b>
<b>Depreciable/Amortizable capital assets:</b>									
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	-	-	-	-	-	-	-	-	-
<b>Total intangible assets</b>	<b>16,438</b>	-	-	-	<b>16,438</b>	-	-	-	<b>16,438</b>
<b>Total depreciable/amortizable capital assets</b>	<b>24,811,517</b>	-	-	-	<b>24,811,517</b>	<b>613,373</b>	<b>(7,819)</b>	-	<b>25,417,071</b>
<b>Total capital assets</b>	<b>25,520,517</b>	-	-	-	<b>25,520,517</b>	<b>730,873</b>	<b>(195,319)</b>	-	<b>26,056,071</b>

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	-	-	-	-	-	-	-	-	-
<b>Total intangible assets</b>	<b>(16,438)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(16,438)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(16,438)</b>
<b>Total accumulated depreciation/amortization</b>	<b>(5,372,016)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5,372,016)</b>	<b>(1,244,246)</b>	<b>7,819</b>	<b>-</b>	<b>(6,608,443)</b>
<b>Total capital assets, net excluding ROU assets</b>	<b>\$ 20,148,501</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,148,501</b>	<b>(513,373)</b>	<b>(187,500)</b>	<b>-</b>	<b>19,447,628</b>

### Capital Assets, Right of Use

Composition of capital assets - Lease ROU, net:	Balance June 30, 2024	Prior Period Reclassifications	Prior Period Additions	Prior Period Reductions	Balance June 30, 2024 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2025
<b>Non-depreciable/Non-amortizable lease assets:</b>									
Land and land improvements	-	-	-	-	-	-	-	-	-
<b>Total non-depreciable/non-amortizable lease assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Depreciable/Amortizable lease assets:</b>									
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	-	-	-	-	-	-	-	-	-
<b>Total depreciable/amortizable lease assets</b>	<b>17,043,630</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17,043,630</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17,043,630</b>

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# 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	-	-	-	-	-	-	-	-	-
Buildings and building improvements	(4,478,618)	-	-	-	(4,478,618)	(1,492,873)	-	-	(5,971,491)
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	-	-	-	-	-	-	-	-	-
<b>Total accumulated depreciation/amortization</b>	<b>(4,478,618)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,478,618)</b>	<b>(1,492,873)</b>	<b>-</b>	<b>-</b>	<b>(5,971,491)</b>
<b>Total capital assets - lease ROU, net</b>	<b>12,565,012</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,565,012</b>	<b>(1,492,873)</b>	<b>-</b>	<b>-</b>	<b>11,072,139</b>

	Balance June 30, 2024	Reclassifications	Prior Period Additions	Prior Period Reductions	Balance June 30, 2024 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2025
<b>Composition of capital assets - SBITA ROU, net</b>									
<b>Depreciable/Amortizable SBITA assets:</b>									
Software	-	-	-	-	-	-	-	-	-
<b>Total depreciable/amortizable SBITA assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Less accumulated depreciation/amortization:</b>									
Software	-	-	-	-	-	-	-	-	-
<b>Total accumulated depreciation/amortization</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total capital assets - SBITA ROU, net</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

	Balance June 30, 2024	Reclassifications	Prior Period Additions	Prior Period Reductions	Balance June 30, 2024 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2025
<b>Composition of capital assets - P3 ROU, net:</b>									
<b>Non-depreciable/Non-amortizable P3 assets:</b>									
Land and land improvements	-	-	-	-	-	-	-	-	-
<b>Total non-depreciable/non-amortizable P3 assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Depreciable/Amortizable P3 assets:</b>									
Land and land improvements	-	-	-	-	-	-	-	-	-
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	-	-	-	-	-	-	-	-	-
<b>Total depreciable/amortizable P3 assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

## Other Information

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### Less accumulated depreciation/amortization:

Land and land improvements	-	-	-	-	-	-	-	-	-
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	-	-	-	-	-	-	-	-	-
<b>Total accumulated depreciation/amortization</b>	-	-	-	-	-	-	-	-	-
<b>Total capital assets - P3 ROU, net</b>	-	-	-	-	-	-	-	-	-

### Total capital assets, net including ROU assets

**30,519,767**

### 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		-
<b>Total depreciation and amortization</b>	<b>\$</b>	<b>2,737,119</b>

### 4 Long-term liabilities:

	Balance June 30, 2024	Prior Period Adjustments/ Reclassifications	Balance June 30, 2024 (Restated)	Additions	Reductions	Balance June 30, 2025	Current Portion	Noncurrent Portion
<b>1. Accrued compensated absences</b>	356,321	-	356,321	92,301	-	448,622	448,622	-
<b>2. Claims liability for losses and loss adjustment expenses</b>	-	-	-	-	-	-	-	-
<b>3. Capital lease obligations (pre-ASC 842):</b>								
Gross balance	-	-	-	-	-	-	-	-
Unamortized net premium/(discount)	-	-	-	-	-	-	-	-
<b>Total capital lease obligations (pre ASC 842)</b>	-	-	-	-	-	-	-	-
<b>4. Long-term debt obligations:</b>								
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:								
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
<b>Total others</b>	-	-	-	-	-	-	-	-
<b>Sub-total long-term debt</b>	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
<b>Total long-term debt obligations</b>	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.

## Other Information

June 30, 2025

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	Balance June 30, 2024	Prior Period Adjustments/ Reclassifications	Additions	Remeasurements	Reductions	Balance June 30, 2025	Current Portion	Noncurrent Portion
5. Lease, SBITA, P3 liabilities:								
Lease liabilities	\$ 13,304,646	-	-	-	(1,305,262)	11,999,384	1,344,672	10,654,712
SBITA liabilities	-	-	-	-	-	-	-	-
P3 liabilities - SCA	-	-	-	-	-	-	-	-
P3 liabilities - non-SCA	-	-	-	-	-	-	-	-
Sub-total P3 liabilities	-	-	-	-	-	-	-	-
Total Lease, SBITA, P3 liabilities	<u>\$ 13,304,646</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,305,262)</u>	<u>11,999,384</u>	<u>1,344,672</u>	<u>10,654,712</u>
Total long-term liabilities						<u>\$ 17,255,602</u>	<u>\$ 2,023,294</u>	<u>\$ 15,232,308</u>

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

Year ending June 30:

	Lease Liabilities			SBITA liabilities			Public-Private or Public-Public Partnerships (P3)			Total Leases, SBITA, P3 liabilities		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
2026	1,344,672	342,903	1,687,575	-	-	-	-	-	-	1,344,672	342,903	1,687,575
2027	1,385,571	301,504	1,687,075	-	-	-	-	-	-	1,385,571	301,504	1,687,075
2028	1,426,003	258,997	1,685,000	-	-	-	-	-	-	1,426,003	258,997	1,685,000
2029	1,472,283	215,223	1,687,506	-	-	-	-	-	-	1,472,283	215,223	1,687,506
2030	1,525,437	96,207	1,621,644	-	-	-	-	-	-	1,525,437	96,207	1,621,644
2031 - 2035	4,845,418	296,757	5,142,175	-	-	-	-	-	-	4,845,418	296,757	5,142,175
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	1,511,591	13,510,975
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.

## Other Information

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(for inclusion in the California State University)

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

	Auxiliary revenue bonds (non-SRB related)			All other long-term debt obligations			Total long-term debt obligations		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
<b>Year ending June 30:</b>									
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	-	-	-	-	-	-	-	-	-
<b>Total minimum payments</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>4,735,000</b>	<b>2,436,264</b>	<b>7,171,264</b>	<b>4,735,000</b>	<b>2,436,264</b>	<b>7,171,264</b>
Less: amounts representing interest									(2,436,264)
<b>Present value of future minimum payments</b>									4,735,000
Unamortized net premium/(discount)									72,596
<b>Total long-term debt obligations</b>									4,807,596
Less: current portion									(230,000)
<b>Long-term debt obligations, net of current portion</b>									<b>\$ 4,577,596</b>

### 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
Error Correction	Grants and contracts revenue
Error Correction	Net position

Debit/(Credit)
1,839,255
(1,839,255)
-

See independent auditor's report.

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

## Other Information

June 30, 2025

(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
<b>Total operating expenses</b>	<b>\$ 16,643,317</b>	<b>3,146,555</b>	<b>582,698</b>	<b>89,453</b>	<b>8,036,223</b>	<b>14,262,566</b>	<b>2,737,119</b>	<b>45,497,931</b>

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	-
<b>Total deferred outflows of resources</b>	<b>\$ 1,290,513</b>

**CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.****Other Information**

June 30, 2025

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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	-
<b>Total deferred inflows of resources</b>	<b>\$ 4,915,726</b>

**11 Other nonoperating revenues (expenses):**

Other nonoperating revenues	3,278
Other nonoperating (expenses)	-
<b>Total other nonoperating revenues (expenses)</b>	<b>3,278</b>



**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