

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

**Basic Financial Statements (With Supplementary  
Information and Independent Auditor's Report)**

**June 30, 2020**

---

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

Index

	<u>Page</u>
Independent Auditor's Report	2
Management's Discussion and Analysis	4
Basic Financial Statements	
Statement of Net Position	9
Statement of Revenues, Expenses and Change in Net Position	10
Statement of Cash Flows	11
Notes to Financial Statements	13
Required Supplementary Information	
Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios	30
Schedule of Other Postemployment Benefits Contributions	31
Notes to Required Supplementary Information	32
Supplementary Information	
Schedule of Net Position	36
Schedule of Revenues, Expenses and Changes in Net Position	37
Other Information	38
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 <i>Government Auditing Standards</i>	44

## Independent Auditor's Report

To the Board of Directors  
Cal State L.A. University Auxiliary Services, Inc.

### Report on the Financial Statements

We have audited the accompanying financial statements of Cal State L.A. University Auxiliary Services, Inc., an auxiliary organization of California State University, Los Angeles, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Cal State L.A. University Auxiliary Services, Inc.'s basic financial statements, as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cal State L.A. University Auxiliary Services, Inc., as of June 30, 2020, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 to 7, Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios on page 30, and the Schedule of Other Postemployment Benefits Contributions on page 31, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Cal State L.A. University Auxiliary Services, Inc.'s basic financial statements. The accompanying supplementary information on pages 36 to 43 are presented for purposes of additional analysis as required by an Administrative Directive dated June 24, 2003, *Financial Reporting Requirements for Auxiliary Organizations*, from the California State University Office of the Chancellor, and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2020, on our consideration of the 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 the 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 the Cal State L.A. University Auxiliary Services, Inc.'s internal control over financial reporting and compliance.



Los Angeles, California  
September 17, 2020

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

**Management's Discussion and Analysis  
June 30, 2020  
(Unaudited)**

**Introduction**

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

This section of UAS's annual financial report presents management's discussion and analysis of the financial performance of UAS during the fiscal year ended June 30, 2020. 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.

**Overview of the Financial Statements**

The financial statements presented herein include all of the activities of UAS as prescribed by statements of the Governmental Accounting Standards Board. UAS is an auxiliary organization of California State University, Los Angeles University.

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.

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 will result in cash flows for future fiscal periods (e.g., uncollected interest receivable).

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

**Management's Discussion and Analysis (Continued)  
June 30, 2020  
(Unaudited)**

**Statement 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 FY 2019-20 with FY 2018-19:

	<u>FY2019-20</u>	<u>FY2018-19</u>	<u>% Change</u>
<b>Assets:</b>			
Current assets	\$ 22,294,387	\$ 20,746,298	7%
Capital assets, net	31,561,978	32,330,621	-2%
Total assets	<u>53,856,365</u>	<u>53,076,919</u>	1%
<b>Deferred outflows of resources:</b>	353,974	341,419	4%
<b>Liabilities</b>			
Current liabilities	14,393,426	12,042,856	16%
Long-term liabilities	24,951,453	26,090,767	-5%
Total liabilities	<u>39,344,879</u>	<u>38,133,623</u>	3%
<b>Deferred inflows of resources:</b>	1,412,794	1,512,594	-7%
<b>Net position:</b>			
Net investment in capital assets	5,701,342	5,987,272	-5%
Unrestricted	7,751,324	7,784,849	0%
Total net position	<u>\$ 13,452,666</u>	<u>\$ 13,772,121</u>	-2%

**Assets**

UAS's assets totaled \$53.9 million on June 30, 2020, an increase of \$0.8 million, or 1%, compared to the previous year. Current assets increased \$1.5 million, or 7%, primarily due to an increase in net cash provided by operating activities. Capital assets, net, decreased by \$0.7 million, a 2% decrease primarily due \$1.5 million in depreciation expense incurred during the fiscal year offset by \$0.8 million in capital additions in construction and equipment.

**Liabilities**

UAS's liabilities totaled \$39.3 million on June 30, 2020, an increase of \$1.2 million, or 3%, compared to the previous year. The increase was the result of a \$0.4 million increase in accounts payable, and a \$1 million increase in unearned revenue, offset by \$1.3 million decrease in outstanding debt due to payments of principal, and a \$0.5 million decrease in accrued expenses.

**Net Position**

UAS's net position decreased by \$0.3 million from the previous year, primarily due to the facts described in the following page.

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

**Management's Discussion and Analysis (Continued)**  
**June 30, 2020**  
**(Unaudited)**

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

The table below is a summary of UAS's revenues, expenses and changes in net position comparing FY 2019-20 with FY 2018-19:

	<u>FY 2019-20</u>	<u>FY 2018-19</u>	<u>% Change</u>
<b>Operating revenues:</b>			
Grants and contracts	\$ 27,452,373	\$ 31,995,500	-14%
Auxiliary activities	3,289,991	4,962,961	-34%
Campus program activities	2,714,758	3,564,601	-24%
Lease income	1,851,498	1,716,217	8%
Other income	101,377	3,946,194	-97%
Total operating revenues	<u>35,409,997</u>	<u>46,185,473</u>	-23%
<b>Operating expenses:</b>			
Sponsored programs	27,164,436	28,770,594	-6%
Auxiliary activities	5,017,883	5,610,306	-11%
Campus program activities	2,589,110	3,377,494	-23%
General and administrative	334,957	151,363	121%
Total operating expenses	<u>35,106,386</u>	<u>37,909,757</u>	-7%
Operating income	<u>303,611</u>	<u>8,275,716</u>	-96%
<b>Nonoperating revenues (expenses):</b>			
Interest income	140,807	112,559	25%
Interest expense	(763,873)	(847,603)	-10%
Loss on retirement of capital assets	<u>-</u>	<u>(9,510)</u>	-100%
Net nonoperating expenses	<u>(623,066)</u>	<u>(744,554)</u>	-16%
<b>Change in net position:</b>	(319,455)	7,531,162	-104%
<b>Net position – beginning</b>	<u>13,772,121</u>	<u>6,240,959</u>	-121%
<b>Net position – ending</b>	<u>\$ 13,452,666</u>	<u>\$ 13,772,121</u>	-2%

Operating revenues decreased by \$10.8 million, or 23%, compared to the previous year. The decrease was primarily due to a \$4.5 million decrease in grants and contracts revenue, \$0.9 million decrease in campus program revenue, \$1.6 million decrease in auxiliary activity related to the COVID-19 pandemic, and \$3.2 million decrease in other income as a result of the one-time receipt of capital contribution of the RongXiang Xu BioSpace building in the prior year.

**Cal State L.A. University Auxiliary Services, Inc.**  
**Management's Discussion and Analysis (Continued)**  
**June 30, 2020**  
**(Unaudited)**

**Statement of Revenues, Expenses and Changes in Net Position (Continued)**

Operating expenses decreased by \$2.8 million, or 7%, compared to the previous year. The decrease was primarily due to a \$1.6 million decrease in sponsored programs, a \$0.6 million decrease in auxiliary services, and a \$0.8 million decrease in campus programs as a result from reduced on-campus activity in response to the COVID-19 pandemic.

Nonoperating expenses decreased by \$0.1 million, or 16%, compared to the previous year. The net decrease was due to a decrease in interest expense for the capital lease obligation and an increase in interest income from the Cal State University investment pool.

UAS's net position at the end of 2020 reflected a surplus of \$13.5 million, a decrease of \$0.3 million from the previous year due to the decreased operating activity during the current fiscal year.

**Capital Assets**

Capital assets include land, construction in progress, buildings and improvements, furniture, fixtures and equipment, and software at June 30, 2020. Total capital assets net of accumulated depreciation decreased by \$0.7 million from the previous year primarily due \$1.5 depreciation expense partially offset by \$0.8 million in acquisitions in construction in progress and equipment.

Accumulated depreciation increased by \$1.5 million from \$25.3 million to \$26.8 million. See Note 4 for additional information.

**Debt Administration**

Debt including capital lease obligations and notes payable totaled \$24.4 million at June 30, 2020, a decrease of \$1.3 million, or 5%, compared to the previous year. The decrease is due to principal payments for notes payable and capital lease obligations. See Note 6 for additional information.

**Contacting the Cal State L.A. University Auxiliary Services, Inc. Management**

This financial report is designed to provide the public with an overview of UAS's financial operations and condition. If you have questions about this report or need additional information, you can contact the UAS's Executive Director at 5151 State University Drive, Los Angeles, CA 90032.



## **Basic Financial Statements**

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

**Statement of Net Position  
June 30, 2020**

Assets	
Current assets	
Cash and cash equivalents	\$ 10,892,751
Restricted cash and cash equivalents	3,119,511
Accounts receivable, net	8,268,184
Inventory	10,999
Prepaid expenses and other current assets	<u>2,942</u>
Total current assets	<u>22,294,387</u>
Capital assets, net	
Non-depreciable	15,087,428
Depreciable	<u>16,474,550</u>
Total capital assets, net	<u>31,561,978</u>
Total assets	<u>53,856,365</u>
Deferred outflows of resources - other postemployment benefits	<u>353,974</u>
Liabilities	
Current liabilities	
Accounts payable	3,581,005
Accrued expenses	2,156,469
Unearned revenue	5,737,730
Compensated absences	434,178
Notes payable, current portion	211,200
Capital lease obligation, current portion	985,000
Other current liabilities	<u>1,287,844</u>
Total current liabilities	<u>14,393,426</u>
Long-term liabilities	
Other postemployment healthcare benefits	1,699,811
Notes payable, net of current portion	5,774,961
Capital lease obligation, net of current portion	<u>17,476,681</u>
Total long-term liabilities	<u>24,951,453</u>
Total liabilities	<u>39,344,879</u>
Deferred inflows of resources	
Unamortized gain on sale of property	141,584
Unamortized gain on refunding	549,112
Other postemployment benefits	<u>722,098</u>
Total deferred inflows of resources	<u>1,412,794</u>
Net position	
Net investment in capital assets	5,701,342
Unrestricted	<u>7,751,324</u>
Total net position	<u>\$ 13,452,666</u>

See Notes to Financial Statements.

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

Statement of Revenues, Expenses and Change in Net Position  
For the Year Ended June 30, 2020

Operating revenues	
Grants and contracts	\$ 27,452,373
Auxiliary activities	3,289,991
Campus program activities	2,714,758
Lease income	1,851,498
Other income	101,377
	<hr/>
Total operating revenues	35,409,997
	<hr/>
Operating expenses	
Sponsored programs	27,164,436
Auxiliary activities	5,017,883
Campus program activities	2,589,110
General and administrative	334,957
	<hr/>
Total operating expenses	35,106,386
	<hr/>
Operating income	303,611
	<hr/>
Nonoperating revenues (expenses)	
Interest income	140,807
Interest expense	(763,873)
	<hr/>
Net nonoperating expenses	(623,066)
	<hr/>
Change in net position	(319,455)
	<hr/>
Net position, beginning of year	13,772,121
	<hr/>
Net position, end of year	\$ 13,452,666
	<hr/> <hr/>

See Notes to Financial Statements.

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

Statement of Cash Flows  
For the Year Ended June 30, 2020

Cash flows from operating activities	
Federal grants and contracts	\$ 24,022,159
State and local grants and contracts	934,859
Nongovernmental grants and contracts	3,237,853
Sales and services of educational activities	2,714,758
Sales and services of auxiliary enterprises	6,207,925
Other receipts	101,375
Payments to suppliers	(12,100,977)
Payments to employees	(17,009,015)
Payments to students	<u>(2,994,848)</u>
Net cash provided by operating activities	<u>5,114,089</u>
Cash flows from capital and related financing activities	
Acquisition of capital assets	(772,751)
Principal paid on capital debt and leases	(1,151,200)
Interest paid on capital debt and leases	<u>(977,770)</u>
Net cash used in capital and related financing activities	<u>(2,901,721)</u>
Cash flows from investing activities	
Investment income	<u>140,807</u>
Net cash provided by investing activities	<u>140,807</u>
Net increase in cash and cash equivalents	2,353,175
Cash and cash equivalents - beginning of year	<u>11,659,087</u>
Cash and cash equivalents - end of year	<u>\$ 14,012,262</u>

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

Statement of Cash Flows  
For the Year Ended June 30, 2020

Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 303,611
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	1,541,394
Change in assets and liabilities	
Accounts receivable	780,972
Inventory	21,429
Prepaid expenses and other current assets	(2,942)
Accounts payable	431,081
Accrued expenses	(534,878)
Unearned revenue	1,022,335
Compensated absences	99,185
Other current liabilities	1,287,844
Other postemployment healthcare benefits	164,058
	<hr/>
Net cash provided by operating activities	\$ 5,114,089
	<hr/> <hr/>
Noncash capital and related financing activities	
Amortization of capital lease and note premium	\$ (150,673)
Amortization of gain on refunding	(44,523)
Amortization of gain on sale of property	(10,891)

See Notes to Financial Statements.

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

**Notes to Financial Statements  
June 30, 2020**

**Note 1 - Business and summary of significant accounting policies**

**Reporting entity**

Cal State L.A. University Auxiliary Services, Inc. ("UAS") is a nonprofit California corporation that is an auxiliary organization of California State University, Los Angeles ("University"). UAS assists the University in various activities, including developing and administering research and educational grants and contracts, managing building operations, campus day care center, bookstore, conference events, dining services, University Support Programs, special programs, and other activities.

**Basis of accounting and measurement focus**

The accompanying basic financial statements of UAS have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"), as promulgated by the Governmental Accounting Standards Board ("GASB"), the accepted standard-setting body for establishing governmental accounting and financial reporting principles. 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.

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 expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows.

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.

**Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand, demand deposits, restricted cash from grants and contracts, and UAS's share in the California State University ("CSU") system's cash and investments pool, which are reported at fair value.

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

Notes to Financial Statements  
June 30, 2020

For purposes of the statement of cash flows, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates and have an original maturity of three months or less at time of purchase. UAS considers the CSU system's cash and investment pool to be a demand deposit account where funds may be withdrawn and deposited at any time without prior notice or penalty. Both restricted and unrestricted balances are included in the ending balance of the statement of cash flows. Cash and Cash Equivalents is composed of the following as of June 30, 2020.

Cash and cash equivalents - unrestricted	\$ 10,892,751
Cash and cash equivalents - restricted for grant purposes	<u>3,119,511</u>
	<u>\$ 14,012,262</u>

**Accounts receivable**

Accounts receivable consists of amounts due from grants and contracts, the University and others. Annually, a review of outstanding receivables is conducted to determine collectability on past due receivables and an allowance is established based on historical data. As of June 30, 2020, the allowance for doubtful account is \$246,901.

**Capital assets**

Building and improvements, furniture, fixtures and equipment are stated at cost at the date of acquisition. UAS capitalizes all expenses for building improvements, furniture, fixtures and equipment with costs in excess of \$5,000 and with a useful life of one year or more and for which it is deemed probable that the assets will not revert back to the granting agency. For furniture, fixtures and equipment, depreciation is calculated using the straight-line method over the assets' estimated useful lives, which range from three to seven years. Building improvements are stated at cost and are amortized using the straight-line method over the estimated useful life of the asset or term of the lease, whichever is less. Buildings and housing are depreciated over 30 years.

**Components of net position**

*Net investment in capital assets* - This component of the net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings, 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.

*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.

**Policy regarding 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  
June 30, 2020

**Income taxes**

UAS is exempt from federal income and state franchise taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code, respectively. Accordingly, there is no provision for income taxes in the financial statements.

Management has considered its tax positions and believes that all of the positions taken by UAS in their federal and state exempt organization tax returns are more likely than not to be sustained upon examinations.

**Use of estimates**

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

**Note 2 - Cash and cash equivalents**

Cash and cash equivalents as of June 30, 2020, are composed of the following:

Cash on hand	\$ 5,215
Cash in banks	8,064,019
Pooled cash and investments	<u>5,943,028</u>
Total	<u>\$ 14,012,262</u>

**Cash in banks**

The *California Government Code* requires California banks and savings and loan associations to secure UAS's deposits. Obligations pledged to secure deposits must be delivered to an institution other than the institution in which the deposit is made; however, the trust department of the same institution may hold them. Written custodial agreements are required that provide, among other things, that the collateral securities are held separate from the assets of the custodial institution. The pledge to secure deposits is administered by the California Superintendent of Banks. The market value of pledged securities must equal 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure an agency's deposits by pledging first trust deeds or first mortgages having a value of 150% of an agency's total deposits. All such collateral is considered to be held by the pledging financial institutions' trust departments or agents in the name of UAS. At June 30, 2020, cash held by financial institutions for UAS of \$11,304,889 was entirely insured and collateralized as described above. The book balance at June 30, 2020 for UAS was \$8,064,019, of which \$3,119,511 was restricted for grants and contracts.

Financial instruments that potentially subject UAS to concentrations of credit risk consist principally of receivables and cash accounts in financial institutions. The total cash balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. As of June 30, 2020, UAS's bank deposits exceeded the balance insured by the FDIC by \$10,804,889. UAS monitors its financial institutions and the concentration of credit risk on a regular basis and does not anticipate nonperformance by the financial institutions.



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

**Notes to Financial Statements  
June 30, 2020**

**Pooled cash and investments in the California State University System**

UAS participates in the CSU investment pool (the "Pool") managed by U.S. Bank, an asset management and investment advisory firm that serves the CSU. Securities within the investment pool that are not insured are held in the name of CSU. Such short-term investments are reported at fair value, which was \$5,943,028, and represents approximately 0.1% of the Pool as of June 30, 2020. Investments in an external investment pool are not subject to reporting within the level hierarchy. There are no specific investments belonging to UAS. As UAS does not own identifiable investments of the Pool, but participates as a shareholder of the Pool, these investments are not individually identifiable and are not included in the leveling hierarchy. The fair value of UAS's share in the Pool approximates the fair value of the position in the Pool at June 30, 2020.

The Pool is not rated as of June 30, 2020. The weighted average to maturity of the Pool as of June 30, 2020 was 0.9 years. Additional information regarding the interest rate, credit, concentration of credit risks and fair value hierarchy in the Pool can be found in the notes to the California State University system's basic financial statements.

**Note 3 - Accounts receivable**

The following is a summary of accounts receivable at June 30, 2020:

Grants and contracts (net of allowance of \$246,901)	\$	7,769,631
Due from the Chancellor's Office		86,666
Due from California State University, Los Angeles		27,560
Other		<u>384,327</u>
Total	\$	<u><u>8,268,184</u></u>

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

**Notes to Financial Statements  
June 30, 2020**

**Note 4 - Capital assets**

The capital assets balance at June 30, 2020, consists of the following activity:

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
Capital assets, non-depreciable				
Land	\$ 639,000	\$ -	\$ -	\$ 639,000
Construction in progress	13,986,099	664,396	(202,067)	14,448,428
Total nondepreciable capital assets	<u>14,625,099</u>	<u>664,396</u>	<u>(202,067)</u>	<u>15,087,428</u>
Capital assets, depreciable				
Buildings and building improvements under capital lease	32,523,741	-	-	32,523,741
Furniture, fixtures and equipment	10,418,472	310,422	(6,882)	10,722,012
Software	95,724	-	-	95,724
Total depreciable capital assets	<u>43,037,937</u>	<u>310,422</u>	<u>(6,882)</u>	<u>43,341,477</u>
Less accumulated depreciation				
Buildings and building improvements under capital lease	(16,521,914)	(1,117,524)	-	(17,639,438)
Furniture, fixtures and equipment	(8,716,457)	(422,750)	6,882	(9,132,325)
Software	(94,044)	(1,120)	-	(95,164)
Total accumulated depreciation	<u>(25,332,415)</u>	<u>(1,541,394)</u>	<u>6,882</u>	<u>(26,866,927)</u>
Capital assets, depreciable (net)	<u>17,705,522</u>	<u>(1,230,972)</u>	<u>-</u>	<u>16,474,550</u>
Capital assets - net	<u>\$ 32,330,621</u>	<u>\$ (566,576)</u>	<u>\$ (202,067)</u>	<u>\$ 31,561,978</u>

Depreciation expense for the year ended June 30, 2020 was \$1,541,394.

**Note 5 - Accounts payable**

The following is a summary of accounts payable at June 30, 2020:

Accounts payable to third-party vendors	\$ 2,785,808
Payable to California State University, Los Angeles	795,197
Total	<u>\$ 3,581,005</u>

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

**Notes to Financial Statements  
June 30, 2020**

**Note 6 - Long-term obligations**

Long-term obligations activity for the year ended June 30, 2020, is as follows:

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020	Due in one year
Compensated absences	\$ 348,433	\$ 482,076	\$ (396,331)	\$ 434,178	\$ 434,178
Notes payable	6,031,000	-	(201,200)	5,829,800	211,200
Unamortized note premium	173,114	-	(16,753)	156,361	-
Capital lease obligation	17,760,000	-	(950,000)	16,810,000	985,000
Unamortized capital lease premium	1,785,600	-	(133,919)	1,651,681	-
Other postemployment healthcare benefits (Note 9)	1,478,813	220,998	-	1,699,811	-
	<u>\$ 27,576,960</u>	<u>\$ 703,074</u>	<u>\$ (1,698,203)</u>	26,581,831	<u>\$ 1,630,378</u>
Less current portion				<u>1,630,378</u>	
Total long-term obligation				<u>\$ 24,951,453</u>	

**Notes payable**

**University Student Union Note**

On April 1, 2008, UAS entered an interest-free note payable with the University-Student Union Board, California State University, Los Angeles ("USU"), an affiliate, for borrowing up to \$490,000. The purpose was to purchase furniture, fixtures or equipment, or for tenant improvement costs for Starbucks and Sbarro stores located in USU. Principal payments are \$38,400 annually for the first 10 years, \$21,200 annually for the remaining four years, and the final payment of \$21,200 on March 31, 2023, the date that the agreement expires. As of June 30, 2020, the outstanding balance was \$84,800, and total principal paid for the year ended June 30, 2020 was \$21,200.

**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 Note totaled \$1,225,000 at June 30, 2020, and total principal paid for the year ended June 30, 2020 was \$95,000. The interest rate of the SRB ranges from 2.0% to 5.0% in the next 14 years and total interest expense for the year ended June 30, 2020 was \$58,238. In addition, UAS has deferred note premiums, totaling of \$238,730. This balance is amortized over the term of the 2015 note and, at June 30, 2020, the unamortized premium was \$156,361.

**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 Rong Xiang Xu Bio Space building. Amounts outstanding under the 2018 Note totaled \$4,520,000 at June 30, 2020. The interest rate of the SRB ranges from 2.00% to 5.00% in the next 30 years and total interest expense for the year ended June 30, 2020 was \$179,669.

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

**Notes to Financial Statements  
June 30, 2020**

The principal maturities of notes payable outstanding as of June 30, 2020, are as follows:

	University Student Union		2015 Note with Trustees		2018 Note with Trustees		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
At June 30								
2021	\$ 21,200	\$ -	\$ 100,000	\$ 55,438	\$ 90,000	\$ 177,714	\$ 211,200	\$ 233,152
2022	21,200	-	105,000	51,613	90,000	175,112	216,200	226,725
2023	21,200	-	105,000	46,838	95,000	172,320	221,200	219,158
2024	21,200	-	110,000	41,893	95,000	169,347	226,200	211,240
2025	-	-	120,000	36,550	100,000	166,189	220,000	202,739
2026-2030	-	-	685,000	88,624	560,000	774,650	1,245,000	863,274
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	85,387	980,000	85,387
	<u>\$ 84,800</u>	<u>\$ -</u>	<u>\$ 1,225,000</u>	<u>\$ 320,956</u>	<u>\$ 4,520,000</u>	<u>\$ 3,208,323</u>	<u>\$ 5,829,800</u>	<u>\$ 3,529,279</u>

**Capital Lease Obligation**

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 Ground and Facilities 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 capital lease and, at June 30, 2020, the unamortized gain on the sale was \$141,584 and is 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.

On August 1, 2015, the Trustees issued a \$21,435,000 SRB, Series 2015A to UAS to refinance the SRB Series 2005 A & B. The amount of defeased bond outstanding as of date of refunding total \$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 \$16,810,000 at June 30, 2020. The interest rate of the SRB ranges from 2.0% to 5.0% in the next 15 years and total interest expense for the year was \$731,846. In addition, UAS has deferred capital lease premium, totaling of \$2,310,122 and deferred gain on refunding of the old lease, totaling of \$764,304. These balances will be amortized over the term of the Lease and, at June 30, 2020, the unamortized premium and gain on refunding were \$1,651,681 and \$549,112, respectively. The gain on refunding is classified as a deferred inflow of resources.

The amount of the leased asset is \$29,351,562 and accumulated depreciation was \$15,963,130 at June 30, 2020. Amortization expense is included in depreciation expense.

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

Notes to Financial Statements  
June 30, 2020

The minimum lease payments required by the lease are as follows:

Year ending June 30	
2021	\$ 1,688,762
2022	1,695,713
2023	1,687,463
2024	1,691,769
2025	1,688,300
2026 - 2030	8,442,526
2031 - 2035	<u>5,068,450</u>
Total minimum lease payments	21,962,983
Less amount representing interest	<u>(5,152,983)</u>
Present value of future minimum lease payments	<u>\$ 16,810,000</u>

**MUFG Union Bank loan**

In conjunction with the Coronavirus Aid, Relief, and Economic Security ("CARES") Act being passed by Congress in March 2020, UAS applied for a Small Business Administration ("SBA") loan as outlined in the Small Business Debt Relief Program. This program provides immediate relief to small business with non-disaster SBA loans. On May 1, 2020, the Small Business Administration approved a loan amount of \$1,287,844, for the UAS, which is included in other current liabilities. The loan has a two-year maturity and includes a fixed interest rate of 1% per year until the maturity date.

**Note 7 - Franchise of bookstore and food service**

UAS has entered into a qualified management agreement with an unrelated corporation (the Franchisee) under which UAS transferred management responsibilities to the bookstore. On March 22, 2012, the agreement was amended, extending the agreement for a five-year period through March 2017, with an automatic renew option through 2022. 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. During the year ended June 30, 2020, UAS recognized gross income of \$681,587 relating to this agreement. Under the terms of the amended agreement, UAS receives 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, Café LA/Starbucks and Metro Express Convenience Store. Both the signing bonus and renovation costs are repayable should the agreement be terminated by UAS prior to March 22, 2022. UAS has various agreements with 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 2022, with most Franchisees renewing under the same terms and conditions, as defined in the agreements. During the year ended June 30, 2020, UAS

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

**Notes to Financial Statements  
June 30, 2020**

recognized \$728,466 in commission income from net sales. The commission income is included in revenue from auxiliary activities.

**Note 8 - Retirement plans**

UAS Money Purchase Pension Plan ("Plan") is a defined contribution plan covering all employees of the UAS who have one year of service and are age 21 or older. The Plan is administered by Prudential Retirement Insurance and Annuity Company ("Prudential"). 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 this plan for the year ended June 30, 2020, was \$383,240.

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 ended June 30, 2020, was \$229,001.

**Note 9 - Other postemployment healthcare benefits (OPEB) plan**

**Plan description**

UAS sponsors Blue Cross and Kaiser HMOs and two Blue Cross PPOs. UAS contributes a significant portion of the cost of this coverage. Employees and retirees are required to contribute 10% of the monthly premium cost. The maximum UAS monthly contribution is set to the State 100/90 Annuitant Contribution Rate. The 2020 rates are as follows:

<u>Coverage level</u>	<u>2020</u>
Employee only	\$ 767
Two party	1,461
Family	1,868

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

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

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

UAS's Other Postemployment Healthcare Benefit ("OPEB") Plan is an agent multiple-employer defined benefit healthcare plan administered by CSU Auxiliaries Multiple Employer VEBA Trust

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

**Notes to Financial Statements  
June 30, 2020**

("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.

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

**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 reserve the right at any time or times to discontinue contributions to any extent in its sole judgment. For the year ended June 30, 2019, UAS contributed \$93,815. The contribution consists of \$93,815 representing premium payments on behalf of its retired employees. As of June 30, 2020, the number of active members and retired members and beneficiaries were 80 and 20, respectively.

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

**Notes to Financial Statements  
June 30, 2020**

**Schedule of changes in net OPEB liability**

	<u>2019</u>	<u>2018</u>
Total OPEB liability		
Service cost	\$ 159,350	\$ 185,403
Interest	235,823	246,773
Differences between expected and actual experience	(8,998)	273,469
Changes of assumptions	-	(807,839)
Benefit payments, including refunds of employee contributions	<u>(63,622)</u>	<u>(45,154)</u>
Net change in total OPEB liability	322,553	(147,348)
Total OPEB liability - beginning <a>	<u>3,802,380</u>	<u>3,949,728</u>
Total OPEB liability - ending <b>	<u><u>\$ 4,124,933</u></u>	<u><u>\$ 3,802,380</u></u>
Plan fiduciary net position		
Contribution - employer	\$ 63,622	\$ 1,545,154
Net investment income	110,055	66,043
Benefit payments, including refunds of employee contributions	(63,622)	(45,154)
Administrative expense	<u>(8,500)</u>	<u>(9,512)</u>
Net change in Plan fiduciary net position	101,555	1,556,531
Plan Plan fiduciary net position - beginning <c>	<u>2,323,567</u>	<u>767,036</u>
Plan Plan fiduciary net position - ending <d>	<u>2,425,122</u>	<u>2,323,567</u>
Net OPEB liability - beginning <a> - <c>	<u>1,478,813</u>	<u>3,182,692</u>
Net OPEB liability - ending <b> - <d>	<u><u>\$ 1,699,811</u></u>	<u><u>\$ 1,478,813</u></u>

The total OPEB liability was determined by an actuarial valuation as of June 30, 2018 with a measurement date of June 30, 2019 using the following assumptions, applied to all periods included in the measurement, unless otherwise specified.



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

**Notes to Financial Statements  
June 30, 2020**

**Plan fiduciary net position**

Detailed information about the plan fiduciary net position as of June 30, 2020 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.

Actuarial methods and assumptions

Discount rate	6.00%, based on the VEBA Plan Investment Policy
Net investment return	6.00%, based on the VEBA Plan Investment Policy
Inflation	2.26% annual inflation
Payroll increases	3.25% annual increases
Baseline cost	Pre-Medicare: \$6,781 per year Post-Medicare: \$2,374 per year
Administrative expenses	\$8,500 for the measurement period ending June 30, 2019
Health plan participation	100% of eligible participants will participate
Percent choosing Medicare Part B reimbursement	50%
Disability	Excluded from valuation due to anticipated low incidence of disability retirements
Retirement	Same rates used in the most recent CalPERS public agency miscellaneous: 2% @ 60 for actives hired before January 1, 2013 2% @ 62 for actives hired on or after January 1, 2013
Actuarial Cost Method	Entry age normal
Measurement Date	June 30, 2019
Valuation Date	June 30, 2018. Results have been rolled forward (an actuarial adjustment) to June 30, 2019

Healthcare trend rates used in the actuarial valuation are as follows:

<u>Year beginning</u>	<u>Increase in premium rates</u>	
	<u>Pre-65</u>	<u>Post-65</u>
2020	6.80%	5.00%
2021	6.55%	5.00%
2022	6.30%	5.00%
2023	6.05%	5.00%
2024	5.80%	5.00%
2025	5.55%	5.00%
2026	5.30%	5.00%
2027	5.05%	5.00%
2028 and after	5.00%	5.00%

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

**Notes to Financial Statements  
June 30, 2020**

Mortality rates used in this valuation are those described in the 2017 CalPERS experience study.

Pre-retirement: CalPERS 2017 mortality

Post-retirement: CalPERS 2017 mortality

Age	Sample mortality rates			
	Active employees		Retired employees	
	Male	Female	Male	Female
55	0.17%	0.12%	0.44%	0.41%
60	0.26%	0.17%	0.67%	0.48%
65	0.36%	0.23%	0.93%	0.64%
70	0.62%	0.39%	1.34%	0.93%
75	1.06%	0.62%	2.32%	1.63%
80	1.66%	0.94%	3.98%	3.01%
85	0.00%	0.00%	7.12%	5.42%
90	0.00%	0.00%	13.04%	10.09%

**Long-term expected rate of return**

As of June 30, 2019, the long-term expected rates of return for each major investment class in the VEBA's portfolio are as follows:

<u>Investment class</u>	<u>Target allocation</u>	<u>Strategy expected real rate of return*</u>	<u>Secular expected real rate of return*</u>
Equity	43.00%	3.59%	6.78%
REITs	7.00%	2.80%	5.30%
Fixed income	50.00%	0.80%	2.60%
	<u>100.00%</u>		

\* Morgan Stanley Wealth Management Global Investment Committee/  
Special Report capital market assumptions (expected inflation of 2.26%).

The above table shows the target asset allocation in VEBA investment policy.

**Discount rate**

The discount rate is based on a blend of the long-term expected rate of return on assets for benefits covered by plan assets and a yield or index for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or better for benefits not covered by plan assets.

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

**Notes to Financial Statements  
June 30, 2020**

The arithmetic long-term expected real rates of return by asset class shown above is for the next 10 years. For the years thereafter, returns were based on historical average index real returns over the last 30 years assuming a similar equity/fixed investment mix and a 2.26% inflation rate. Investment expenses were assumed to be 10 basis points per year. These returns were matched with cash flows for benefits covered by plan assets and the Bond Buyer 20-Bond General Obligation ("GO") index was matched with cash flows not covered by plan assets to measure the reasonableness of the choice in discount rate. Below are the discount rates used and the Bond Buyer 20-Bond GO Index as of measurement dates of June 30, 2019 and 2018.

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Discount rate	6.00%	6.00%
Bond Buyer 20-Bond GO Index	3.50%	3.87%

**Sensitivity analysis**

The following presents UAS's net OPEB liability if it were calculated using a discount rate that is 1% point lower (5.00%) or 1% higher (7.00%) than the current rate.

Sensitivity of the net OPEB liability to changes in the discount rate:

<u>Discount rate</u>	<u>Net OPEB liability</u>	<u>\$ change</u>	<u>% change</u>
+1%	\$ 1,075,681	\$ (624,130)	-37%
Base	1,699,811	-	-
-1%	2,485,073	785,262	46%

Sensitivity of the net OPEB liability to changes in the trend rate:

<u>Trend rate</u>	<u>Net OPEB liability</u>	<u>\$ change</u>	<u>% change</u>
+1%	\$ 2,671,523	\$ 971,712	57%
Base	1,699,811	-	-
-1%	968,188	(731,623)	-43%

**Annual OPEB expense and Net OPEB liability**

At June 30, 2020, UAS reported \$1,699,811 for the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2019. UAS's net OPEB liability was based on a projection of UAS's covered employee payroll of \$3,748,457.

Plan Fiduciary Net Position (plan assets) was valued as of the measurement date of June 30, 2019 and the total OPEB liability was determined based upon the actuarial valuation as of June 30, 2019. As of June 30, 2019, the Plan Fiduciary Net Position was \$2,425,122.

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

**Notes to Financial Statements  
June 30, 2020**

For the year ended June 30, 2020, UAS recognized OPEB expense of \$240,275. 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.

**Deferred outflows/inflows of resources**

	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Differences between expected and actual experience in the measurement of the total OPEB liability	\$ 238,237	\$ 18,335
Changes in assumptions	-	703,763
Net difference between projected and actual earnings of OPEB plan investments	39,519	-
Contribution to OPEB plan after measurement date	<u>76,218</u>	<u>-</u>
 Total	 <u>\$ 353,974</u>	 <u>\$ 722,098</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal year ended June 30, 2020</u>	<u>Deferred outflows/(inflows) of resources</u>
2021	\$ (24,235)
2022	(24,234)
2023	(25,136)
2024	(29,948)
2025	(35,768)
Thereafter	<u>(305,021)</u>
Total	<u>\$ (444,342)</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, 2020.

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

**Notes to Financial Statements  
June 30, 2020**

**Coronavirus**

In December 2019, a novel strain of the coronavirus (COVID-19) was reported. On March 11, 2020, the World Health Organization declared the COVID-19 a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closures. As a result of mandates issued by government officials, the campus of California State University, Los Angeles and the University Auxiliary Services, Inc. transitioned to virtual learning and programming in late March 2020. While the disruption is expected to be temporary, there is considerable uncertainty around the duration of this disruption. Therefore, while UAS expects this matter to continue to temporarily impact the UAS's financial condition, the extent of the financial impact and duration cannot be reasonably estimated at this time.

**Note 11 - Related party transactions**

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

UAS received utilities, mainframe computer services, printing, faculty release time, office supplies, information technology management, accounting and financial services, and human resource services from the University and was charged \$9,748,960 for the year ended June 30, 2020. This amount also included \$1,688,638 of the current year capital lease and interest expense payments, and \$265,016 for the Rongxiang Xu Bioscience Innovation Center for principal and interest of current year's balance due to the University.

UAS received \$4,604,596 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.

At June 30, 2020, UAS had outstanding receivables due from the Chancellor's office and the University in the amounts of \$86,666 and \$27,560, respectively (see Note 3).

At June 30, 2020, UAS had outstanding payables due to the University in the amount \$795,197 (see Note 5).

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 capitalized 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 6).

In April 2008, UAS entered an interest-free note payable with the USU, an affiliate, for borrowing up to \$490,000 (see Note 6).

**Required Supplementary Information**

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

**Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios  
June 30, 2020<sup>1</sup>  
(Unaudited)**

The following reflects changes in net OPEB liability for the measurement periods ending June 30:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability			
Service cost	\$ 159,350	\$ 185,403	\$ 185,403
Interest	235,823	246,773	226,162
Differences between expected and actual experience	(8,998)	273,469	(12,215)
Changes of assumptions	-	(807,839)	-
Benefit payments, including refunds of employee contributions	<u>(63,622)</u>	<u>(45,154)</u>	<u>(66,204)</u>
Net change in total OPEB liability	322,553	(147,348)	333,146
Total OPEB liability - beginning <a>	<u>3,802,380</u>	<u>3,949,728</u>	<u>3,616,582</u>
Total OPEB liability - ending <b>	<u>\$ 4,124,933</u>	<u>\$ 3,802,380</u>	<u>\$ 3,949,728</u>
Plan fiduciary net position			
Contribution - employer	\$ 63,622	\$ 1,545,154	\$ 816,204
Net investment income	110,055	66,043	17,638
Benefit payments, including refunds of employee contributions	(63,622)	(45,154)	(66,204)
Administrative expense	<u>(8,500)</u>	<u>(9,512)</u>	<u>(602)</u>
Net change in Plan fiduciary net position	101,555	1,556,531	767,036
Plan Plan fiduciary net position - beginning <c>	<u>2,323,567</u>	<u>767,036</u>	<u>-</u>
Plan Plan fiduciary net position - ending <d>	<u>2,425,122</u>	<u>2,323,567</u>	<u>767,036</u>
Net OPEB liability - beginning <a> - <c>	<u>1,478,813</u>	<u>3,182,692</u>	<u>3,182,692</u>
Net OPEB liability - ending <b> - <d>	<u>\$ 1,699,811</u>	<u>\$ 1,478,813</u>	<u>\$ 3,182,692</u>
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	59%	61%	19%
Covered-employee payroll	\$ 3,748,457	\$ 3,914,924	\$ 5,046,670
Plan Net OPEB Liability as a percentage of covered-employee payroll	45%	38%	63%

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

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

**Schedule of Other Postemployment Benefits Contributions  
June 30, 2020<sup>1</sup>  
(Unaudited)**

The following reflects the contribution towards the plan during the measurement periods ending June 30:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarial determined contributions	\$ 264,778	\$ 390,272	\$ 396,944
Contributions to the trust	-	(1,500,000)	(750,000)
Pay-go payments by employer unreimbursed by the trust	<u>(63,622)</u>	<u>(45,154)</u>	<u>(66,204)</u>
Contribution deficiency (excess)	<u>\$ 201,156</u>	<u>\$ (1,154,882)</u>	<u>\$ (419,260)</u>
Covered-employee payroll	\$ 3,748,457	\$ 3,914,924	\$ 5,046,670
Contributions as a percentage of covered-employee payroll	2%	39%	16%

(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.**

**Notes to Required Supplementary Information  
June 30, 2020  
(Unaudited)**

The actuarial methods and assumptions used to set the actuarially determined contributions for the fiscal year ending June 30, 2020, are as follows:

Valuation date	June 30, 2019
Discount rate	6.00%, based on the VEBA Plan Investment Policy
Net investment return	6.00%, based on the VEBA Plan Investment Policy
Inflation	2.26% annual inflation
Payroll increases	3.25% annual increases
Baseline cost	Pre-Medicare: \$6,781 per year Post-Medicare: \$2,374 per year
Administrative expenses	\$8,500 for the measurement period ending June 30, 2019
Health plan participation	100% of eligible participants will participate
Percent choosing Medicare Part B reimbursement	50%
Disability	Excluded from valuation due to anticipated low incidence of disability retirements
Retirement	Same rates used in the most recent CalPERS Public Agency Miscellaneous: 2% @ 60 for actives hired before January 1, 2013 2% @ 62 for actives hired on or after January 1, 2013
Actuarial cost method	Entry age normal
Measurement date	June 30, 2019

Healthcare trend rates used in the actuarial valuation are as follows:

Year beginning	Increase in Premium rates	
	Pre-65	Post-65
2020	6.80%	5.00%
2021	6.55%	5.00%
2022	6.30%	5.00%
2023	6.05%	5.00%
2024	5.80%	5.00%
2025	5.55%	5.00%
2026	5.30%	5.00%
2027	5.05%	5.00%
2028 and after	5.00%	5.00%

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

**Notes to Required Supplementary Information  
June 30, 2020  
(Unaudited)**

Mortality rates used in this valuation are those described in the 2017 CalPERS experience study.

Pre-retirement: CalPERS 2017 mortality  
Post-retirement: CalPERS 2017 mortality

Age	Sample mortality rates			
	Active employees		Retired employees	
	Male	Female	Male	Female
55	0.17%	0.12%	0.44%	0.41%
60	0.26%	0.17%	0.67%	0.48%
65	0.36%	0.23%	0.93%	0.64%
70	0.62%	0.39%	1.34%	0.93%
75	1.06%	0.62%	2.32%	1.63%
80	1.66%	0.94%	3.98%	3.01%
85	0.00%	0.00%	7.12%	5.42%
90	0.00%	0.00%	13.04%	10.09%

The actuarial methods and assumptions used to set the actuarially determined contributions for the fiscal year ending June 30, 2019, are as follows:

Valuation date	June 30, 2018
Discount rate	6.00%, based on the VEBA Plan Investment Policy
Net investment Return	6.00%, based on the VEBA Plan Investment Policy
Inflation	2.26% annual inflation
Payroll increases	3.25% annual increases
Baseline cost	Pre-Medicare: \$6,781 per year Post-Medicare: \$2,374 per year
Administrative expenses	\$9,512 for the measurement period ending June 30, 2018
Health plan participation	100% of eligible participants will participate
Percent choosing Medicare Part B reimbursement	50%
Disability	Excluded from valuation due to anticipated low incidence of disability retirements
Retirement	Same rates used in the most recent CalPERS Public Agency Miscellaneous: 2% @ 60 for actives hired before January 1, 2013 2% @ 62 for actives hired on or after January 1, 2013
Actuarial cost method	Entry age normal
Measurement date	June 30, 2018

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

**Notes to Required Supplementary Information  
June 30, 2020  
(Unaudited)**

Healthcare trend rates used in the actuarial valuation are as follows:

<u>Year beginning</u>	<u>Increase in premium rates</u>	
	<u>Pre-65</u>	<u>Post-65</u>
2020	6.80%	5.00%
2021	6.55%	5.00%
2022	6.30%	5.00%
2023	6.05%	5.00%
2024	5.80%	5.00%
2025	5.55%	5.00%
2026	5.30%	5.00%
2027	5.05%	5.00%
2028 and after	5.00%	5.00%

Mortality rates used in this valuation are those described in the 2017 CalPERS experience study.

Pre-retirement: CalPERS 2017 mortality  
Post-retirement: CalPERS 2017 mortality

<u>Age</u>	<u>Sample mortality rates</u>			
	<u>Active employees</u>		<u>Retired employees</u>	
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
55	0.17%	0.12%	0.44%	0.41%
60	0.26%	0.17%	0.67%	0.48%
65	0.36%	0.23%	0.93%	0.64%
70	0.62%	0.39%	1.34%	0.93%
75	1.06%	0.62%	2.32%	1.63%
80	1.66%	0.94%	3.98%	3.01%
85	0.00%	0.00%	7.12%	5.42%
90	0.00%	0.00%	13.04%	10.09%

## **Supplementary Information**

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

## Schedule of Net Position Year Ended June 30, 2020 (for inclusion in the California State University)

<b>Assets:</b>	
<b>Current assets:</b>	
Cash and cash equivalents	\$ 4,949,723
Short-term investments	5,943,028
Accounts receivable, net	8,268,184
Capital lease receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	-
Prepaid expenses and other current assets	13,941
<b>Total current assets</b>	<b>19,174,876</b>
<b>Noncurrent assets:</b>	
Restricted cash and cash equivalents	3,119,511
Accounts receivable, net	-
Capital lease receivable, net of current portion	-
Notes receivable, net of current portion	-
Student loans receivable, net	-
Pledges receivable, net	-
Endowment investments	-
Other long-term investments	-
Capital assets, net	31,561,978
Other assets	-
<b>Total noncurrent assets</b>	<b>34,681,489</b>
<b>Total assets</b>	<b>53,856,365</b>
<b>Deferred outflows of resources:</b>	
Unamortized loss on debt refunding	-
Net pension liability	-
Net OPEB liability	353,974
Others	-
<b>Total deferred outflows of resources</b>	<b>353,974</b>
<b>Liabilities:</b>	
<b>Current liabilities:</b>	
Accounts payable	4,649,109
Accrued salaries and benefits	1,088,365
Accrued compensated absences, current portion	434,178
Unearned revenues	5,737,730
Capital lease obligations, current portion	985,000
Long-term debt obligations, current portion	211,200
Claims liability for losses and loss adjustment expenses, current portion	-
Depository accounts	-
Other liabilities	1,287,844
<b>Total current liabilities</b>	<b>14,393,426</b>
<b>Noncurrent liabilities:</b>	
Accrued compensated absences, net of current portion	-
Unearned revenues	-
Grants refundable	-
Capital lease obligations, net of current portion	17,476,681
Long-term debt obligations, net of current portion	5,774,961
Claims liability for losses and loss adjustment expenses, net of current portion	-
Depository accounts	-
Net other postemployment benefits liability	1,699,811
Net pension liability	-
Other liabilities	-
<b>Total noncurrent liabilities</b>	<b>24,951,453</b>
<b>Total liabilities</b>	<b>39,344,879</b>
<b>Deferred inflows of resources:</b>	
Service concession arrangements	-
Net pension liability	-
Net OPEB liability	722,098
Unamortized gain on debt refunding	549,112
Nonexchange transactions	-
Others	141,584
<b>Total deferred inflows of resources</b>	<b>1,412,794</b>
<b>Net position:</b>	
Net investment in capital assets	5,701,342
Restricted for:	
Nonexpendable – endowments	-
Expendable:	
Scholarships and fellowships	-
Research	-
Loans	-
Capital projects	-
Debt service	-
Others	-
Unrestricted	7,751,324
<b>Total net position</b>	<b>\$ 13,452,666</b>

See Independent Auditor's Report.

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

### Schedule of Revenues, Expenses and Changes in Net Position Year Ended June 30, 2020 (for inclusion in the California State University)

<b>Revenues:</b>	
<b>Operating revenues:</b>	
Student tuition and fees, gross	\$ -
Scholarship allowances (enter as negative)	-
<b>Grants and contracts, noncapital:</b>	
Federal	23,279,662
State	934,858
Local	1,351,937
Nongovernmental	1,885,916
Sales and services of educational activities	4,566,256
Sales and services of auxiliary enterprises, gross	3,289,991
Scholarship allowances (enter as negative)	-
Other operating revenues	101,377
<b>Total operating revenues</b>	<b>35,409,997</b>
<b>Expenses:</b>	
<b>Operating expenses:</b>	
Instruction	11,436,428
Research	-
Public service	1,273,456
Academic support	8,295,141
Student services	1,946,241
Institutional support	1,017,200
Operation and maintenance of plant	524,973
Student grants and scholarships	4,479,890
Auxiliary enterprise expenses	4,591,665
Depreciation and amortization	1,541,392
<b>Total operating expenses</b>	<b>35,106,386</b>
<b>Operating income (loss)</b>	<b>303,611</b>
<b>Nonoperating revenues (expenses):</b>	
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	140,807
Endowment income (loss), net	-
Interest expense	(763,873)
Other nonoperating revenues (expenses) - excl. interagency transfers	-
<b>Net nonoperating revenues (expenses)</b>	<b>(623,066)</b>
<b>Income (loss) before other revenues (expenses)</b>	<b>(319,455)</b>
State appropriations, capital	-
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	-
<b>Increase (decrease) in net position</b>	<b>(319,455)</b>
<b>Net position:</b>	
Net position at beginning of year, as previously reported	13,772,121
Restatements	-
<b>Net position at beginning of year, as restated</b>	<b>13,772,121</b>
<b>Net position at end of year</b>	<b>\$ 13,452,666</b>

See Independent Auditor's Report.

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

**Other Information  
Year Ended June 30, 2020  
(for inclusion in the California State University)**

**1 Cash and cash equivalents:**

Portion of restricted cash and cash equivalents related to endowments	
All other restricted cash and cash equivalents	\$ 3,119,511
<b>Noncurrent restricted cash and cash equivalents</b>	<b>3,119,511</b>
Current cash and cash equivalents	4,949,722
<b>Total</b>	<b>\$ 8,069,233</b>

**2.1 Composition of investments:**

Investment Type	Current	Noncurrent	Fair Value
Money market funds	\$ -	\$ -	\$ -
Repurchase agreements	-	-	-
Certificates of deposit	-	-	-
U.S. agency securities	-	-	-
U.S. treasury securities	-	-	-
Municipal bonds	-	-	-
Corporate bonds	-	-	-
Asset backed securities	-	-	-
Mortgage backed securities	-	-	-
Commercial paper	-	-	-
Mutual funds	-	-	-
Exchange traded funds	-	-	-
Equity securities	-	-	-
Alternative investments:			
Private equity (including limited partnerships)	-	-	-
Hedge funds	-	-	-
Managed futures	-	-	-
Real estate investments (including REITs)	-	-	-
Commodities	-	-	-
Derivatives	-	-	-
Other alternative investment	-	-	-
Other external investment pools	5,943,028	-	5,943,028
CSU Consolidated Investment Pool (formerly SWIFT)	-	-	-
State of California Local Agency Investment Fund (LAIF)	-	-	-
State of California Surplus Money Investment Fund (SMIF)	-	-	-
Other investments:	-	-	-
Total Other investments	-	-	-
<b>Total investments</b>	<b>5,943,028</b>	<b>-</b>	<b>5,943,028</b>
Less endowment investments (enter as negative number)		-	-
<b>Total investments, net of endowments</b>	<b>\$ 5,943,028</b>	<b>\$ -</b>	<b>\$ 5,943,028</b>

See Independent Auditor's Report.

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

**Other Information  
Year Ended June 30, 2020  
(for inclusion in the California State University)**

**2.2 Fair value hierarchy in investments:**

Investment Type	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value (NAV)
Money market funds	\$ -	\$ -	\$ -	\$ -	\$ -
Repurchase agreements	-	-	-	-	-
Certificates of deposit	-	-	-	-	-
U.S. agency securities	-	-	-	-	-
U.S. treasury securities	-	-	-	-	-
Municipal bonds	-	-	-	-	-
Corporate bonds	-	-	-	-	-
Asset backed securities	-	-	-	-	-
Mortgage backed securities	-	-	-	-	-
Commercial paper	-	-	-	-	-
Mutual funds	-	-	-	-	-
Exchange traded funds	-	-	-	-	-
Equity securities	-	-	-	-	-
Alternative investments:					
Private equity (including limited partnerships)	-	-	-	-	-
Hedge funds	-	-	-	-	-
Managed futures	-	-	-	-	-
Real estate investments (including REITs)	-	-	-	-	-
Commodities	-	-	-	-	-
Derivatives	-	-	-	-	-
Other alternative investment	-	-	-	-	-
Other external investment pools	5,943,028	-	-	-	5,943,028
CSU Consolidated Investment Pool (formerly SWIFT)	-	-	-	-	-
State of California Local Agency Investment Fund (LAIF)	-	-	-	-	-
State of California Surplus Money Investment Fund (SMIF)	-	-	-	-	-
Other investments:	-	-	-	-	-
<b>Total Other investments</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total investments</b>	<b>\$ 5,943,028</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,943,028</b>

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

*Instruction: Amounts should agree with University's investments held on behalf of Discretely Presented Component Units.*

	Current	Noncurrent	Total
Investments held by the University under contractual agreements e.g - CSU Consolidated Investment Pool (formerly SWIFT):	\$ 5,943,028	\$ -	\$ 5,943,028

See Independent Auditor's Report.





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

## Other Information Year Ended June 30, 2020 (for inclusion in the California State University)

**4 Long-term liabilities:**

	Balance June 30, 2019	Prior Period Adjustments/Reclassifications	Balance June 30, 2019 (Restated)	Additions	Reductions	Balance June 30, 2020	Current Portion	Noncurrent Portion
1. Accrued compensated absences	\$ 348,432		\$ 348,432	\$ 482,076	\$ (396,330)	\$ 434,178	\$ 381,537	\$ 52,641
2. Claims liability for losses and loss adjustment expenses	-		-			-		-
<b>3. Capital lease obligations:</b>								
Gross balance	17,760,001		17,760,001		(950,000)	16,810,001	985,000	15,825,001
Unamortized net premium/(discount)	1,785,600		1,785,600		(133,920)	1,651,680	-	1,651,680
<b>Total capital lease obligations</b>	<b>19,545,601</b>	<b>-</b>	<b>19,545,601</b>	<b>-</b>	<b>(1,083,920)</b>	<b>18,461,681</b>	<b>985,000</b>	<b>17,476,681</b>
<b>4. Long-term debt obligations:</b>								
4.1 Auxiliary revenue bonds (non-SRB related)	5,925,000		5,925,000		(180,000)	5,745,000	190,000	5,555,000
4.2 Commercial paper	-		-			-		-
4.3 Notes payable (SRB related)	-		-			-		-
4.4 Others:								
Note Payable - University Student Union	106,000		106,000		(21,200)	84,800	21,200	63,600
	-		-			-		-
	-		-			-		-
	-		-			-		-
Total others	106,000	-	106,000	-	(21,200)	84,800	21,200	63,600
<b>Sub-total long-term debt</b>	<b>6,031,000</b>	<b>-</b>	<b>6,031,000</b>	<b>-</b>	<b>(201,200)</b>	<b>5,829,800</b>	<b>211,200</b>	<b>5,618,600</b>
4.5 Unamortized net bond premium/(discount)	173,114		173,114		(16,753)	156,361	-	156,361
<b>Total long-term debt obligations</b>	<b>6,204,114</b>	<b>-</b>	<b>6,204,114</b>	<b>-</b>	<b>(217,953)</b>	<b>5,986,161</b>	<b>211,200</b>	<b>5,774,961</b>
<b>Total long-term liabilities</b>	<b>\$ 26,098,147</b>	<b>\$ -</b>	<b>\$ 26,098,147</b>	<b>\$ 482,076</b>	<b>\$ (1,698,203)</b>	<b>\$ 24,882,020</b>	<b>\$ 1,577,737</b>	<b>\$ 23,304,283</b>

**5 Capital lease obligations schedule:**

	Capital lease obligations related to SRB			All other capital lease obligations			Total capital lease obligations		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
<b>Year ending June 30:</b>									
2021	\$ 985,000	\$ 703,763	\$ 1,688,763	-	-	-	\$ 985,000	\$ 703,763	\$ 1,688,763
2022	1,030,001	665,713	1,695,714	-	-	-	1,030,001	665,713	1,695,714
2023	1,070,000	617,463	1,687,463	-	-	-	1,070,000	617,463	1,687,463
2024	1,125,000	566,769	1,691,769	-	-	-	1,125,000	566,769	1,691,769
2025	1,175,000	513,300	1,688,300	-	-	-	1,175,000	513,300	1,688,300
2026 - 2030	6,710,000	1,732,526	8,442,526	-	-	-	6,710,000	1,732,526	8,442,526
2031 - 2035	4,715,000	353,450	5,068,450	-	-	-	4,715,000	353,450	5,068,450
2036 - 2040	-	-	-	-	-	-	-	-	-
2041 - 2045	-	-	-	-	-	-	-	-	-
2046 - 2050	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-
<b>Total minimum lease payments</b>	<b>\$ 16,810,001</b>	<b>\$ 5,152,984</b>	<b>\$ 21,962,985</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 16,810,001</b>	<b>\$ 5,152,984</b>	<b>\$ 21,962,985</b>
Less: amounts representing interest									(5,152,984)
<b>Present value of future minimum lease payments</b>									<b>16,810,001</b>
Unamortized net premium/(discount)									1,651,680
<b>Total capital lease obligations</b>									<b>18,461,681</b>
Less: current portion									(985,000)
<b>Capital lease obligations, net of current portion</b>									<b>\$ 17,476,681</b>

See Independent Auditor's Report.

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

## Other Information Year Ended June 30, 2020 (for inclusion in the California State University)

6 Long-term debt obligations schedule:

	Auxiliary revenue bonds (non-SRB related)			All other long-term debt obligations			Total long-term debt obligations		
	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest
<b>Year ending June 30:</b>									
2021	\$ 190,000	\$ 233,152	\$ 423,152	\$ 21,200	\$ 21,200	\$ 42,400	\$ 211,200	\$ 233,152	\$ 444,352
2022	195,000	226,725	421,725	21,200	21,200	42,400	216,200	226,725	442,925
2023	200,000	219,157	419,157	21,200	21,200	42,400	221,200	219,157	440,357
2024	205,000	211,241	416,241	21,200	21,200	42,400	226,200	211,241	437,441
2025	220,000	202,739	422,739	-	-	-	220,000	202,739	422,739
2026 - 2030	1,245,000	863,275	2,108,275	-	-	-	1,245,000	863,275	2,108,275
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
Thereafter	-	-	-	-	-	-	-	-	-
<b>Total minimum payments</b>	<b>\$ 5,745,000</b>	<b>\$ 3,529,278</b>	<b>\$ 9,274,278</b>	<b>\$ 84,800</b>	<b>\$ -</b>	<b>\$ 84,800</b>	<b>\$ 5,829,800</b>	<b>\$ 3,529,278</b>	<b>\$ 9,359,078</b>
Less: amounts representing interest									(3,529,278)
<b>Present value of future minimum payments</b>									<b>5,829,800</b>
Unamortized net premium/(discount)									156,361
<b>Total long-term debt obligations</b>									<b>5,986,161</b>
Less: current portion									(211,200)
<b>Long-term debt obligations, net of current portion</b>									<b>\$ 5,774,961.00</b>

7 Transactions with related entities:

Payments to University for salaries of University personnel working on contracts, grants, and other programs	11,702,614
Payments to University for other than salaries of University personnel	4,604,596
Payments received from University for services, space, and programs	(795,197)
Gifts-in-kind to the University from discretely presented component units	27,560
Gifts (cash or assets) to the University from discretely presented component units	-
Accounts (payable to) University (enter as negative number)	-
Other amounts (payable to) University (enter as negative number)	-
Accounts receivable from University (enter as positive number)	-
Other amounts receivable from University (enter as positive number)	-

See Independent Auditor's Report.

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

## Other Information Year Ended June 30, 2020 (for inclusion in the California State University)

9 Natural classifications of operating expenses:

	Salaries	Benefits - Other	Benefits - Pension	Benefits - OPEB	Scholarships and fellowships	Supplies and other services	Depreciation and amortization	Total operating expenses
Instruction	\$ 6,474,279	\$ 1,468,292	\$ 143,258	\$ 98,997		\$ 3,246,498		\$ 11,431,324
Research	-	-	-	-		-		-
Public service	593,917	102,939	24,029	16,843		535,728		1,273,456
Academic support	2,377,769	438,947	82,452	36,260		5,359,713		8,295,141
Student services	1,016,573	255,270	83,161	22,597		568,640		1,946,241
Institutional support	505,265	138,217	53,231	(17,326)		337,813		1,017,200
Operation and maintenance of plant	87,466	11,489	9,282	2,370		414,366		524,973
Student grants and scholarships					4,479,890			4,479,890
Auxiliary enterprise expenses	2,355,004	651,988	216,828	80,534		1,287,311		4,591,665
Depreciation and amortization							1,541,394	1,541,394
<b>Total operating expenses</b>	<b>\$ 13,410,273</b>	<b>\$ 3,067,142</b>	<b>\$ 612,241</b>	<b>\$ 240,275</b>	<b>\$ 4,479,890</b>	<b>\$ 11,750,069</b>	<b>\$ 1,541,394</b>	<b>\$ 35,101,284</b>

10 Deferred outflows/inflows of resources:

**1. Deferred Outflows of Resources**

Deferred outflows - unamortized loss on refunding(s)	\$ -
Deferred outflows - net pension liability	
Deferred outflows - net OPEB liability	353,974
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	<u>-</u>
<b>Total deferred outflows of resources</b>	<b>\$ 353,974</b>

**2. Deferred Inflows of Resources**

Deferred inflows - service concession arrangements	\$ -
Deferred inflows - net pension liability	
Deferred inflows - net OPEB liability	722,098
Deferred inflows - unamortized gain on debt refunding(s)	549,112
Deferred inflows - nonexchange transactions	
Deferred inflows - others:	
Sales/intra-entity transfers of future revenues	
Gain/loss on sale leaseback	
Loan origination fees and costs	
Change in fair value of hedging derivative instrument	
Irrevocable split-interest agreements	
Unamortized gain on sale of property	141,584
 Total deferred inflows - others	<u>141,584</u>
<b>Total deferred inflows of resources</b>	<b>\$ 1,412,794</b>

See Independent Auditor's Report.

Independent Auditor's Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards*

To the Board of Directors  
Cal State L.A. University Auxiliary Services, Inc.

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. (UAS), which comprise the statement of net position as of June 30, 2020, and the related statements of revenues, expenses and change 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 September 17, 2020.

#### Internal Control over Financial Reporting

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

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

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

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether UAS'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*.

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.

*CohnReznick LLP*

Los Angeles, California  
September 17, 2020



**Independent Member of Nexia International**

**[cohnreznick.com](http://cohnreznick.com)**

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

**Schedule of Expenditures of Federal Awards  
and Independent Auditor's Reports  
Required by the Uniform Guidance**

**Year Ended June 30, 2020**

---



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

Index

	<u>Page</u>
Schedule of Expenditures of Federal Awards	1
Notes to Schedule of Expenditures of Federal Awards	8
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 <i>Government Auditing Standards</i>	9
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	11
Schedule of Findings and Questioned Costs	14

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

**Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2020**

Federal Grantor/Program Name and Cluster	Catalog of Federal Domestic Assistance Number	PassThrough Grantor	Pass Through Entity's Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<b>OTHER AWARDS:</b>					
<b>U.S. Department of Agriculture</b>					
<b>CFDA # 10.558 - Child and Adult Care Food Program</b>					
Child Care Food Program 2018-2019	10.558	California Department of Education	04676-CACFP-19-NP-IC	\$ -	\$ 14,823
Child Care Food Program 2019-2020	10.558	California Department of Education	04676-CACFP-19-NP-IC	-	29,434
<b>Subtotal CFDA # 10.558</b>				<u>-</u>	<u>44,256</u>
<b>CFDA # 10.561 - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program</b>					
CalFresh Outreach Plan	10.561	CSU Chico Research Foundation	SUB18-021	-	32,884
CalFresh Outreach Plan	10.561	CSU Chico Research Foundation	SUB18-021	-	51,049
<b>Subtotal CFDA # 10.561</b>				<u>-</u>	<u>83,933</u>
<b>Subtotal U.S. Department of Agriculture</b>				<u>-</u>	<u>128,189</u>
<b>U.S. Department of Commerce</b>					
<b>CFDA # 11.300 - Investments for Public Works and Economic Development Facilities</b>					
BioSciences Business Incubator	11.300			-	214,268
<b>Subtotal CFDA # 11.300 and Economic Development Cluster</b>				<u>-</u>	<u>214,268</u>
<b>Subtotal U.S. Department of Commerce</b>				<u>-</u>	<u>214,268</u>
<b>U.S. Department of Defense</b>					
<b>CFDA # 12.300 - Basic and Applied Scientific Research</b>					
Naval STEM Program at Cal State LA	12.300			-	96,778
<b>Subtotal CFDA # 12.300</b>				<u>-</u>	<u>96,778</u>
<b>CFDA # - Per Funding Agency, No CFDA No.</b>					
19-20 Mentor Protégé Program	No CFDA No.	Northrup Grumman	PO 3045837	-	6,720
19-20 Mentor Protégé Program	No CFDA No.	Northrup Grumman	PO 3045947	-	25,696
<b>Subtotal CFDA</b>				<u>-</u>	<u>32,416</u>
<b>Subtotal U.S. Department of Defense</b>				<u>-</u>	<u>129,195</u>
<b>U.S. Department of Justice</b>					
<b>CFDA # 16.820 - Postconviction Testing of DNA Evidence</b>					
Post Conviction DNA Testing	16.820			222,409	387,583
<b>Subtotal CFDA # 16.820</b>				<u>222,409</u>	<u>387,583</u>
<b>Subtotal U.S. Department of Justice</b>				<u>222,409</u>	<u>387,583</u>
<b>U.S. Department of Transportation</b>					
<b>CFDA # 20.215 - Highway Training and Education</b>					
Ladders of Opportunity	20.215	California Department of Transportation	50A0054	37,218	92,946
Dwight David Eisenhower Transportation Fellowship Program	20.215			-	1,500
National Summer Transportation Institute	20.215	California Department of Transportation	88A0131	-	86,179
Dwight David Eisenhower Transportation Fellowship Program	20.215			-	8,500
Dwight David Eisenhower Transportation Fellowship Program	20.215			-	6,500
Dwight David Eisenhower Transportation Fellowship Program	20.215			-	5,000
Dwight David Eisenhower Transportation Fellowship Program	20.215			-	5,168
<b>Subtotal CFDA # 20.215</b>				<u>37,218</u>	<u>205,793</u>
<b>Subtotal U.S. Department of Transportation</b>				<u>37,218</u>	<u>205,793</u>
<b>U.S. Department of the Treasury</b>					
<b>CFDA # 21.009 - Volunteer Income Tax Assistance (VITA) Matching Grant Program</b>					
2018-2019 CSULA Volunteer Income Tax Assistance Program	21.009			-	2,479
<b>Subtotal CFDA # 21.009</b>				<u>-</u>	<u>2,479</u>
<b>Subtotal U.S. Department of the Treasury</b>				<u>-</u>	<u>2,479</u>

**Cal State L.A. University Auxiliary Services, Inc.**  
**Schedule of Expenditures of Federal Awards (Continued)**  
**Year Ended June 30, 2020**

Federal Grantor/Program Name and Cluster	Catalog of Federal Domestic Assistance Number	PassThrough Grantor	Pass Through Entity's Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<b>National Science Foundation</b>					
<b>CFDA # 47.076 - Education and Human Resources</b>					
Geosciences	47.076			-	3,138
Culturally Adaptive Pathway to Success (CAPS)	47.076			-	138,912
<b>Subtotal CFDA # 47.076</b>				<u>-</u>	<u>142,051</u>
<b>CFDA # 47.082 - Trans-NSF Recovery Act Research Support</b>					
MOEBIUS-Mathematics On Education Based Integrated Understanding Scholars	47.082			-	(3,450)
<b>Subtotal CFDA # 47.082</b>				<u>-</u>	<u>(3,450)</u>
<b>Subtotal National Science Foundation</b>					
				<u>-</u>	<u>138,601</u>
<b>U.S. Department of Education</b>					
<b>CFDA # 84.031 - Higher Education Institutional Aid</b>					
STEM Pipeline Los Angeles City College	84.031	Los Angeles Community College District	4500244240	-	110,547
Latina/o Graduate Students: SOAR	84.031M	CSU Fullerton	S-5852-CSULA	-	1,867
<b>Subtotal CFDA# 84.031 through 84.031M</b>				<u>-</u>	<u>112,414</u>
<b>CFDA # 84.047 - TRIO Upward Bound</b>					
Upward Bound Regular-Pasadena	84.047A			-	512,959
Upward Bound Regular-Los Angeles	84.047A			-	343,037
Upward Bound Math/Science Los Angeles	84.047M			-	308,173
Upward Bound Math/Science Pasadena	84.047M			-	296,410
<b>Subtotal CFDA # 84.047A through CFDA # 84.047M and TRIO Cluster</b>				<u>-</u>	<u>1,460,578</u>
<b>CFDA # 84.116 - Fund for the Improvement of Postsecondary Education</b>					
STEM Education Consortium	84.116F			251,086	491,777
<b>Subtotal CFDA # 84.116F</b>				<u>251,086</u>	<u>491,777</u>
<b>CFDA # 84.126 - Rehabilitation Services Vocational Rehabilitation Grants to States</b>					
19-20 CA Career Innovations	84.126	California Department of Rehabilitation	30834	98,573	191,962
2016-2017 CCI: Work Based Learning Initiative (CA Innovations)	84.126A	Department of Rehabilitation	30274	-	975
2018-2019 California Career Innovations	84.126A	Department of Rehabilitation	30834	62,253	55,182
2018-2019 Workability IV (WAIV)	84.126A	California Department of Rehabilitation	30036 Amendment No. 1	-	274
2019-2020 Workability IV (WAIV)	84.126A	California Department of Rehabilitation	31158	-	117,814
<b>Subtotal CFDA # 84.126 through 84.126A</b>				<u>160,826</u>	<u>366,208</u>
<b>CFDA # 84.235 - Rehabilitation Services Demonstration and Training Programs</b>					
Braille Brain: A Braille Training Program for pre/in-service Teachers	84.235E			-	64,621
<b>Subtotal CFDA # 84.235E</b>				<u>-</u>	<u>64,621</u>
<b>CFDA # 84.324A - Special Education Research</b>					
Sing and Speak 4 Kids: Online	84.324A	IQSonics, LLC	N/A	-	22,919
<b>Subtotal CFDA # 84.324A</b>				<u>-</u>	<u>22,919</u>
<b>CFDA # 84.325 - Special Education Personnel Development to Improve Services and Results for Children with Disabilities</b>					
Leadership in Special Education for High Need Children in Poverty Schools (Project LEAD)	84.325D			-	5,140
Project START UP (Special Education Teacher Education and Research on Teaching Urban Population)	84.325D			-	199,723
Combined Priority for Personnel Development	84.325K			-	61,445
Project PEDS: Preparing Effective Dual Specialists to Serve Children with Visual Impairments	84.325K			-	218,596
Project PISCES: Partners in Improving Social Communication in Early Childhood Special Education Program Improvement and Personnel Preparation (PIPP) of Experts working with School Aged Students who are Blind or Visually Impaired	84.325K			-	190,364
<b>Subtotal CFDA # 84.325 through 84.325K</b>				<u>-</u>	<u>185,772</u>
				<u>-</u>	<u>861,040</u>

**Cal State L.A. University Auxiliary Services, Inc.**  
**Schedule of Expenditures of Federal Awards (Continued)**  
**Year Ended June 30, 2020**

Federal Grantor/Program Name and Cluster	Catalog of Federal Domestic Assistance Number	PassThrough Grantor	Pass Through Entity's Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<b>CFDA # 84.334 - Gaining Early Awareness and Readiness for Undergraduate Programs</b>					
LAUSD - Go Central City GEARUP 4LA	84.334	LA Unified School District	4400005612	-	17,599
LAUSD-GEAR UP 4 LA-Southeast	84.334	LA Unified School District	4400007123	-	97,328
LAUSD-GEAR UP 4 LA-Central	84.334	LA Unified School District	4400007141	-	100,430
<b>Subtotal CFDA # 84.334</b>				<b>-</b>	<b>215,358</b>
<b>CFDA # 84.336 - Teacher Quality Partnership Grants</b>					
Los Angeles Urban Teacher Residency Program Transformation Initiative	84.336S			653,701	957,373
<b>Subtotal CFDA # 84.336S</b>				<b>653,701</b>	<b>957,373</b>
<b>CFDA # 84.367 - Supporting Effective Instruction State Grants</b>					
LAB CAP-L.A. Basin CA Arts Pro	84.367	The Regents of UC	ESSA 18-TCAP-Cal State LA	-	25,547
<b>Subtotal CFDA # 84.367</b>				<b>-</b>	<b>25,547</b>
<b>Subtotal U.S. Department of Education</b>				<b>1,065,612</b>	<b>4,577,835</b>
<b>U.S. Department of Health and Human Services</b>					
<b>CFDA # 93.247 - Advanced Nursing Education Workforce Grant Program</b>					
ANEW (Advanced Nursing Education Workforce)	93.247	AltaMed	T94HP32883	-	86,011
<b>Subtotal CFDA # 93.247</b>				<b>-</b>	<b>86,011</b>
<b>CFDA # 93.575 - Child Care and Development Block Grant/CFDA # 93.596 - Child Care Mandatory and Matching Funds of the Child Care and Development Fund</b>					
Gen Child Care Prog 2019-2020	93.575	California Department of Education	15136 CCTR-9069	-	37,465
CA State Preschool Prog 19-20	93.575	California Department of Education	15136 CSPP-9161	-	31,688
Gen Child Care Prog 2019-2020	93.596	California Department of Education	13609 CCTR-9069	-	74,930
CA State Preschool Prog 19-20	93.596	California Department of Education	13609 CSPP-9161	-	15,844
<b>Subtotal CFDA # 93.575/93.596 and CCDF Cluster</b>				<b>-</b>	<b>159,927</b>
<b>CFDA # 93.658 - Foster Care Title IV E</b>					
CALSWEC 1 Full-Time and Part Time Training Program 2018-2019	93.658	Regents of the University of California	00009912	-	64,185
2019-2020 CalSWEC 1 FT and PT	93.658	Regents of the University of California	00009912 Amendment 1	-	1,162,621
19-20 Training & Staff Dev & Ma	93.658	Regents of the University of California	1187SWA298 Amendment 1	-	642,757
<b>Subtotal CFDA # 93.658</b>				<b>-</b>	<b>1,869,563</b>
<b>CFDA # 93.778 - Medical Assistance Program</b>					
Local Dental Pilot Project	93.778	Department of Health Care Services	16-93566	3,355,567	6,234,387
<b>Subtotal CFDA # 93.778 and Medicaid Cluster</b>				<b>3,355,567</b>	<b>6,234,387</b>
<b>Subtotal U.S. Department of Health and Human Services</b>				<b>3,355,567</b>	<b>8,349,887</b>
<b>Corporation for National and Community Service</b>					
<b>CFDA # 94.006 - AmeriCorps</b>					
Jumpstart - East Los Angeles 2018-2019	94.006	JumpStart for Young Children, Inc.	230200	-	31,003
Jumpstart - East Los Angeles 2019-2020	94.006	JumpStart for Young Children, Inc.	3270200	-	35,084
<b>Subtotal CFDA # 94.006</b>				<b>-</b>	<b>66,087</b>
<b>Subtotal Corporation for National and Community Service</b>				<b>-</b>	<b>66,087</b>
<b>Total Other Awards</b>				<b>4,680,807</b>	<b>14,199,916</b>

**Cal State L.A. University Auxiliary Services, Inc.**  
**Schedule of Expenditures of Federal Awards (Continued)**  
**Year Ended June 30, 2020**

Federal Grantor/Program Name and Cluster	Catalog of Federal Domestic Assistance Number	PassThrough Grantor	Pass Through Entity's Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<b>RESEARCH AND DEVELOPMENT AWARDS (R&amp;D Cluster):</b>					
<b>U.S. Department of Agriculture</b>					
<b>CFDA # 10.310 - Agriculture and Food Research Initiative (AFRI)</b>					
Improving the Sensory Attribute	10.310			2,124	15,255
<b>Subtotal CFDA # 10.310</b>				<b>2,124</b>	<b>15,255</b>
<b>Subtotal U.S. Department of Agriculture</b>				<b>2,124</b>	<b>15,255</b>
<b>U.S. Department of Commerce</b>					
<b>CFDA # 11.020 - Cluster Grants</b>					
LA BioStart BioScience Entrepreneur	11.020			21,375	101,647
<b>Subtotal CFDA # 11.020</b>				<b>21,375</b>	<b>101,647</b>
<b>CFDA # 11.432 - National Oceanic and Atmospheric Administration (NOAA) Cooperative Institute</b>					
CIMEC Education Outreach	11.432	UC San Diego	12656360	-	3,792
<b>Subtotal CFDA # 11.432</b>				<b>-</b>	<b>3,792</b>
<b>Subtotal U.S. Department of Commerce</b>				<b>21,375</b>	<b>105,440</b>
<b>U.S. Department of Defense</b>					
<b>CFDA # 12.630 - Basic, Applied, and Advanced Research in Science and Engineering</b>					
Multifunctional Metal-Organic Frameworks for Efficient Degradation of Chemical Warfare Agents: Mechanism and Synthesis	12.630			-	162,462
<b>Subtotal CFDA # 12.630</b>				<b>-</b>	<b>162,462</b>
<b>CFDA # 12.800 - Air Force Defense Research Sciences Program</b>					
Theoretical/Computational Studies of High-Temperature Superconductivity from Quantum Magnetism	12.800			-	81,538
<b>Subtotal CFDA # 12.800</b>				<b>-</b>	<b>81,538</b>
<b>CFDA # - Per Funding Agency, No CFDA No.</b>					
Novel Low Scattering Coatings for High Energy Weapon Applications	No CFDA No.	RioLab, LLC	Not Available	-	7,705
<b>Subtotal CFDA</b>				<b>-</b>	<b>7,705</b>
<b>Subtotal U.S. Department of Defense</b>				<b>-</b>	<b>251,705</b>
<b>U.S. Department of the Interior</b>					
<b>CFDA # 15.530 - Water Conservation Field Services (WCFS)</b>					
Sustainable Technologies and Applications to Decentralized Water Treatment Systems	15.530	The Metropolitan Water District of Southern California	191319	-	18,334
<b>Subtotal CFDA # 15.530</b>				<b>-</b>	<b>18,334</b>
<b>Subtotal U.S. Department of the Interior</b>				<b>-</b>	<b>18,334</b>
<b>U.S. Department of Justice</b>					
<b>CFDA # 16.560 - National Institute of Justice Research, Evaluation, and Development Project Grants</b>					
Evaluation of Services for Victims of Crime	16.560			-	39,441
<b>Subtotal CFDA # 16.560</b>				<b>-</b>	<b>39,441</b>
<b>Subtotal U.S. Department of Justice</b>				<b>-</b>	<b>39,441</b>
<b>U.S. Department of Transportation</b>					
<b>CFDA # 20.701 - University Transportation Centers Program</b>					
2016-2017 University Transportation Center for Underground Transportation Infrastructure	20.701	Colorado School of Mines	69A3551747118	-	(30,406)
2017-2018 University Transportation Center for Underground Transportation Infrastructure	20.701	Colorado School of Mines	401208-5801 Amendment No. 1	-	354,431
2018-2019 University Transportation Center for Underground Transportation Infrastructure	20.701	Colorado School of Mines	401208-5801 Amendment No. 3	-	(43,686)
<b>Subtotal CFDA # 20.701</b>				<b>-</b>	<b>280,338</b>
<b>Subtotal U.S. Department of Transportation</b>				<b>-</b>	<b>280,338</b>

**Cal State L.A. University Auxiliary Services, Inc.**  
**Schedule of Expenditures of Federal Awards (Continued)**  
**Year Ended June 30, 2020**

Federal Grantor/Program Name and Cluster	Catalog of Federal Domestic Assistance Number	PassThrough Grantor	Pass Through Entity's Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<b>National Aeronautics and Space Administration</b>					
<b>CFDA # 43.001 - Science</b>					
The SOFIA Archive Protostar Catalog: Connecting High and Low Mass Star Formation	43.001	University of Maryland	80738-Z6219201	-	53,110
Collaborative Technology and Student Development in Thermo-Fluid Sciences	43.001	Jet Propulsion Laboratory	1645190	-	8,652
<b>Subtotal CFDA # 43.001</b>				<b>-</b>	<b>61,762</b>
<b>CFDA # 43.007 - Space Operations</b>					
Pore-Mushy Zone Interaction during Directional Solidification of Alloys	43.007			4,554	10,061
<b>Subtotal CFDA # 43.007</b>				<b>4,554</b>	<b>10,061</b>
<b>CFDA # 43.008 - Office of Stem Engagement (OSTEM)</b>					
Data Intensive Research & Education Center for Science, Technology, Engineering and Mathematics (DIRECT-STEM)	43.008			275,767	958,835
<b>Subtotal CFDA # 43.008</b>				<b>275,767</b>	<b>958,835</b>
<b>Subtotal National Aeronautics and Space Administration</b>				<b>280,321</b>	<b>1,030,657</b>
<b>National Science Foundation</b>					
<b>CFDA # 47.041 - Engineering Grants</b>					
PFI-TT: Developing Antifreeze Polypeptide-Based Systems for Organ Preservation	47.041			27,415	61,815
Collaborative Research: Engineering Identity, its Predictors and its Impact on Retention across Educational Stages	47.041	University of Texas at Austin	UTA18-000263	-	2,419
<b>Subtotal CFDA # 47.041</b>				<b>27,415</b>	<b>64,234</b>
<b>CFDA # 47.049 - Mathematical and Physical Sciences</b>					
PREM: Cal State LA & Penn State Partnership for Materials Research and Education Development	47.049			(34,056)	389,176
RUI: Graph Coloring and Choosability	47.049			-	9,934
RUI: Collaborative Research on the Role of Singlet	47.049			-	39,522
MRI: Acquisition of a Rheometer for Research and Research Training in Science and Engineering at CSULA	47.049			-	31,060
Collaborative Research: LSC Center for Coatings Research	47.049			30,310	30,310
MRI: Acquisition of a Matrix-Assisted laser Desorption/Ionization Time-of-Flight (MALDI TOF) Mass Spectrometer for of Research and Research Training at CSULA	47.049			-	164,315
<b>Subtotal CFDA # 47.049</b>				<b>(3,746)</b>	<b>664,316</b>
<b>CFDA # 47.070- Computer and Information Science and Engineering</b>					
I-Corps: Towards Thermally Stable Formulations	47.070			-	5,528
Spokes: Medium: Collaborative: Big Data to Promote Community Learning and Impact	47.070			78,139	246,928
<b>Subtotal CFDA # 47.070</b>				<b>78,139</b>	<b>252,456</b>
<b>CFDA # 47.074 - Biological Sciences</b>					
RUI: Collaborative Research: Phylogenomics of Cyprinididae (Ostracoda): Evolutionary Origins of Bioluminescence and Complex Behavioral Displays	47.074			-	(7,275)
Collaborative Research: RUI Sink or Swim: Phenomic and Transcriptomic Diversification of Sculpins (Teleostei: Cottidae) Endemic to Lake Baikal, Russia	47.074			-	22,859
Collaborative Research: Dimensions: Desiccation and Diversity in Dryland Mosses	47.074			28,249	83,508
Digitization TCN: Collaborative Research: Capturing California's Flowers using digital images to investigate phenological change in biodiversity hotspot	47.074			-	6,732
CAREER:Elucidating the Spatiotemporal Dynamics of the Cyanobacterial circadian clock	47.074			-	127,306
Collaborative Research: ARTS: Understanding Tropical Invertebrate Diversity Through Integrative Revisionary Systematics and Training	47.074			-	25,832
<b>Subtotal CFDA # 47.074</b>				<b>28,249</b>	<b>258,962</b>

**Cal State L.A. University Auxiliary Services, Inc.**  
**Schedule of Expenditures of Federal Awards (Continued)**  
**Year Ended June 30, 2020**

Federal Grantor/Program Name and Cluster	Catalog of Federal Domestic Assistance Number	PassThrough Grantor	Pass Through Entity's Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<b>CFDA # 47.076 - Education and Human Resources</b>					
CREST Center for Energy and Sustainability at California State University, Los Angeles	47.076			-	418,146
Louis Stokes Alliance for Minority Participation Bridge to the Doctorate (Cohort XIV) 2017	47.076	University Enterprises, Inc., CSU		-	49,113
CREST Center for Energy and Sustainability at California State University, Los Angeles	47.076	Sacramento	529851	-	34,044
Collaborative Research: First Year Experience for Engineering, Computer Science and Technology	47.076			-	265,992
CREST Suppl:Cntr for Energy & Science	47.076			-	86,292
LSAMP BD: California State University, Los Angeles, CSU-LSAMP-BD Cohort 15	47.076	University Enterprises, Inc., CSU		-	512,697
		Sacramento	532201A	-	-
Cal State University Louis Stokes STEM Pathways and Research Alliance	47.076	University Enterprises, Inc., CSU		-	3,150
CREST Supplement: Advancing Water Sustainability in Mediterranean Climate Urban Areas	47.076	Sacramento	533121	-	9,540
2019-2020 CSU LouisStokes STEM	47.076	University Enterprises, Inc., CSU		-	21,637
		Sacramento	533122	-	-
Broadening Opportunities for Interdisciplinary Computational	47.076	San Diego State University Research		-	24,518
		Foundation	SA0000717	-	-
<b>Subtotal CFDA # 47.076</b>				<b>-</b>	<b>1,425,130</b>
<b>CFDA # 47.079 - Office of International Science and Engineering</b>					
Collaborative Research: US-Brazil IRES/Analytical Applications of Nanomaterials and Microfluidic Devices	47.079			-	7,818
<b>Subtotal CFDA # 47.079</b>				<b>-</b>	<b>7,818</b>
<b>Subtotal National Science Foundation</b>				<b>130,057</b>	<b>2,672,916</b>
<b>U.S. Department of Energy</b>					
<b>CFDA # 81.049 - Office of Science Financial Assistance Program</b>					
Design Principles for Quantum Hall States	81.049	Princeton University	ORPA001784	-	(55,799)
Design Principles for Quantum Hall States 2018-2019	81.049	Princeton University	ORPA001784 Amend 10	-	153,993
<b>Subtotal CFDA # 81.049</b>				<b>-</b>	<b>98,194</b>
<b>Subtotal U.S. Department of Energy</b>				<b>-</b>	<b>98,194</b>
<b>U.S. Department of Education</b>					
<b>CFDA # 84.031 - Higher Education Institutional Aid</b>					
Expanding Opportunities for Pre-Health and Life Science Professionals	84.031M			-	330,074
<b>Subtotal CFDA# 84.031M</b>				<b>-</b>	<b>330,074</b>
<b>CFDA # 84.116 - Fund for the Improvement of Postsecondary Education</b>					
Promoting Active Learning Strategies Through the Flipped Class Model in STEM courses at San Jose University, California State University-Los Angeles, and Cal Poly Pomona	84.116F	San Jose State University	21-2000-5532-CSULA 2015	-	86,164
<b>Subtotal CFDA # 84.116F</b>				<b>-</b>	<b>86,164</b>
<b>CFDA # 84.335A - Child Care Access Means Parents in School</b>					
Child Care Access Means Parents in Schools (CCAMPIS)	84.335A			-	290,244
<b>Subtotal CFDA # 84.335A</b>				<b>-</b>	<b>290,244</b>
<b>Subtotal U.S. Department of Education</b>				<b>-</b>	<b>706,483</b>
<b>U.S. Department of Health and Human Services</b>					
<b>CFDA # 93.173 - Research Related to Deafness and Communication Disorders</b>					
Profiles & Progress in Spanish	93.173	Temple University	263001-CSLA Amend 1	-	73,376
<b>Subtotal CFDA # 93.173</b>				<b>-</b>	<b>73,376</b>
<b>CFDA # 93.394 - Cancer Detection and Diagnosis Research</b>					
Linking Churches with Parks to Increase Activity Among Latinos	93.394	RAND Corporation	9920180082	-	49,896
<b>Subtotal CFDA # 93.394</b>				<b>-</b>	<b>49,896</b>
<b>CFDA # 93.398 - Cancer Research Manpower</b>					
Improving Patient-Centered Communication & Cancer Care	93.398	Beckman Research Institute City of Hope	51834.2000560.669301	-	1,953
<b>Subtotal CFDA # 93.398</b>				<b>-</b>	<b>1,953</b>

**Cal State L.A. University Auxiliary Services, Inc.**  
**Schedule of Expenditures of Federal Awards (Continued)**  
**Year Ended June 30, 2020**

Federal Grantor/Program Name and Cluster	Catalog of Federal Domestic Assistance Number	PassThrough Grantor	Pass Through Entity's Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<b>CFDA # 93.433 - ACL National Institute on Disability, Independent Living, and Rehabilitation Research</b>					
The Disability, Rehabilitation, Engineering Access for Minorities (DREAM) Project 2018-2019	93.433			-	33,065
<b>Subtotal CFDA # 93.433</b>				-	<b>33,065</b>
<b>CFDA # 93.847 - Diabetes, Digestive, and Kidney Diseases Extramural Research</b>					
Impact of HIV/SIV Infection on Paneth and Intestinal Stem Cell Infection	93.847	Tulane University	TUL-HSC-555249-16/17	-	7,922
<b>Subtotal CFDA # 93.847</b>				-	<b>7,922</b>
<b>CFDA # 93.859 - Biomedical Research and Research Training</b>					
Bridges To The Future	93.859			-	(234)
Macromolecular Interactions of t-Darpp and Darpp-32 subcontract from the City of Hope 2015-2016	93.859	Beckman Research Institute City of Hope	50607.2000478.669301	-	502
The Crosstalk Between Arginine Methylation and Science Phosphorylation in Histone H3	93.859			-	93,348
Identification and Molecular Basis for Efficient Antifreeze Protein Enhancers	93.859			-	86,163
L.A. Basin Bridges to the PhD Program 2016-2017	93.859			5,277	221,446
Investigating if Mad Linker Phosphorylations can control BMP Receptor Turnover	93.859			-	107,829
AK4 Expression Coordinates Dual AMPK and mTOR Signaling	93.859			-	61,204
Research Initiative for Scientific Enhancement (RISE)	93.859			-	1,396,082
Macromolecular Interactions of t-Darpp and Darpp-32	93.859			-	17,899
The Role of Zinc Ions for RNA Binding and Catalytic Function of the DYW-deaminase	93.859			-	136,754
MARC Undergraduate Student Training in Academic Research 2018-2019	93.859			-	52,329
Bridges To The Future	93.859			4,685	256,936
2018-2019 Uplift: UCLA Postdocs' Longitudinal in Faculty Training	93.859	Regents of the University of California	1445 G UA813 Amendment 2	-	53,319
MARC Undergraduate Student Training in Academic Research 2019-2020	93.859			-	432,015
2020-2021 MARC Undergraduate Student Training in Academic Research	93.859			-	15,641
<b>Subtotal CFDA # 93.859</b>				<b>9,962</b>	<b>2,931,233</b>
<b>CFDA # 93.865 - Child Health and Human Development Extramural Research</b>					
SPROUT: Human Development & Disability	93.865			17,886	63,507
<b>Subtotal CFDA # 93.865</b>				<b>17,886</b>	<b>63,507</b>
<b>Subtotal U.S. Department of Health and Human Services</b>				<b>27,847</b>	<b>3,160,952</b>
<b>Total Research and Development Awards</b>				<b>461,725</b>	<b>8,379,716</b>
<b>Total Expenditures of Federal Awards</b>				<b>\$ 5,142,531</b>	<b>\$ 22,579,632</b>

See Notes to Schedule of Expenditures of Federal Awards



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

**Notes to Schedule of Expenditures of Federal Awards  
June 30, 2020**

**Note 1 - Basis of presentation**

The accompanying Schedule of Expenditures of Federal Awards ("Schedule") presents the activity of all federal award programs of the Cal State L.A. University Auxiliary Services, Inc. ("UAS") under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the schedule presents only a selected portion of the operations of UAS, it is not intended to and does not present the financial position, changes in net position or cash flows of UAS.

**Note 2 - Summary of significant accounting policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years, such as transfer of expenses incurred in the previous year to a continuing project in the current fiscal year.

**Note 3 - Indirect cost rate**

UAS has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**Note 4 - Subrecipients**

UAS passes certain financial awards received to other governments or not-for-profit agencies (subrecipients). As Note 2 describes, UAS reports expenditures of federal awards to subrecipients on the accrual basis.

Independent Auditor's Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance  
with *Government Auditing Standards*

To the Board of Directors  
Cal State L.A. University Auxiliary Services, Inc.

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. ("UAS"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise UAS's basic financial statements, and have issued our report thereon dated September 17, 2020.

*Internal Control over Financial Reporting*

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

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

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

*Compliance and Other Matters*

As part of obtaining reasonable assurance about whether UAS'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*.

*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.

*CohnReznick LLP*

Los Angeles, California  
October 21, 2020

Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

To the Board of Directors  
Cal State L.A. University Auxiliary Services, Inc.

*Report on Compliance for Each Major Federal Program*

We have audited Cal State L.A. University Auxiliary Services, Inc.'s ("UAS") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget ("OMB") *Compliance Supplement* that could have a direct and material effect on each of UAS's major federal programs for the year ended June 30, 2020. UAS's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

*Management's Responsibility*

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

*Auditor's Responsibility*

Our responsibility is to express an opinion on compliance for each of UAS's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about UAS's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of UAS's compliance.

*Opinion on Each Major Federal Program*

In our opinion, UAS complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

### *Report on Internal Control over Compliance*

Management of UAS is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered UAS's internal control over compliance with the types of requirements

that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of UAS's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

### *Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance*

We have audited the financial statements of UAS as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise UAS's basic financial statements. We issued our report thereon dated September 17, 2020 which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements

themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*CohnReznick LLP*

Los Angeles, California  
October 21, 2020

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

Schedule of Findings and Questioned Costs
Year Ended June 30, 2020

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States: Unmodified Opinion

Internal control over financial reporting:
• Material weakness(es) identified? No
• Significant deficiency(ies) identified? None reported

Noncompliance material to the financial statements noted? No

Federal Awards

Internal control over major programs:
• Material weakness(es) identified? No
• Significant deficiency(ies) identified? None reported

Type of auditor's report issued on compliance for major federal programs: Unmodified Opinion

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? No

Identification of major programs:

Table with 2 columns: CFDA Number and Name of Federal Program or Cluster. Rows include 84.325 (Special Education Personnel Development), 93.658 (Foster Care Title IV E), 84.336 (Teacher Quality Partnership Grants), and Various (Research and Development Cluster).

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as a low-risk auditee? Yes

Section II - Financial Statement Findings

No matters were reported.

Section III - Federal Award Findings and Questioned Costs

No matters were reported.



**Independent Member of Nexia International**

**[cohnreznick.com](http://cohnreznick.com)**



**Schedule of Prior Year Audit Findings  
For the Year Ending June 30, 2020**

**Section IV - Prior Year Findings**

**Reference Number:** 2019-001  
**Federal Program Title:** Fund for the Improvement of Postsecondary Education  
**Federal Catalog Number:** 84.116  
**Federal Agency:** U.S. Department of Education  
**Federal Award Number and Year:** P116F150055 - 2015  
**Category of Finding:** Subrecipient Monitoring

**Description of Finding**

Cal State L.A. University Auxiliary Services, Inc. was unaware that the identification of whether the award is R&D was a requirement to communicate to their subrecipients.

**Status**

As of June 30, 2020, corrective action was taken.