

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

**(A Component Unit of
California State University, Los Angeles)**

Independent Auditor's Report, Basic Financial Statements
and Supplementary Information

June 30, 2019



Certified
Public
Accountants

CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.
(A Component Unit of California State University, Los Angeles)

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of Cal State L.A. University Auxiliary Services, Inc. (UAS), a component unit of California State University, Los Angeles, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the UAS' 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 UAS' 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 UAS' 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, 2019, 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 3 through 6, Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios on page 31, and the Schedule of Other Postemployment Benefits Contributions on page 32, 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 UAS' basic financial statements. The accompanying supplementary information on pages 39 to 45 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.

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 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 12, 2019 on our consideration of UAS' 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 UAS' 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 UAS' internal control over financial reporting and compliance.

Macias Gini & O'Connell LLP

Los Angeles, California
September 12, 2019

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

Management's Discussion and Analysis

June 30, 2019

(Unaudited)

This section of the Cal State L.A. University Auxiliary Services, Inc., (UAS) annual financial report presents management's discussion and analysis of the financial performance of UAS during the fiscal year ended June 30, 2019. 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 a component unit 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' 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).

Statement of Net Position

The table on the following page is a summary of the UAS' assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position comparing FY 2018-19 with FY 2017-18.

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

Management's Discussion and Analysis (Continued)

June 30, 2019

(Unaudited)

Statement of Net Position (Continued)

	FY 2018-19	FY 2017-18	% Change
Assets:			
Current assets	\$ 20,746,298	\$ 18,645,832	11%
Capital assets, net	32,330,621	24,423,257	32%
Total assets	<u>53,076,919</u>	<u>43,069,089</u>	23%
Deferred outflows of resources:	341,419	1,548,767	-78%
Liabilities:			
Current liabilities	12,042,856	8,466,209	42%
Long-term liabilities	26,090,767	29,097,716	-10%
Total liabilities	<u>38,133,623</u>	<u>37,563,925</u>	2%
Deferred inflows of resources:	1,512,594	812,972	86%
Net position:			
Net investment in capital assets	5,987,272	(3,248,503)	284%
Unrestricted	7,784,849	9,489,462	-18%
Total net position	<u>\$ 13,772,121</u>	<u>\$ 6,240,959</u>	121%

Assets

UAS' assets totaled \$53.1 million on June 30, 2019, an increase of \$10.0 million, or 23%, compared to the previous year. Current assets increased \$2.1 million, or 11%, primarily due to an increase in net cash provided by operating activities. Capital assets, net, increased by \$7.9 million, a 32% increase primarily due to the \$8.9 million RongXiang Xu BioSpace building construction and additions of \$0.5 million equipment, offset by \$1.5 million in depreciation expense incurred during the fiscal year.

Liabilities

UAS's liabilities totaled \$38.1 million on June 30, 2019, an increase of \$0.6 million, or 2%, compared to the previous year. The increase was the result of a \$2.0 million increase in accounts payable, a \$1.1 million increase in accrued expenses, and a \$0.4 million increase in unearned revenue, offset by \$1.1 million decrease in outstanding debt due to payments of principal, and a \$1.7 million decrease in other postemployment health care benefits.

Net Position

UAS' net position increased by \$7.5 million from the previous year, primarily due to the facts described on the following page.

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

Management's Discussion and Analysis (Continued)

June 30, 2019

(Unaudited)

Statement of Revenues, Expenses and Changes in Net Position

The table below is a summary of UAS' revenues, expenses and changes in net position comparing FY 2018-19 with FY 2017-18.

	<u>FY 2018-19</u>	<u>FY 2017-18</u>	<u>% Change</u>
Operating revenues:			
Grants and contracts	\$ 31,995,500	\$ 28,378,453	13%
Auxiliary activities	4,962,961	5,070,430	-2%
Campus program activities	3,564,601	2,877,127	24%
Lease income	1,716,217	1,583,945	8%
Other income	3,946,194	1,062,965	271%
Total operating revenues	<u>46,185,473</u>	<u>38,972,920</u>	19%
Operating expenses:			
Sponsored programs	28,770,594	24,496,330	17%
Auxiliary activities	5,610,306	5,427,567	3%
Campus program activities	3,377,494	2,966,548	14%
General and administrative	151,363	488,506	-69%
Total operating expenses	<u>37,909,757</u>	<u>33,378,951</u>	14%
Operating income	<u>8,275,716</u>	<u>5,593,969</u>	48%
Nonoperating revenues (expenses):			
Interest income	112,559	82,025	37%
Interest expense	(847,603)	(705,513)	20%
Loss on retirement of capital assets	<u>(9,510)</u>	<u>-</u>	-100%
Net nonoperating expenses	<u>(744,554)</u>	<u>(623,488)</u>	19%
Change in net position:	7,531,162	4,970,481	52%
Net position – beginning	6,240,959	1,270,478	-391%
Net position – ending	<u>\$ 13,772,121</u>	<u>\$ 6,240,959</u>	121%

Operating revenues increased by \$7.2 million, or 19%, compared to the previous year. The increase was primarily due to a \$3.6 million increase in grants and contracts revenue as a result of more grants and contracts activities, \$0.7 million increase in campus program revenue as a result of an increase in program activities, and \$2.9 million increase in other income as a result of the receipt of capital contribution of the RongXiang Xu BioSpace building.

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

Management's Discussion and Analysis (Continued)

June 30, 2019

(Unaudited)

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

Operating expenses increased by \$4.5 million, or 14%, compared to the previous year. The increase was primarily due to a \$4.3 million increase in sponsored programs, a \$0.2 million increase in auxiliary services, and a \$0.4 million in campus programs as a result from the increase in sponsored program reimbursements for the Local Dental Pilot Project, the BioScience Business Incubator, and the Gang Reduction and Youth Development program, auxiliary activities and campus services due to an increase in student population, respectively.

Nonoperating expenses increased by \$0.1 million, or 19%, compared to the previous year. The net increase was due to an increase in interest expense for new debt service payments related to the construction of the RongXiang Xu BioSpace building and an increase in interest income from the Cal State University investment pool.

UAS' net position at the end of 2019 reflected a surplus of \$13.8 million, a positive change of \$7.5 million from the previous year due to the operating surplus achieved 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, 2019. Total capital assets before accumulated depreciation increased by \$9.4 million from the previous year primarily due to new acquisitions and construction of the RongXiang Xu BioSpace building in the current year.

Accumulated depreciation increased by \$1.6 million from \$23.9 million to \$25.3 million. See note 4 for additional information.

Debt Administration

Debt including capital lease obligations and notes payable totaled \$25.7 million at June 30, 2019, a decrease of \$1.1 million, or 4%, compared to the previous year. The decrease is due to principal payments for notes payable and capital lease and the redemption of the Bond Anticipation Note, partially offset by the entering into the note agreement resulting from the Series 2018A&B Systemwide Revenue Bonds to finance the construction of the RongXiang Xu BioSpace building. 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' financial operations and condition. If you have questions about this report or need additional information, you can contact the UAS Executive Director at 5151 State University Drive, Los Angeles, CA 90032.

BASIC FINANCIAL STATEMENTS

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

Statement of Net Position

June 30, 2019

Assets

Current assets:

Cash and cash equivalents	\$ 8,941,075
Restricted cash and cash equivalents	2,718,012
Accounts receivable, net	9,054,782
Inventory	32,429
Total current assets	<u>20,746,298</u>

Capital assets, net:

Non-depreciable	14,625,099
Depreciable	17,705,522
Total capital assets, net	<u>32,330,621</u>

Total assets

53,076,919

Deferred outflows of resources - other postemployment benefits

341,419

Liabilities

Current liabilities:

Accounts payable	3,149,923
Accrued expenses	2,691,345
Unearned revenue	4,715,395
Compensated absences	334,993
Notes payable	201,200
Capital lease obligation	950,000
Total current liabilities	<u>12,042,856</u>

Long-term liabilities:

Compensated absences	13,440
Other postemployment healthcare benefits	1,478,813
Notes payable	6,002,914
Capital lease obligation	18,595,600
Total long-term liabilities	<u>26,090,767</u>

Total liabilities

38,133,623

Deferred inflows of resources:

Unamortized gain on sale of property	152,475
Unamortized gain on refunding	593,635
Other postemployment benefits	766,484
Total deferred inflow of resources	<u>1,512,594</u>

Net position:

Net investment in capital assets	5,987,272
Unrestricted	7,784,849

Total net position

\$ 13,772,121

See accompanying notes to basic 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, 2019

Operating revenues:	
Grants and contracts	\$ 31,995,500
Auxiliary activities	4,962,961
Campus program activities	3,564,601
Lease income	1,716,217
Other income	3,946,194
Total operating revenues	<u>46,185,473</u>
Operating expenses:	
Sponsored programs	28,770,594
Auxiliary activities	5,610,306
Campus program activities	3,377,494
General and administrative	151,363
Total operating expenses	<u>37,909,757</u>
Operating income	<u>8,275,716</u>
Nonoperating revenues (expenses):	
Interest income	112,559
Interest expense	(847,603)
Loss on retirement of capital assets	(9,510)
Net nonoperating expenses	<u>(744,554)</u>
Change in net position	7,531,162
Net position - beginning of year	6,240,959
Net position - end of year	<u>\$ <u>13,772,121</u></u>

See accompanying notes to basic financial statements.

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

Statement of Cash Flows
For the Year Ended June 30, 2019

Cash flows from operating activities:	
Federal grants and contracts	\$ 24,537,653
State and local grants and contracts	1,456,029
Nongovernmental grants and contracts	4,021,101
Payments to suppliers	(11,673,357)
Payments to employees	(17,764,421)
Payments to students	(3,691,458)
Sales and services of educational activities	3,564,601
Sales and services of auxiliary enterprises	6,228,309
Other receipts	3,751,774
Net cash provided by operating activities	<u>10,430,231</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(9,437,216)
Proceeds from long-term debt	4,639,000
Retirement of capital debt	(4,559,000)
Principal paid on capital debt and leases	(1,038,400)
Interest paid on capital debt and leases	(1,048,729)
Transfer from the Chancellor's Office	2,662,743
Net cash used for capital and related financing activities	<u>(8,781,602)</u>
Cash flows from investing activities:	
Investment income	112,559
Net cash provided by investing activities	<u>112,559</u>
Net increase in cash and cash equivalents	1,761,188
Cash and cash equivalents - beginning of year	9,897,899
Cash and cash equivalents - end of year	<u>\$ 11,659,087</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 8,275,716
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	1,520,342
Change in assets and liabilities:	
Increase in accounts receivable	(2,999,416)
Increase in inventory	(2,604)
Increase in accounts payable	1,990,475
Increase in accrued expenses	1,061,995
Increase in unearned revenue	373,410
Decrease in compensated absences	(48,191)
Increase in other postemployment healthcare benefits	258,504
Net cash provided by operating activities	<u>\$ 10,430,231</u>
Noncash capital and related financing activities:	
Amortization of capital lease and note premium	\$ (150,673)
Amortization of gain on refunding	(44,522)
Amortization of gain on sale of property	(10,891)
Loss on retirement of capital asset	(9,510)

See accompanying notes to basic financial statements.

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

Notes to Basic Financial Statements

June 30, 2019

NOTE 1 – ORGANIZATION 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 non-operating 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' 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 non-operating 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' share in the California State University system's cash and investments pool, which are reported at fair value.

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.

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

Notes to Basic Financial Statements (Continued)

June 30, 2019

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)**

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.

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 vs. 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.

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.

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

Notes to Basic Financial Statements (Continued)

June 30, 2019

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)**

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, 2019 are composed of the following:

Cash on hand	\$	5,215
Cash in banks		5,828,393
Pooled cash and investments		5,825,479
Total	\$	<u>11,659,087</u>

Cash in Bank

The *California Government Code* requires California banks and savings and loan associations to secure UAS' 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 percent 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 percent 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, 2019, cash held by financial institutions for UAS of \$6,894,061 was entirely insured and collateralized as described above. The book balance at June 30, 2019 for UAS was \$5,828,393, of which \$2,718,012 was restricted for grants and contracts.

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 \$5,825,479, and represents approximately 0.1% of the Pool as of June 30, 2019. 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' share in the Pool approximates the fair value of the position in the Pool at June 30, 2019.

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

Notes to Basic Financial Statements (Continued)

June 30, 2019

NOTE 2 – CASH AND CASH EQUIVALENTS (Continued)

The Pool is not rated as of June 30, 2019. The weighted average to maturity of the Pool as of June 30, 2019 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, 2019:

Grants and contracts (net of allowance of \$252,778)	\$ 7,477,434
Due from the Chancellor's Office	386,520
Due from California State University, Los Angeles	856,934
Other (net of allowance of \$767)	333,894
Total	<u><u>\$ 9,054,782</u></u>

NOTE 4 – CAPITAL ASSETS

The capital assets balance at June 30, 2019 consists of the following activity:

	Balance				Balance
	July 1, 2018	Increases	Decreases		June 30, 2019
Capital assets, non-depreciable:					
Land	\$ 639,000	\$ -	\$ -		\$ 639,000
Construction in progress	5,103,377	8,882,722	-		13,986,099
Total non-depreciable capital assets	<u>5,742,377</u>	<u>8,882,722</u>	<u>-</u>		<u>14,625,099</u>
Capital assets, depreciable					
Buildings and building improvements under capital lease	32,523,741	-	-		32,523,741
Furniture, fixtures and equipment	9,911,530	554,494	(47,552)		10,418,472
Software	95,724	-	-		95,724
Total depreciable capital assets	<u>42,530,995</u>	<u>554,494</u>	<u>(47,552)</u>		<u>43,037,937</u>
Less accumulated depreciation:					
Buildings and building improvements under capital lease	(15,372,192)	(1,149,722)	-		(16,521,914)
Furniture, fixtures and equipment	(8,384,999)	(369,500)	38,042		(8,716,457)
Software	(92,924)	(1,120)	-		(94,044)
Total accumulated depreciation	<u>(23,850,115)</u>	<u>(1,520,342)</u>	<u>38,042</u>		<u>(25,332,415)</u>
Capital assets, depreciable (net)	<u>18,680,880</u>	<u>(965,848)</u>	<u>(9,510)</u>		<u>17,705,522</u>
Capital assets – net	<u><u>\$ 24,423,257</u></u>	<u><u>\$ 7,916,874</u></u>	<u><u>\$ (9,510)</u></u>		<u><u>\$ 32,330,621</u></u>

Depreciation expense for the year ended June 30, 2019 was \$1,520,342.

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

Notes to Basic Financial Statements (Continued)

June 30, 2019

NOTE 5 – ACCOUNTS PAYABLE

The following is a summary of accounts payable at June 30, 2019:

Accounts payable to third-party vendors	\$ 2,437,566
Payable to California State University, Los Angeles	712,357
Total	<u>\$ 3,149,923</u>

NOTE 6 – LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended June 30, 2019 is as follows:

	<u>Balance</u> <u>July 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2019</u>	<u>Due in</u> <u>one year</u>
Compensated absences	\$ 396,624	\$ 319,484	\$ (367,675)	\$ 348,433	\$ 334,993
Notes payable	6,079,400	4,639,000	(4,687,400)	6,031,000	201,200
Unamortized note premium	189,867	-	(16,753)	173,114	-
Capital lease	18,670,000	-	(910,000)	17,760,000	950,000
Unamortized capital lease premium	1,919,521	-	(133,921)	1,785,600	-
Other postemployment healthcare benefits (Note 9)	3,182,692	-	(1,703,879)	1,478,813	-
	<u>\$ 30,438,104</u>	<u>\$ 4,958,484</u>	<u>\$ (7,819,628)</u>	<u>27,576,960</u>	<u>\$ 1,486,193</u>
Less current portion				1,486,193	
Total long-term obligation				<u>\$ 26,090,767</u>	

Notes Payable

University Student Union Note

On April 1, 2008, UAS entered into 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 ten 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, 2019, the outstanding balance was \$106,000, and total principal paid for the year ended June 30, 2019 was \$38,400.

2015 Note with Trustees

On August 1, 2015, the Board of Trustees of the California State University System (Trustees) issued Systemwide 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 \$1,320,000 at June 30, 2019, and total principal paid for the year ended June 30, 2019 was \$90,000. The interest rate of the SRB ranges from 2.0% to 5.0% in the next 13 years and total interest expense for the year ended June 30, 2019 was \$62,071. 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, 2019, the unamortized premium was \$173,114.

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

Notes to Basic Financial Statements (Continued)

June 30, 2019

NOTE 6 – LONG-TERM OBLIGATIONS (Continued)

2018 Note with Trustees

On August 2, 2018, the Trustees issued SRB Series 2018AB. UAS simultaneously entered into a note agreement (2018 Note) with the Trustees and a portion of the SRB, in the amount of \$4,605,000, was issued to UAS to replace the BAN and finance the construction of the RongXiang Xu BioSpace building. At June 30, 2019, the outstanding BANs were retired in the amount of \$4,559,000. Amounts outstanding under the 2018 Note totaled \$4,605,000 at June 30, 2019. The interest rate of the SRB ranges from 2.45% to 4.25% in the next 31 years and total interest expense for the year ended June 30, 2019 was \$218,340.

The principal maturities of notes payable outstanding as of June 30, 2019 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:								
2020	\$ 21,200	\$ -	\$ 95,000	\$ 58,913	\$ 85,000	\$ 180,016	\$ 201,200	\$ 238,929
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	42,400	-	105,000	46,838	95,000	172,320	242,400	219,158
2024	-	-	110,000	41,894	95,000	169,347	205,000	211,241
2025-2029	-	-	655,000	121,425	540,000	794,149	1,195,000	915,574
2030-2034	-	-	150,000	3,750	650,000	684,445	800,000	688,195
2035-2039	-	-	-	-	790,000	542,467	790,000	542,467
2040-2044	-	-	-	-	970,000	361,080	970,000	361,080
2045-2049	-	-	-	-	1,200,000	131,688	1,200,000	131,688
	<u>\$ 106,000</u>	<u>\$ -</u>	<u>\$ 1,320,000</u>	<u>\$ 379,871</u>	<u>\$ 4,605,000</u>	<u>\$ 3,388,338</u>	<u>\$ 6,031,000</u>	<u>\$ 3,768,209</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 of UAS' 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, 2019, the unamortized gain on the sale was \$152,475 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.

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

Notes to Basic Financial Statements (Continued)

June 30, 2019

NOTE 6 – LONG-TERM OBLIGATIONS (Continued)

On August 1, 2015, the Trustees issued a \$21,435,000 SRB, Series 2015A to UAS to refinance the SRB Series 2005A&B. The amount of defeased bond outstanding as of 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 \$17,760,000 at June 30, 2019. 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 \$773,279. 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, 2019, the unamortized premium and gain on refunding were \$1,785,601 and \$593,635, 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 amortization was \$14,933,251 at June 30, 2019.

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

Year ending June 30:	
2020	\$ 1,688,638
2021	1,688,763
2022	1,695,713
2023	1,687,463
2024	1,691,769
2025-2029	8,435,456
2030-2034	6,763,820
Total minimum lease payments	<u>23,651,622</u>
Less amount representing interest	<u>(5,891,622)</u>
Present value of future minimum lease payments	<u>\$ 17,760,000</u>

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' leasehold improvements and equipment. During the year ended June 30, 2019, UAS recognized gross income of \$839,249 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,

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

Notes to Basic Financial Statements (Continued)

June 30, 2019

NOTE 7 – FRANCHISE OF BOOKSTORE AND FOOD SERVICE (Continued)

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, 2019, UAS recognized \$709,961 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 twenty-one 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 percent 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, 2019, was \$348,085.

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, 2019, was \$199,300.

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 2019 rates are as follow:

<u>Coverage Level</u>	<u>2019</u>
Employee only	\$ 734
Two party	1,398
Family	1,788

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.

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

Notes to Basic Financial Statements (Continued)

June 30, 2019

NOTE 9 – OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS (OPEB) PLAN (Continued)

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 to 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' Other Postemployment Healthcare Benefit (OPEB) Plan is an agent multiple-employer defined benefit healthcare plan administered by CSU Auxiliaries Multiple Employer VEBA Trust (VEBA). The purpose of the VEBA is to assist participating CSU System Auxiliaries with the establishment and maintenance of the VEBA for investment of funds to be used for the provision of retiree health and welfare benefits to participating employees. The VEBA is to receive contributions from UAS as participating employer and establish separate employer pre-funding accounts to pay for health care or other postemployment benefits in accordance with the terms of UAS' 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' Board of Directors. Currently, UAS' 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 \$63,622. The contribution consists of \$63,622 representing premium payments on behalf of its retired employees. As of June 30, 2019, 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 Basic Financial Statements (Continued)

June 30, 2019

NOTE 9 – OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS (OPEB) PLAN (Continued)

Schedule of Changes in Net OPEB Liability

<u>Total OPEB Liability</u>	<u>2019</u>
Service cost	\$ 185,403
Interest	246,773
Differences between expected and actual experience	273,469
Changes of assumptions	(807,839)
Benefit payments, including refunds of employee contributions	(45,154)
Net change in Total OPEB Liability	<u>(147,348)</u>
Total OPEB Liability - beginning (a)	3,949,728
Total OPEB Liability - ending (b)	<u>\$ 3,802,380</u>
<u>Plan Fiduciary Net Position</u>	
Contribution - employer	\$ 1,545,154
Net investment income	66,043
Benefit payments, including refunds of employee contributions	(45,154)
Administrative expense	(9,512)
Net change in Plan Fiduciary Net Position	<u>1,556,531</u>
Plan Fiduciary Net Position - beginning (c)	767,036
Plan Fiduciary Net Position - ending (d)	<u>2,323,567</u>
Net OPEB Liability - beginning (a) - (c)	3,182,692
Net OPEB Liability - ending (b) - (d)	<u>\$ 1,478,813</u>

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

Plan Fiduciary Net Position

Detailed information about the plan fiduciary net position as of June 30, 2018 is available in the separately issued VEBA financial report. The VEBA financial report can be obtained by submitting a request to: Keenan Financial Services, 2355 Crenshaw Blvd. Suite 200, Torrance, CA 90501.

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

Notes to Basic Financial Statements (Continued)

June 30, 2019

NOTE 9 – OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS (OPEB) PLAN (Continued)

Actuarial Methods and Assumptions

Discount Rate	6.00% , based on the CSU Auxiliaries VEBA Plan Investment Policy
Net Investment Return	6.00% , net of investment expense
Inflation	2.26% per year
Payroll Increases	3.25% per year
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
Valuation Date	June 30, 2018

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

Notes to Basic Financial Statements (Continued)

June 30, 2019

NOTE 9 – OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS (OPEB) PLAN (Continued)

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

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 later	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

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%

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

Notes to Basic Financial Statements (Continued)

June 30, 2019

NOTE 9 – OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS (OPEB) PLAN (Continued)

Long-term Expected Rate of Return

As of June 30, 2018, 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%
Fixed Income	50.00%	0.80%	2.60%
Real Estate Investment Trusts	7.00%	2.80%	5.30%
	<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.

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 date June 30, 2018 and 2017.

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Discount Rate	6.00%	6.00%
Bond Buyer 20-Bond GO Index	3.87%	3.58%

Sensitivity Analysis

The following presents UAS 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.

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

Notes to Basic Financial Statements (Continued)

June 30, 2019

NOTE 9 – OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS (OPEB) PLAN (Continued)

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

Discount Rate	Net OPEB		
	Liability	\$ Change	% Change
+1%	\$ 903,416	\$ (575,397)	(39%)
Base	1,478,813	-	-
-1%	2,202,785	723,972	49%

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

Trend Rate	Net OPEB		
	Liability	\$ Change	% Change
+1%	\$ 2,374,577	\$ 895,764	61%
Base	1,478,813	-	-
-1%	804,389	(674,424)	(46%)

Annual OPEB Expense and Net OPEB Liability

At June 30, 2019, UAS reported \$1,478,813 for the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2018. UAS' net OPEB liability was based on a projection of UAS's covered-employee payroll of \$3,914,924.

Plan Fiduciary Net Position (plan assets) was valued as of the measurement date of June 30, 2018 and the total OPEB liability was determined based upon the actuarial valuation as of June 30, 2018. As of June 30, 2018, the Plan Fiduciary Net Position was \$2,323,567.

For the year ended June 30, 2019, UAS recognized OPEB expense of \$322,126. 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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience in the measurement of the total OPEB liability	\$ 255,853	\$ 10,683
Changes in assumptions	-	755,801
Net difference between projected and actual earnings of OPEB plan investments	21,944	-
Contribution to OPEB plan after measurement date	63,622	-
Total	<u>\$ 341,419</u>	<u>\$ 766,484</u>

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

Notes to Basic Financial Statements (Continued)

June 30, 2019

NOTE 9 – OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS (OPEB) PLAN (Continued)

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

Fiscal Year Ended June 30:		Deferred Outflows/ (Inflows) of Resources
2020	\$	(29,477)
2021		(29,477)
2022		(29,476)
2023		(30,378)
2024		(35,188)
Thereafter		(334,691)
Total	\$	<u>(488,687)</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, 2019.

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 \$10,323,598 for the year ended June 30, 2019. This amount also included \$1,690,413 of the current year capital lease and interest expense payments, and \$135,290 for the Rongxiang Xu Bioscience Innovation Center for interest of current year's balance due to the University.

UAS received \$4,458,467 from the University for providing catering and campus program services, and space to the University for the usage as classrooms, for special events, and as facilities for the Extended Education Division.

In August 2015, UAS participated in the SRB program to refinance the UAS Golden Eagle Building Facility and the Television Film Media Studio building. A 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).

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

Notes to Basic Financial Statements (Continued)

June 30, 2019

NOTE 11 - RELATED PARTY TRANSACTIONS (Continued)

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

REQUIRED SUPPLEMENTARY INFORMATION

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CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.
Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios
Last 10 Fiscal Years¹
(Unaudited)

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

<u>Total OPEB Liability</u>	<u>2018</u>	<u>2017</u>
Service cost	\$ 185,403	\$ 185,403
Interest	246,773	226,162
Differences between expected and actual experience	273,469	(12,215)
Changes of assumptions	(807,839)	-
Benefit payments, including refunds of employee contributions	(45,154)	(66,204)
Net change in Total OPEB Liability	<u>(147,348)</u>	<u>333,146</u>
Total OPEB Liability - beginning (a)	3,949,728	3,616,582
Total OPEB Liability - ending (b)	<u>\$ 3,802,380</u>	<u>\$ 3,949,728</u>
<u>Plan Fiduciary Net Position</u>		
Contribution - employer	\$ 1,545,154	\$ 816,204
Net investment income	66,043	17,638
Benefit payments, including refunds of employee contributions	(45,154)	(66,204)
Administrative expense	(9,512)	(602)
Net change in Plan Fiduciary Net Position	<u>1,556,531</u>	<u>767,036</u>
Plan Fiduciary Net Position - beginning (c)	<u>767,036</u>	<u>-</u>
Plan Fiduciary Net Position - ending (d)	<u>2,323,567</u>	<u>767,036</u>
Net OPEB Liability - beginning (a) - (c)	<u>3,182,692</u>	<u>3,616,582</u>
Net OPEB Liability - ending (b) - (d)	<u>\$ 1,478,813</u>	<u>\$ 3,182,692</u>
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	61%	19%
Covered-employee payroll	\$ 3,914,924	\$ 5,046,670
Plan Net OPEB Liability as a percentage of covered-employee payroll	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
Last 10 Fiscal Years¹
(Unaudited)

The following reflects the contribution towards the plan during the fiscal year 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	(63,622)	(45,154)	(66,204)
Contribution deficiency (excess)	<u>\$ 201,156</u>	<u>\$ (1,154,882)</u>	<u>\$ (419,260)</u>
Covered-employee payroll	\$ 3,923,308	\$ 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.

Note to Required Supplementary Information

June 30, 2019

(Unaudited)

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 CSU Auxiliaries VEBA Plan Investment Policy
Net Investment Return	6.00%, net of investment expense
Inflation	2.26% per year
Payroll Increases	3.25% per year
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

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

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 later	5.00%	5.00%

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

Note to Required Supplementary Information (Continued)

June 30, 2019

(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%

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

Note to Required Supplementary Information (Continued)

June 30, 2019

(Unaudited)

The actuarial methods and assumptions used to set the actuarially determined contributions for the fiscal year ending June 30, 2018 are as follows:

Valuation Date	June 30, 2016
Discount Rate	6.00%, based on a CSU Auxiliaries VEBA Plan Investment Policy
Net Investment Return	6.00%, net of investment expenses
Inflation	2.00% per year
Payroll Increases	3.25% per year
Baseline Cost	Pre-Medicare: \$5,718 per year Post-Medicare: \$2,494 per year
Administrative Expenses	No administrative expenses other than those included in the premium rates
Health Plan Participation	50% of eligible participants in an HMO 50% opt out to receive Medicare Part B paid for by UAS
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

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

Year Beginning	Increase in Premium Rates	
	Pre-65	Post-65
2017	8.00%	5.50%
2018	7.75%	5.25%
2019	7.45%	5.00%
2020	7.15%	5.00%
2021	6.85%	5.00%
2022	6.55%	5.00%
2023	6.25%	5.00%
2024	5.95%	5.00%
2025	5.65%	5.00%
2026	5.35%	5.00%
2027	5.05%	5.00%
2028 and later	5.00%	5.00%

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

Note to Required Supplementary Information (Continued)

June 30, 2019

(Unaudited)

Mortality rates used in this valuation are those used in the most recent CALPERS valuations, projected forward with the MP-2014 generational projection scale.

Pre-Retirement: CALPERS 2014 Mortality pre-retirement

Post-Retirement: CALPERS 2014 Mortality post-retirement

Age	Sample Mortality Rates			
	Active Employees		Retired Employees	
	Male	Female	Male	Female
55	0.23%	0.14%	0.60%	0.42%
60	0.31%	0.18%	0.71%	0.44%
65	0.40%	0.26%	0.83%	0.59%
70	0.52%	0.37%	1.31%	0.99%
75	0.71%	0.53%	2.21%	1.72%
80	0.99%	0.81%	3.90%	2.90%
85	0.00%	0.00%	6.97%	5.24%
90	0.00%	0.00%	12.97%	9.89%

SUPPLEMENTARY INFORMATON

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CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.
Schedule of Net Position
June 30, 2019
(for inclusion in the California State University)

Assets:	
Current assets:	
Cash and cash equivalents	\$ 3,115,596
Short-term investments	5,825,479
Accounts receivable, net	9,054,782
Capital lease receivable, current portion	—
Notes receivable, current portion	—
Pledges receivable, net	—
Prepaid expenses and other current assets	32,429
Total current assets	<u>18,028,286</u>
Noncurrent assets:	
Restricted cash and cash equivalents	2,718,012
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	32,330,621
Other assets	—
Total noncurrent assets	<u>35,048,633</u>
Total assets	<u>53,076,919</u>
Deferred outflows of resources:	
Unamortized loss on debt refunding	—
Net pension liability	—
Net OPEB liability	341,419
Others	—
Total deferred outflows of resources	<u>341,419</u>
Liabilities:	
Current liabilities:	
Accounts payable	2,949,846
Accrued salaries and benefits	1,269,061
Accrued compensated absences, current portion	334,993
Unearned revenues	4,715,395
Capital lease obligations, current portion	950,000
Long-term debt obligations, current portion	201,200
Claims liability for losses and loss adjustment expenses, current portion	—
Depository accounts	—
Other liabilities	1,622,361
Total current liabilities	<u>12,042,856</u>
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	13,440
Unearned revenues	—
Grants refundable	—
Capital lease obligations, net of current portion	18,595,600
Long-term debt obligations, net of current portion	6,002,914
Claims liability for losses and loss adjustment expenses, net of current portion	—
Depository accounts	—
Net other postemployment benefits liability	1,478,813
Net pension liability	—
Other liabilities	—
Total noncurrent liabilities	<u>26,090,767</u>
Total liabilities	<u>38,133,623</u>
Deferred inflows of resources:	
Service concession arrangements	—
Net pension liability	—
Net OPEB liability	766,484
Unamortized gain on debt refunding	593,635
Nonexchange transactions	—
Others	152,475
Total deferred inflows of resources	<u>1,512,594</u>
Net Position:	
Net investment in capital assets	5,987,272
Restricted for:	—
Nonexpendable – endowments	—
Expendable:	—
Scholarships and fellowships	—
Research	—
Loans	—
Capital projects	—
Debt service	—
Others	—
Unrestricted	7,784,849
Total net position	<u>\$ 13,772,121</u>

See accompanying note to supplementary schedules.

CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.
Schedule of Revenues, Expenses, and Change in Net Position
For The Year Ended June 30, 2019
(for inclusion in the California State University)

Revenues:

Operating revenues:	
Student tuition and fees, gross	\$ —
Scholarship allowances (enter as negative)	—
Grants and contracts, noncapital:	
Federal	26,518,371
State	1,456,029
Local	1,867,949
Nongovernmental	2,153,151
Sales and services of educational activities	5,280,818
Sales and services of auxiliary enterprises, gross	4,962,961
Scholarship allowances (enter as negative)	—
Other operating revenues	419,147
Total operating revenues	<u>42,658,426</u>

Expenses:

Operating expenses:	
Instruction	12,801,875
Research	—
Public service	1,614,725
Academic support	5,693,721
Student services	2,116,321
Institutional support	3,074,387
Operation and maintenance of plant	879,843
Student grants and scholarships	5,537,199
Auxiliary enterprise expenses	4,671,344
Depreciation and amortization	1,520,342
Total operating expenses	<u>37,909,757</u>
Operating income (loss)	<u>4,748,669</u>

Nonoperating revenues (expenses):

State appropriations, noncapital	—
Federal financial aid grants, noncapital	—
State financial aid grants, noncapital	—
Local financial aid grants, noncapital	—
Nongovernmental and other financial aid grants, noncapital	—
Other federal nonoperating grants, noncapital	—
Gifts, noncapital	200,000
Investment income (loss), net	112,559
Endowment income (loss), net	—
Interest expense	(847,603)
Other nonoperating revenues (expenses) - excl. interagency transfers	(9,510)
Other nonoperating revenues (expenses) - interagency transfers	—
Net nonoperating revenues (expenses)	<u>(544,554)</u>
Income (loss) before other revenues (expenses)	4,204,115

State appropriations, capital

Grants and gifts, capital	—
Additions (reductions) to permanent endowments	3,327,047
Increase (decrease) in net position	7,531,162

Net position:

Net position at beginning of year, as previously reported	6,240,959
Restatements	—
Net position at beginning of year, as restated	<u>6,240,959</u>
Net position at end of year	<u>\$ 13,772,121</u>

See accompanying note to supplementary schedules.

CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.
Other Information
June 30, 2019
(For Inclusion in the California State University)

1 Cash and cash equivalents:

Portion of restricted cash and cash equivalents related to endowments
All other restricted cash and cash equivalents
Noncurrent restricted cash and cash equivalents
Current cash and cash equivalents
Total

	\$ 2,718,012
	<u>2,718,012</u>
	<u>3,115,596</u>
	<u>\$ 5,833,608</u>

2.1 Composition of investments:

	Current	Noncurrent	Total
Money market funds	\$ 41,140	-	41,140
Repurchase agreements	16,523	-	16,523
Certificates of deposit	241,280	-	241,280
U.S. agency securities	1,680,898	-	1,680,898
U.S. treasury securities	1,911,989	-	1,911,989
Municipal bonds	79,664	-	79,664
Corporate bonds	1,610,457	-	1,610,457
Asset backed securities	243,206	-	243,206
Mortgage backed securities	322	-	322
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 types	-	-	-
Other external investment pools (excluding SWIFT)	-	-	-
Other investments	-	-	-
State of California Local Agency Investment Fund (LAIF)	-	-	-
State of California Surplus Money Investment Fund (SMIF)	-	-	-
Total investments	<u>5,825,479</u>	<u>-</u>	<u>5,825,479</u>
Less endowment investments (enter as negative number)	-	-	-
Total investments, net of endowments	<u>\$ 5,825,479</u>	<u>-</u>	<u>5,825,479</u>

2.2 Fair value hierarchy in investments:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value (NAV)
Money market funds	\$ 41,140	-	-	-	41,140
Repurchase agreements	16,523	-	16,523	-	-
Certificates of deposit	241,280	-	241,280	-	-
U.S. agency securities	1,680,898	-	1,680,898	-	-
U.S. treasury securities	1,911,989	-	1,911,989	-	-
Municipal bonds	79,664	-	79,664	-	-
Corporate bonds	1,610,457	-	1,610,457	-	-
Asset backed securities	243,206	-	243,206	-	-
Mortgage backed securities	322	-	322	-	-
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 types	-	-	-	-	-
Other external investment pools (excluding SWIFT)	-	-	-	-	-
Other investments	-	-	-	-	-
State of California Local Agency Investment Fund (LAIF)	-	-	-	-	-
State of California Surplus Money Investment Fund (SMIF)	-	-	-	-	-
Total investments	<u>\$ 5,825,479</u>	<u>-</u>	<u>5,784,339</u>	<u>-</u>	<u>41,140</u>

CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.
Other Information
June 30, 2019
(For Inclusion in the California State University)

2.3 Investments held by the University under contractual agreements:

	Current	Noncurrent	Total
Investments held by the University under contractual agreements (e.g CSU Consolidated SWIFT Inv pool):	\$ 5,825,479	-	\$ 5,825,479

3.1 Composition of capital assets:

	Balance June 30, 2018	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2018 (Restated)	Additions	Retirements	Transfer of completed CWIP	Balance June 30, 2019
Non-depreciable/Non-amortizable capital assets:									
Land and land improvements	\$ 639,000	-	-	-	639,000	-	-	-	639,000
Works of art and historical treasures	-	-	-	-	-	-	-	-	-
Construction work in progress (CWIP)	5,103,377	-	-	-	5,103,377	8,882,722	-	-	13,986,099
Intangible assets:									
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Intangible assets in progress (PWIP)	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total non-depreciable/non-amortizable capital assets	5,742,377	-	-	-	5,742,377	8,882,722	-	-	14,625,099
Depreciable/Amortizable capital assets:									
Buildings and building improvements	31,846,278	-	-	-	31,846,278	-	-	-	31,846,278
Improvements, other than buildings	99,921	-	-	-	99,921	-	-	-	99,921
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	577,542	-	-	-	577,542	-	-	-	577,542
Personal property:									
Equipment	9,911,530	-	-	-	9,911,530	554,494	(47,552)	-	10,418,472
Library books and materials	-	-	-	-	-	-	-	-	-
Intangible assets:									
Software and websites	95,724	-	-	-	95,724	-	-	-	95,724
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:	-	-	-	-	-	-	-	-	-
Total intangible assets	95,724	-	-	-	95,724	-	-	-	95,724
Total depreciable/amortizable capital assets	42,530,995	-	-	-	42,530,995	554,494	(47,552)	-	43,037,937
Total capital assets	48,273,372	-	-	-	48,273,372	9,437,216	(47,552)	-	57,663,036
Less accumulated depreciation/amortization:									
Buildings and building improvements	(14,771,576)	-	-	-	(14,771,576)	(1,118,862)	-	-	(15,890,438)
Improvements, other than buildings	(46,013)	-	-	-	(46,013)	(8,152)	-	-	(54,165)
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	(554,603)	-	-	-	(554,603)	(22,708)	-	-	(577,311)
Personal property:									
Equipment	(8,384,999)	-	-	-	(8,384,999)	(369,500)	38,042	-	(8,716,457)
Library books and materials	-	-	-	-	-	-	-	-	-
Intangible assets:									
Software and websites	(92,924)	-	-	-	(92,924)	(1,120)	-	-	(94,044)
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:	-	-	-	-	-	-	-	-	-
Total intangible assets	(92,924)	-	-	-	(92,924)	(1,120)	-	-	(94,044)
Total accumulated depreciation/amortization	(23,850,115)	-	-	-	(23,850,115)	(1,520,342)	38,042	-	(25,332,415)
Total capital assets, net	\$ 24,423,257	-	-	-	24,423,257	7,916,874	(9,510)	-	32,330,621

3.2 Detail of depreciation and amortization expense:

Depreciation and amortization expense related to capital assets	\$ 1,520,342
Amortization expense related to other assets	-
Total depreciation and amortization	\$ 1,520,342

CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.
Other Information
June 30, 2019
(For Inclusion in the California State University)

4 Long-term liabilities:

	Balance June 30, 2018	Prior Period Adjustments/Recla ssifications	Balance June 30, 2018 (Restated)	Additions	Reductions	Balance June 30, 2019	Current Portion	Noncurrent Portion
1. Accrued compensated absences	\$ 396,624	-	396,624	319,484	(367,675)	348,433	334,993	13,440
2. Claims liability for losses and loss adjustment expenses	-	-	-	-	-	-	-	-
3. Capital lease obligations:								
Gross balance	18,670,000	-	18,670,000	-	(910,000)	17,760,000	950,000	16,810,000
Unamortized net premium/(discount)	1,919,521	-	1,919,521	-	(133,921)	1,785,600	-	1,785,600
Total capital lease obligations	20,589,521	-	20,589,521	-	(1,043,921)	19,545,600	950,000	18,595,600
4. Long-term debt obligations:								
4.1 Auxiliary revenue bonds (non-SRB related)	5,935,000	-	5,935,000	4,639,000	(4,649,000)	5,925,000	180,000	5,745,000
4.2 Commercial paper	-	-	-	-	-	-	-	-
4.3 Notes payable (SRB related)	-	-	-	-	-	-	-	-
4.4 Others:								
Note Payable - University Student Union	144,400	-	144,400	-	(38,400)	106,000	21,200	84,800
Total others	144,400	-	144,400	-	(38,400)	106,000	21,200	84,800
Sub-total long-term debt	6,079,400	-	6,079,400	4,639,000	(4,687,400)	6,031,000	201,200	5,829,800
4.5 Unamortized net bond premium/(discount)	189,867	-	189,867	-	(16,753)	173,114	-	173,114
Total long-term debt obligations	6,269,267	-	6,269,267	4,639,000	(4,704,153)	6,204,114	201,200	6,002,914
Total long-term liabilities	\$ 27,255,412	-	27,255,412	4,958,484	(6,115,749)	26,098,147	1,486,193	24,611,954

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
Year ending June 30:									
2020	\$ 950,000	738,638	1,688,638	-	-	-	950,000	738,638	1,688,638
2021	985,000	703,763	1,688,763	-	-	-	985,000	703,763	1,688,763
2022	1,030,000	665,713	1,695,713	-	-	-	1,030,000	665,713	1,695,713
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 - 2029	6,435,000	2,000,456	8,435,456	-	-	-	6,435,000	2,000,456	8,435,456
2030 - 2034	6,165,000	598,820	6,763,820	-	-	-	6,165,000	598,820	6,763,820
2035 - 2039	-	-	-	-	-	-	-	-	-
2040 - 2044	-	-	-	-	-	-	-	-	-
2045 - 2049	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-
Total minimum lease payments	\$ 17,760,000	5,891,622	23,651,622	-	-	-	17,760,000	5,891,622	23,651,622
Less: amounts representing interest									(5,891,622)
Present value of future minimum lease payments									17,760,000
Unamortized net premium/(discount)									1,785,600
Total capital lease obligations									19,545,600
Less: current portion									(950,000)
Capital lease obligations, net of current portion									\$ 18,595,600

6 Long-term debt obligations schedule:

	Auxiliary revenue bonds (non-SRB related)			All other long-term debt obligations			Total long-term debt obligations		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
Year ending June 30:									
2020	\$ 180,000	238,929	418,929	21,200	-	21,200	201,200	238,929	440,129
2021	190,000	233,152	423,152	21,200	-	21,200	211,200	233,152	444,352
2022	195,000	226,725	421,725	21,200	-	21,200	216,200	226,725	442,925
2023	200,000	219,158	419,158	42,400	-	42,400	242,400	219,158	461,558
2024	205,000	211,241	416,241	-	-	-	205,000	211,241	416,241
2025 - 2029	1,195,000	915,574	2,110,574	-	-	-	1,195,000	915,574	2,110,574
2030 - 2034	800,000	688,195	1,488,195	-	-	-	800,000	688,195	1,488,195
2035 - 2039	790,000	542,467	1,332,467	-	-	-	790,000	542,467	1,332,467
2040 - 2044	970,000	361,080	1,331,080	-	-	-	970,000	361,080	1,331,080
2045 - 2049	1,200,000	131,688	1,331,688	-	-	-	1,200,000	131,688	1,331,688
Thereafter	-	-	-	-	-	-	-	-	-
Total minimum payments	\$ 5,925,000	3,768,209	9,693,209	106,000	-	106,000	6,031,000	3,768,209	9,799,209
Less: amounts representing interest									(3,768,209)
Present value of future minimum payments									6,031,000
Unamortized net premium/(discount)									173,114
Total long-term debt obligations									6,204,114
Less: current portion									(201,200)
Long-term debt obligations, net of current portion									\$ 6,002,914

See accompanying note to supplementary schedules.

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

Other Information

June 30, 2019

(For Inclusion in the California State University)

7 Transactions with related entities:

Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$ 3,430,970
Payments to University for other than salaries of University personnel	6,892,628
Payments received from University for services, space, and programs	4,458,467
Gifts-in-kind to the University from discretely presented component units	
Gifts (cash or assets) to the University from discretely presented component units	
Accounts (payable to) University (enter as negative number)	(712,357)
Other amounts (payable to) University (enter as negative number)	
Accounts receivable from University (enter as positive number)	856,934
Other amounts receivable from University (enter as positive number)	

8 Restatements/Prior period adjustments:

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

Transaction #1	Enter transaction description	Debit/(Credit)
----------------	-------------------------------	----------------

Transaction #2	Enter transaction description
----------------	-------------------------------

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	\$ 7,125,743	1,684,380	139,800	208,082	-	3,643,870	-	12,801,875
Research	-	-	-	-	-	-	-	-
Public service	493,489	79,824	16,983	14,301	-	1,010,128	-	1,614,725
Academic support	2,013,892	403,151	21,666	49,781	-	3,205,230	-	5,693,720
Student services	1,124,824	282,757	78,584	28,437	-	601,718	-	2,116,320
Institutional support	336,950	99,680	65,568	(76,150)	-	2,648,343	-	3,074,391
Operation and maintenance of plant	-	-	-	-	-	879,843	-	879,843
Student grants and scholarships	-	-	-	-	5,537,198	-	-	5,537,198
Auxiliary enterprise expenses	2,741,228	719,307	224,784	97,675	-	888,349	-	4,671,343
Depreciation and amortization	-	-	-	-	-	-	1,520,342	1,520,342
Total operating expenses	\$ 13,836,126	3,269,099	547,385	322,126	5,537,198	12,877,481	1,520,342	37,909,757

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	341,419
Deferred outflows - others:	-
	-
	-
	-
	-
	-
Total deferred outflows - others	-
Total deferred outflows of resources	\$ 341,419

2. Deferred Inflows of Resources

Deferred inflows - service concession arrangements	\$ -
Deferred inflows - net pension liability	-
Deferred inflows - net OPEB liability	766,484
Deferred inflows - unamortized gain on debt refunding(s)	593,635
Deferred inflows - nonexchange transactions	-
Deferred inflows - others:	-
Unamortized gain on sale of property	152,475
	-
	-
	-
	-
	-
Total deferred inflows - others	152,475
Total deferred inflows of resources	\$ 1,512,594

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

Note to Supplementary Information

June 30, 2019

1. Basis of Presentation

These schedules are prepared in accordance with the instructions listed in an Administrative Directive, dated June 24, 2003; *Financial Reporting Requirements for Auxiliary Organizations*, from the California State University Office of the Chancellor. As a result, these schedules do not purport to represent financial statements prepared fully in accordance with accounting principles generally accepted in the United States of America applicable to governmental not-for-profit organizations.

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

(A Component Unit of California
State University, Los Angeles)

Single Audit Reports

Year Ended June 30, 2019



Certified
Public
Accountants

CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.
(a Component Unit of California State University, Los Angeles)

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

Board of Directors
Cal State L.A. University Auxiliary Services, Inc.
Los Angeles, California

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, 2019, and the related notes to the financial statements, which collectively comprise UAS's basic financial statements, and have issued our report thereon dated September 12, 2019.

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) to determine the 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 UAS'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 determination of financial statement amounts. 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 UAS's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering UAS's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Macias Gini & O'Connell LLP

Los Angeles, California
September 12, 2019



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

Board of Directors
Cal State L.A. University Auxiliary Services, Inc.
Los Angeles, California

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 *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, 2019. 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* (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, 2019.

Other Matters

Our report is replacing a previously issued report dated November 25, 2019, due to information subsequently received from the grantor that certain programs under CFDA No. 47.067 Education and Human Resources program (CFDA No. 47.067), previously classified as “Other Awards” on the Schedule of Expenditures of Federal Awards (SEFA), should be part of the Research and Development (R&D) grant. CFDA No. 47.067 was previously audited as a major program and the reclassification resulted in removing CFDA No. 47.067 as a major program and a selection of an additional program for coverage purposes as required by the Uniform Guidance. In addition to the revised SEFA, the Schedule of Findings and Questioned Costs was also revised to reflect the removal of CFDA No. 47.067 and selection of CFDA No. 84.116 Fund for Improvement of Postsecondary Education as an additional major program.

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2019-001. Our opinion on each major federal program is not modified with respect to this matter.

UAS’s response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. UAS’s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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, we did identify a deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2019-001 that we consider to be a significant deficiency.

UAS's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. UAS's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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, 2019, and the related notes to the financial statements, which collectively comprise UAS's basic financial statements. We issued our report thereon dated September 12, 2019, 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.

Macias Gini & O'Connell LLP

Los Angeles, California
November 25, 2019, except for our report on compliance and internal control related to CFDA No. 84.116, on the amended and restated schedule of expenditures of federal awards, and on the revised schedule of findings and questioned costs, for which date is March 24, 2020

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CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.
Schedule of Expenditures of Federal Awards
For The Year Ended June 30, 2019

Federal Grantor / Program or Cluster Title	Catalog of Federal Domestic Assistance (CFDA) Number	Pass-Through Grantor	Pass-Through Entity's Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
OTHER AWARDS:					
U.S. Department of Agriculture					
CFDA # 10.558 - Child and Adult Care Food Program					
Child Care Food Program 2017-2018	10.558	California Department of Education	13529/13534	\$ -	\$ 16,447
Child Care Food Program 2018-2019	10.558	California Department of Education	04676-CACFP-19-NP-IC	-	47,334
Subtotal CFDA # 10.558				<u>-</u>	<u>63,781</u>
CFDA # 10.561 - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program					
CalFresh Outreach Plan	10.561	CSU Chico Research Foundation	SUB16-047	-	839
CalFresh Outreach Plan	10.561	CSU Chico Research Foundation	SUB16-047	-	14,473
CalFresh Outreach Plan	10.561	CSU Chico Research Foundation	SUB18-021	-	33,087
Subtotal CFDA # 10.561				<u>-</u>	<u>48,399</u>
Subtotal U.S. Department of Agriculture				<u>-</u>	<u>112,180</u>
U.S. Department of Commerce					
CFDA # 11.300 - Investments for Public Works and Economic Development Facilities (Economic Development Cluster)					
BioSciences Business Incubator	11.300			-	2,873,408
Subtotal CFDA # 11.300				<u>-</u>	<u>2,873,408</u>
Subtotal U.S. Department of Commerce				<u>-</u>	<u>2,873,408</u>
U.S. Department of Defense					
CFDA # 12.300 - Basic and Applied Scientific Research					
Naval STEM Program at Cal State LA	12.300			-	167,888
Subtotal CFDA # 12.300				<u>-</u>	<u>167,888</u>
Subtotal U.S. Department of Defense				<u>-</u>	<u>167,888</u>
U.S. Department of Justice					
CFDA # 16.820 - Postconviction Testing of DNA Evidence					
Post Conviction DNA Testing	16.820			-	4,152
Subtotal CFDA # 16.820				<u>-</u>	<u>4,152</u>
Subtotal U.S. Department of Justice				<u>-</u>	<u>4,152</u>
U.S. Department of Transportation					
CFDA # 20.109 - Air Transportation Centers of Excellence					
2017-2018 Evaluation of Metrics and FFA Tools for Climate Impacts from Aviation	20.109	The Board of Trustees of the University of Illinois	085114-16183	-	4,531
Subtotal CFDA # 20.109				<u>-</u>	<u>4,531</u>
CFDA # 20.215 - Highway Training and Education					
Ladders of Opportunity	20.215	California Department of Transportation	50A0054	42,180	124,798
National Summer Transportation Institute	20.215	California Department of Transportation	88A0124	-	76,688
Dwight David Eisenhower Transportation Fellowship Program	20.215			-	10,000
Dwight David Eisenhower Transportation Fellowship Program	20.215			-	7,904
Dwight David Eisenhower Transportation Fellowship Program	20.215			-	3,200
Dwight David Eisenhower Transportation Fellowship Program	20.215			-	5,000
Dwight David Eisenhower Transportation Fellowship Program	20.215			-	3,500
Dwight David Eisenhower Transportation Fellowship Program	20.215			-	1,500
Dwight David Eisenhower Transportation Fellowship Program	20.215			-	1,500
Dwight David Eisenhower Transportation Fellowship Program	20.215			-	1,282
Dwight David Eisenhower Transportation Fellowship Program	20.215			-	1,422
Dwight David Eisenhower Transportation Fellowship Program	20.215			-	1,500
Dwight David Eisenhower Transportation Fellowship Program	20.215			-	1,500
National Summer Transportation Institute	20.215	California Department of Transportation	88A0131	-	852
Subtotal CFDA # 20.215				<u>42,180</u>	<u>240,646</u>
Subtotal U.S. Department of Transportation				<u>42,180</u>	<u>245,177</u>

The accompanying notes are an integral part of this schedule.

CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.
Schedule of Expenditures of Federal Awards (Continued)
For The Year Ended June 30, 2019

Federal Grantor / Program or Cluster Title	Catalog of Federal Domestic Assistance (CFDA) Number	Pass-Through Grantor	Pass-Through Entity's Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of the Treasury					
CFDA # 21.009 - Volunteer Income Tax Assistance (VITA) Matching Grant Program					
CSULA VITA (Volunteer Income Tax Assistance) Program 2016-2017	21.009			\$ -	\$ 3,128
2018-2019 CSULA Volunteer Income Tax Assistance Program	21.009			-	12,247
Subtotal CFDA # 21.009				-	15,375
Subtotal U.S. Department of the Treasury				-	15,375
National Science Foundation					
CFDA # 47.041 - Engineering Grants					
Revolutionizing Metallic Biomaterials for National Science Foundation	47.041	North Carolina Agricultural & Technical State University	260118B (EEC-0812348) Mod 10	-	7,114
MRI: Acquisition of a State-of-the Art Shake Table System to Enhance Teaching and Research at California State University, Los Angeles	47.041			-	26,238
Subtotal CFDA # 47.041				-	33,352
CFDA # 47.076 - Education and Human Resources					
BOOST: Bridge Opportunities Offered for the Sophomore Transition	47.076			-	31,676
ADVANCE Partnership: From the Classroom to the Field: Improving the Workplace in the Geosciences	47.076			-	31,571
Culturally Adaptive Pathway to Success (CAPS)	47.076			-	85,016
Subtotal CFDA # 47.076				-	148,263
CFDA # 47.082 - Trans-NSF Recovery Act Research Support					
MOEBIUS-Mathematics On Education Based Integrated Understanding Scholars	47.082			-	(21,000) *
Subtotal CFDA # 47.082				-	(21,000)
Subtotal National Science Foundation				-	160,615
Small Business Administration					
CFDA # 59.037 - Small Business Development Centers					
Center for Entrepreneurship & Innovation	59.037			-	400
Subtotal CFDA # 59.037				-	400
Subtotal Small Business Administration				-	400
U.S. Department of Education					
CFDA # 84.031 - Higher Education Institutional Aid					
STEM Pipeline Los Angeles City College	84.031	Los Angeles Community College District	4500244240	-	83,467
Subtotal CFDA# 84.031				-	83,467
CFDA # 84.047 - TRIO Upward Bound (TRIO Cluster)					
Upward Bound Regular-Pasadena	84.047A			-	621,112
Upward Bound Regular-Los Angeles	84.047A			-	393,339
Upward Bound Math/Science Los Angeles	84.047M			-	329,798
Upward Bound Math/Science Pasadena	84.047M			-	342,020
Subtotal CFDA # 84.047A through CFDA # 84.047M				-	1,686,269
CFDA # 84.116 - Fund for the Improvement of Postsecondary Education					
STEM Education Consortium	84.116F			341,372	707,991
Subtotal CFDA # 84.116F				341,372	707,991

The accompanying notes are an integral part of this schedule.

CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.
Schedule of Expenditures of Federal Awards (Continued)
For The Year Ended June 30, 2019

Federal Grantor / Program or Cluster Title	Catalog of Federal Domestic Assistance (CFDA) Number	Pass-Through Grantor	Pass-Through Entity's Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
CFDA # 84.126 - Rehabilitation Services Vocational Rehabilitation Grants to States					
Work Ability IV (WAIV) Program 2016-2017	84.126A	California Department of Rehabilitation	30036	\$ -	\$ 24
2017-2018 Workability IV (WAIV)	84.126A	California Department of Rehabilitation	30036 Amendment No. 1	-	6,497
2018-2019 Workability IV (WAIV)	84.126A	California Department of Rehabilitation	30036 Amendment No. 1	-	116,516
Subtotal CFDA # 84.126A				<u>-</u>	<u>123,037</u>
CFDA # 84.325 - Special Education Personnel Development to Improve Services and Results for Children with Disabilities					
Preparing Effective Transition Teachers of Students with Visual Impairments (PEET)	84.325	San Francisco State University Foundation	S13-0004	-	39,807
Leadership in Special Education for High Need Children in Poverty Schools (Project LEAD)	84.325D			-	99,998
Project START UP (Special Education Teacher Education and Research on Teaching Urban Population)	84.325D			-	247,263
Combined Priority for Personnel Development	84.325K			-	114
Combined Priority for Personnel Development	84.325K			-	144,253
Project PEDS: Preparing Effective Dual Specialists to Serve Children with Visual Impairments	84.325K			-	31,056
Project PISCES: Partners in Improving Social Communication in Early Childhood Special Education	84.325K			-	48,032
Program Improvement and Personnel Preparation (PIPP) of Experts working with School Aged Students who are Blind or Visually Impaired	84.325K			-	55,574
Subtotal CFDA # 84.325 through 84.325K				<u>-</u>	<u>666,097</u>
CFDA # 84.327 - Special Education Educational Technology Media, and Materials for Individuals with Disabilities					
Braille Challenge App	84.327S			-	323,041
Subtotal CFDA # 84.327S				<u>-</u>	<u>323,041</u>
CFDA # 84.334 - Gaining Early Awareness and Readiness for Undergraduate Programs					
LAUSD - Go Central City GEARUP 4LA	84.334	LA Unified School District	4400005612	-	37,333
LAUSD-GEAR UP 4 LA-Southeast	84.334	LA Unified School District	4400007123	-	1,196
LAUSD-GEAR UP 4 LA-Central	84.334	LA Unified School District	4400007141	-	3,156
Subtotal CFDA # 84.334				<u>-</u>	<u>41,685</u>
CFDA # 84.335 - Child Care Access Means Parents in School					
Childcare Access Means Parents in School	84.335A			-	163,537
Subtotal CFDA # 84.335A				<u>-</u>	<u>163,537</u>
CFDA # 84.336 - Teacher Quality Partnership Grants					
Los Angeles Urban Teacher Residency Program Transformation Initiative	84.336S			1,093,642	2,242,714
Subtotal CFDA # 84.336S				<u>1,093,642</u>	<u>2,242,714</u>
CFDA # 84.411 - Investing in Innovation (i3) Fund					
Innovation Validation Grant	84.411B	University of California, Irvine	2014-3025	-	5,689
Subtotal CFDA # 84.411B				<u>-</u>	<u>5,689</u>
CFDA # 84.418 - Promoting Readiness of Minors in Supplemental Security Income					
CaPROMISE: Promoting the Readiness of Minors in Supplemental Security Income 2017-2018	84.418	Department of Rehabilitation	30120 Amendment 1	-	66,036
Subtotal CFDA # 84.418				<u>-</u>	<u>66,036</u>
CFDA # 84.421 - California Career Innovations: Work Based Learning Initiative (CA Innovations - CCI)					
2016-2017 CCI: Work Based Learning Initiative (CA Innovations)	84.421B	Department of Rehabilitation	30274	-	148,876
2018-2019 California Career Innovations	84.421B	Department of Rehabilitation	30834	108,712	159,399
Subtotal CFDA # 84.421B				<u>108,712</u>	<u>308,275</u>
Subtotal U.S. Department of Education				<u>1,543,726</u>	<u>6,417,838</u>

The accompanying notes are an integral part of this schedule.

CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.
Schedule of Expenditures of Federal Awards (Continued)
For The Year Ended June 30, 2019

Federal Grantor / Program or Cluster Title	Catalog of Federal Domestic Assistance (CFDA) Number	Pass-Through Grantor	Pass-Through Entity's Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Health and Human Services					
CFDA # 93.575 - Child Care and Development Block Grant (CCDF Cluster)					
2018-2019 General Child Care Program	93.575	California Department of Education	15136 CCTR-8068	\$ -	\$ 34,399
2018-2019 CA State Preschool Program	93.575	California Department of Education	15136 CSPP-8158	-	14,083
Subtotal CFDA # 93.575				<u>-</u>	<u>48,482</u>
CFDA # 93.596 - Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF Cluster)					
2018-2019 General Child Care Program	93.596	California Department of Education	13609 CCTR-8068	-	74,869
2018-2019 CA State Preschool Program	93.596	California Department of Education	13609 CSPP-8158	-	30,687
Subtotal CFDA # 93.596				<u>-</u>	<u>105,556</u>
Subtotal CCDF Cluster				<u>-</u>	<u>154,038</u>
CFDA # 93.658 - Foster Care Title IVE					
CALSWEC 1 Full-Time and Part-Time Training Program 2015-2016	93.658	Regents of the University of California	00008897 (15-IA-00850)	-	6,714
CALSWEC 1 Full-Time and Part-Time Training Program 2016-2017	93.658	Regents of the University of California	00009238 (16-IA-00775)	-	183
CALSWEC 1 Full-Time and Part-Time Training Program 2017-2018	93.658	Regents of the University of California	00009238 (16-IA-00775) Amendment 1	-	372,776
Training and Staff Development and Master of Social Work Internship Program Services	93.658	Regents of the University of California	1187 S WA298	-	524,586
CALSWEC 1 Full-Time and Part Time Training Program 2018-2019	93.658	Regents of the University of California	00009912	-	1,039,674
Subtotal CFDA # 93.658				<u>-</u>	<u>1,943,933</u>
CFDA # 93.778 - Medical Assistance Program					
Local Dental Pilot Project	93.778	Department of Health Care Services	16-93566	1,754,719	3,859,653
2017-18 In-Home Supportive Services (IHSS) La Capacity Building Project	93.778	San Diego State University Research Foundation	SA0000503 Amendment 3	-	9,368
Subtotal CFDA # 93.778				<u>1,754,719</u>	<u>3,869,021</u>
CFDA # 93.865 - Child Health and Human Development Extramural Research					
Nuestros Ninos Program: Promoting School Readiness for English Language Learners	93.865	University of North Carolina at Chapel Hill	1U01HD060299-01	-	(120) *
Subtotal CFDA # 93.865				<u>-</u>	<u>(120)</u>
Subtotal U.S. Department of Health and Human Services				<u>1,754,719</u>	<u>5,966,872</u>
CFDA # 94.006 - AmeriCorps					
Jumpstart - East Los Angeles 2017-2018	94.006	JumpStart for Young Children, Inc.	230200	-	11,823
Jumpstart - East Los Angeles 2018-2019	94.006	JumpStart for Young Children, Inc.	230200	-	46,335
Subtotal CFDA # 94.006				<u>-</u>	<u>58,158</u>
Subtotal AmeriCorps				<u>-</u>	<u>58,158</u>
Total Other Awards				<u>3,340,625</u>	<u>16,022,063</u>
RESEARCH AND DEVELOPMENT AWARDS (R&D Cluster):					
U.S. Department of Agriculture					
CFDA # 10.310 - Agriculture and Food Research Initiative (AFRI)					
Improving the Sensory Attribute	10.310			21,492	96,589
Subtotal CFDA # 10.310				<u>21,492</u>	<u>96,589</u>
Subtotal U.S. Department of Agriculture				<u>21,492</u>	<u>96,589</u>
U.S. Department of Commerce					
CFDA # 11.020 - Cluster Grants					
LA BioStart BioScience Entrepreneur	11.020			58,500	205,428
Subtotal CFDA # 11.020				<u>58,500</u>	<u>205,428</u>
Subtotal U.S. Department of Commerce				<u>58,500</u>	<u>205,428</u>

The accompanying notes are an integral part of this schedule.

CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.
Schedule of Expenditures of Federal Awards (Continued)
For The Year Ended June 30, 2019

Federal Grantor / Program or Cluster Title	Catalog of Federal Domestic Assistance (CFDA) Number	Pass-Through Grantor	Pass-Through Entity's Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Defense					
CFDA # 12.630 - Basic, Applied, and Advanced Research in Science and Engineering					
Non-Contract Geophysical Methods to Predict Near-Surface Seafloor Soil Properties	12.630			\$ -	\$ 43,933
Multifunctional Metal-Organic Frameworks for Efficient Degradation of Chemical Warfare Agents: Mechanism and Synthesis	12.630			-	62,914
Subtotal CFDA # 12.630				<u>-</u>	<u>106,847</u>
CFDA # 12.800 - Air Force Defense Research Sciences Program					
Theoretical/Computational Studies of High-Temperature Superconductivity from Quantum Magnetism	12.800			-	74,802
Subtotal CFDA # 12.800				<u>-</u>	<u>74,802</u>
Subtotal U.S. Department of Defense				<u>-</u>	<u>181,649</u>
U.S. Department of Interior					
CFDA # 15.530 - Water Conservation Field Services (WCFS)					
Hydrogen Fuel Cell Vehicle Emergency Water Generation	15.530	The Metropolitan Water District of Southern California	179945	-	10,000
Subtotal CFDA # 15.530				<u>-</u>	<u>10,000</u>
Subtotal U.S. Department of Interior				<u>-</u>	<u>10,000</u>
U.S. Department of Justice					
CFDA # 16.818 - Children Exposed to Violence					
OJJDP FY2015 Design Study of Dual System Youth	16.818			87,666	221,601
Subtotal CFDA # 16.818				<u>87,666</u>	<u>221,601</u>
Subtotal U.S. Department of Justice				<u>87,666</u>	<u>221,601</u>
U.S. Department of Transportation					
CFDA # 20.200 - Highway Research and Development Program					
Second Strategic Highway Research Program (SHRP2) Education connection	20.200			-	6,264
Subtotal CFDA # 20.200				<u>-</u>	<u>6,264</u>
CFDA # 20.701 - University Transportation Centers Program					
2017-2018 University Transportation Center for Underground Transportation Infrastructure	20.701	Colorado School of Mines	401208-5801 Amendment No. 1	-	165,758
2018-2019 University Center for Underground Transportation Infrastructure	20.701	Colorado School of Mines	401208-5801 Amendment No. 3	-	43,686
Subtotal CFDA # 20.701				<u>-</u>	<u>209,444</u>
Subtotal U.S. Department of Transportation				<u>-</u>	<u>215,708</u>
National Aeronautics and Space Administration					
CFDA # 43.001 - Science					
Dynamical and Chemical Origins of the Outer Solar System	43.001	Jet Propulsion Laboratory	RSA No. 1606615	-	43,152
Subtotal CFDA # 43.001				<u>-</u>	<u>43,152</u>
CFDA # 43.007 - Space Operations					
Pore-Mushy Zone Interaction during Directional Solidification of Alloys	43.007			27,681	51,592
Subtotal CFDA # 43.007				<u>27,681</u>	<u>51,592</u>
CFDA # 43.008 - Education					
Data Intensive Research & Education Center for Science, Technology, Engineering and Mathematics (DIRECT-STEM)	43.008			215,457	1,028,209
Subtotal CFDA # 43.008				<u>215,457</u>	<u>1,028,209</u>
Subtotal National Aeronautics and Space Administration				<u>243,138</u>	<u>1,122,953</u>

The accompanying notes are an integral part of this schedule.

CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.
Schedule of Expenditures of Federal Awards (Continued)
For The Year Ended June 30, 2019

Federal Grantor / Program or Cluster Title	Catalog of Federal Domestic Assistance (CFDA) Number	Pass-Through Grantor	Pass-Through Entity's Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
National Science Foundation					
CFDA # 47.041 - Engineering Grants					
EcoCar3: Advancing STEM Education, Innovation, Diversity and Outreach through Advanced Vehicle Technology Competitions	47.041	American Society for Engineering Education	1560873	\$ -	\$ 2,519
PFI-TT: Developing Antifreeze Polypeptide-Based Systems for Organ Preservation	47.041			8,175	47,178
Collaborative Research: Engineering Identity, its Predictors and its Impact on Retention across Educational Stages	47.041	University of Texas at Austin	UTA18-000263	-	4,594
Subtotal CFDA # 47.041				8,175	54,291
CFDA # 47.049 - Mathematical and Physical Sciences					
Synchrony in Metapopulations at Multiple Time-Scales: Theory, Experiments and Field Data	47.049			7,149	7,149
PREM: Cal State LA & Penn State Partnership for Materials Research and Education Development	47.049			72,837	476,993
RUI: Graph Coloring and Choosability	47.049			-	28,409
RUI: Collaborative Research on the Role of Singlet	47.049			-	36,887
MRI: Acquisition of a Rheometer for Research and Research Training in Science and Engineering at CSULA	47.049			-	232,276
MRI: Acquisition of a Surface Plasmon Resonance Microscopy System for Interdisciplinary Research and Research Training	47.049			-	209,745
Subtotal CFDA # 47.049				79,986	991,459
CFDA # 47.070 - Computer and Information Science and Engineering					
I-Corps: Towards Thermally Stable Formulations	47.070			-	38,186
Spokes: Medium: Collaborative: Big Data to Promote Community Learning and Impact	47.070			57,140	152,261
Subtotal CFDA # 47.070				57,140	190,447
CFDA # 47.074 - Biological Sciences					
Collaborative: RUI: ARTS: Revisionary Systematics of Herbivorous Sea Slugs: Identifying Traits that Promote Diversification and Morphological Novelty	47.074			-	10,108
RUI: Collaborative Research: Phylogenomics of Cyprinidinae (Ostracoda): Evolutionary Origins of Bioluminescence and Complex Behavioral Displays	47.074			-	42,348
Collaborative Research: RUI Sink or Swim: Phenomic and Transcriptomic Diversification of Sculpins (Teleostel: Cottidae) Endemic to Lake Baikal, Russia	47.074			-	50,778
Collaborative Research: Dimensions: Desiccation and Diversity in Dryland Mosses	47.074			-	89,628
Digitization TCN: Collaborative Research: Capturing California's Flowers using digital images to investigate phenological change in biodiversity hotspot	47.074			-	16,879
Subtotal CFDA # 47.074				-	209,741
CFDA # 47.076 - Education and Human Resources					
CREST Center for Energy and Sustainability at California State University, Los Angeles	47.076			-	444,060
CREST Center for Energy and Sustainability at California State University, Los Angeles	47.076			-	33,588
Collaborative Research: First Year Experience for Engineering, Computer Science and Technology	47.076			-	90,149
CREST Suppl.Cntr for Energy & Science	47.076			-	18,642
Cal State University Louis Stokes STEM Pathways and Research Alliance	47.076	University Enterprises, Inc., CSU Sacramento	533121	-	9,884
Louis Stokes Alliance for Minority Participation Bridge to the Doctorate (Cohort XIII) 2016	47.076	University Enterprises, Inc., CSU Sacramento	528261	-	32,566
Louis Stokes Alliance for Minority Participation Bridge to the Doctorate (Cohort XIV) 2017	47.076	University Enterprises, Inc., CSU Sacramento	529851	-	491,309
LSAMP BD: California State University, Los Angeles, CSU-LSAMP-BD Cohort 15	47.076	University Enterprises, Inc., CSU Sacramento	532201A	-	452,185
Subtotal CFDA # 47.076				-	1,572,383
CFDA # 47.079 - Office of International and Integrative Activities					
Collaborative Research: US-Brazil IRES/Analytical Applications of Nanomaterials and Microfluidic Devices	47.079			-	40,268
Subtotal CFDA # 47.079				-	40,268
Subtotal National Science Foundation				145,301	3,058,589

The accompanying notes are an integral part of this schedule.

CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.
Schedule of Expenditures of Federal Awards (Continued)
For The Year Ended June 30, 2019

Federal Grantor / Program or Cluster Title	Catalog of Federal Domestic Assistance (CFDA) Number	Pass-Through Grantor	Pass-Through Entity's Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Energy					
CFDA # 81.049 - Office of Science Financial Assistance Program					
Design Principles for Quantum Hall States	81.049	Princeton University	ORPA001784	\$ -	\$ 125,168
Subtotal CFDA # 81.049				<u>-</u>	<u>125,168</u>
Subtotal U.S. Department of Energy				<u>-</u>	<u>125,168</u>
U.S. Department of Education					
CFDA # 84.031 - Higher Education Institutional Aid					
Expanding Opportunities for Pre-Health and Life Science Professionals	84.031M			-	823,239
Subtotal CFDA# 84.031M				<u>-</u>	<u>823,239</u>
CFDA # 84.116 - Fund for the Improvement of Postsecondary Education					
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	-	250,789
Subtotal CFDA # 84.116F				<u>-</u>	<u>250,789</u>
CFDA # 84.335A - Child Care Access Means Parents in School					
Child Care Access Means Parents in Schools (CCAMPIS)	84.335A			-	148,150
Subtotal CFDA # 84.335A				<u>-</u>	<u>148,150</u>
Subtotal U.S. Department of Education				<u>-</u>	<u>1,222,178</u>
U.S. Department of Health and Human Services					
CFDA # 93.173 - Research Related to Deafness and Communication Disorders					
Profiles and Progress in Spanish English Bilinguals with Language Impairment: Development of a Criterion Reference Measure	93.173	The University of Texas at Austin	UTA16-000682	-	22,364
Profiles & Progress in Spanish	93.173	Temple University	263001-CSLA	-	53,791
Subtotal CFDA # 93.173				<u>-</u>	<u>76,155</u>
CFDA # 93.310 - Trans-NIH Research Support					
Lifecourse Approach to Developmental Repercussions of Environmental Agents on Metabolic and Respiratory Health	93.310	University of Southern California	80596397 Amendment 1	-	23,590
Subtotal CFDA # 93.310				<u>-</u>	<u>23,590</u>
CFDA # 93.393 - Cancer Cause and Prevention Research					
Epigenetic Damage in Women Living in LA Food-dessert Zip Codes	93.393	Beckman Research Institute, City of Hope	53332.2004159.669202	-	5,408
Subtotal CFDA # 93.393				<u>-</u>	<u>5,408</u>
CFDA # 93.394 - Cancer Detection and Diagnosis Research					
Linking Churches with Parks to Increase Activity Among Latinos	93.394	RAND Corporation	9920180082	-	34,504
Subtotal CFDA # 93.394				<u>-</u>	<u>34,504</u>
CFDA # 93.398 - Cancer Research Manpower					
Improving Patient-Centered Communication & Cancer Care	93.398	Beckman Research Institute City of Hope	51834.2000560.669301	-	1,282
Improving Patient-Centered Communication & Cancer Care	93.398	Beckman Research Institute City of Hope	51834.2000560.669301	-	45,068
Subtotal CFDA # 93.398				<u>-</u>	<u>46,350</u>
CFDA # 93.433 - ACL National Institute on Disability, Independent Living, and Rehabilitation Research					
The Disability, Rehabilitation, Engineering Access for Minorities (DREAM) Project	93.433			-	140
The Disability, Rehabilitation, Engineering Access for Minorities (DREAM) Project	93.433			-	116,094
The Disability, Rehabilitation, Engineering Access for Minorities (DREAM) Project 2018-2019	93.433			-	111,618
Subtotal CFDA # 93.433				<u>-</u>	<u>227,852</u>
CFDA # 93.847 - Diabetes, Digestive, and Kidney Diseases Extramural Research					
Impact of HIV/SIV Infection on Paneth and Intestinal Stem Cell Infection	93.847	Tulane University	TUL-HSC-55249-16/17	-	27,623
Subtotal CFDA # 93.847				<u>-</u>	<u>27,623</u>

The accompanying notes are an integral part of this schedule.

CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.
Schedule of Expenditures of Federal Awards (Continued)
For The Year Ended June 30, 2019

Federal Grantor / Program or Cluster Title	Catalog of Federal Domestic Assistance (CFDA) Number	Pass-Through Grantor	Pass-Through Entity's Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
CFDA # 93.865 - Child Health and Human Development Extramural Research					
SPROUT: Human Development & Disability	93.865			\$ 6,656.00	\$ 30,619
Subtotal CFDA # 93.865				<u>6,656</u>	<u>30,619</u>
CFDA # 93.859 - Biomedical Research and Research Training					
Research Initiative for Scientific Enhancement (RISE) Option 3	93.859			-	(3,426) *
Bridges To The Future	93.859			-	46,564
Spin Labeled Ice Binding Proteins for Molecular Antifreeze Mechanistic Study	93.859			-	49,325
The Crosstalk Between Arginine Methylation and Science Phosphorylation in Histone H3	93.859			-	89,342
Identification and Molecular Basis for Efficient Antifreeze Protein Enhancers	93.859			-	101,976
L.A. Basin Bridges to the PhD Program 2016-2017	93.859			5,654	301,543
UPLIFT UCLA Postdocs Longitudinal Investment in Faculty Training	93.859	Regents of the University of California	1445 G UA813	-	(10,822) *
Investigating if Mad Linker Phosphorylations can control BMP Receptor Turnover	93.859			-	139,141
AK4 Expression Coordinates Dual AMPK and mTOR Signaling	93.859			-	103,496
CFDA # 93.859 - Biomedical Research and Research Training (Continued)					
MARC Undergraduate Student Training in Academic Research 2017-2018	93.859			-	77,400
Research Initiative for Scientific Enhancement (RISE)	93.859			-	1,522,748
Macromolecular Interactions of t-Darpp and Darpp-32	93.859			-	92,150
The Role of Zinc Ions for RNA Binding and Catalytic Function of the DYW-deaminase	93.859			-	121,390
2017-2018 Uplift: UCLA Postdoc's Longitudinal Investment in Faculty Training	93.859	Regents of the University of California	1445 G UA813 Amendment 1	-	20,325
MARC Undergraduate Student Training in Academic Research 2018-2019	93.859			-	430,588
Bridges To The Future	93.859			-	207,607
2018-2019 Uplift:UCLA Postdocs' Longitudinal in Faculty Training	93.859	Regents of the University of California	1445 G UA813 Amendment 2	-	27,262
MARC Undergraduate Student Training in Academic Research 2019-2020	93.859			-	15,227
Subtotal CFDA # 93.859				<u>5,654</u>	<u>3,331,836</u>
Subtotal U.S. Department of Health and Human Services				<u>12,310</u>	<u>3,803,937</u>
Total Research and Development Awards				<u>568,407</u>	<u>10,263,800</u>
Total Expenditures of Federal Awards				<u>\$ 3,909,032</u>	<u>\$ 26,285,863</u>

* Credit balances represent a transfer of expenses in a previous year to a continuing project in the current fiscal year.

The accompanying notes are an integral part of this schedule.

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

Notes to Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2019

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, 2019. 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. UAS' reporting entity is defined in Note 1 to UAS's financial statements. Federal award expenditures agree or can be reconciled with the amounts reported in UAS' basic financial statements.

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 a transfer of expenses incurred in the previous year to a continuing project in the current fiscal year.

3. INDIRECT COST RATE

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

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 an accrual basis.

5. FEDERAL GRANTOR PROGRAM NAME

The program name shown on the Schedule represents the name of the program according to the grant agreement. For purposes of identifying major programs on the Schedule, the program name that corresponds to the Catalog of Federal Domestic Assistance (CFDA) was utilized.

6. RESEARCH AND DEVELOPMENT CLUSTER

A cluster is defined as a grouping of Federal programs who are closely related and share common compliance requirements. For programs with identical CFDA numbers as shown on the Schedule, the substance of the agreement between UAS and the funding agency is evaluated to determine the proper inclusion into the Research and Development cluster.

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CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2019

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

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 federal programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? Yes

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
11.300	Investments for Public Works and Economic Development Facilities (Economic Development Cluster)
84.047	TRIO Upward Bound (TRIO Cluster)
84.116	Fund for the Improvement of Postsecondary Education

Dollar threshold used to distinguish between Type A and Type B programs: \$788,576

Auditee qualified as a low-risk auditee? Yes

CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2019

Context

In reviewing the population of two (2) subrecipients totaling \$341,372, the identification of whether the award is R&D was not communicated to two (2) subrecipients.

Recommendation

We recommend the following procedures:

1. Provide the subaward information as required by 2 CFR §200.331(a) to subrecipients at the time of the subaward and communicate any changes in subsequent subaward modifications.
2. For the existing subrecipients that were not previously provided the required elements, ensure the required element is communicated prior to the end of FY 19-20.

Management Response and Corrective Action

1. Person responsible for corrective action plan:
Lynne Duong
Post Award & Compliance Manager
(323) 343-6049
2. Corrective action plan:
Cal State L.A. University Auxiliary Services, Inc. communicated with the subrecipients to notify them that the award type is classified as “Other” and not “Research & Development (R&D)”.
3. Anticipated implementation date:
Implemented on March 19, 2020.

CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.
Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2019

There were no audit findings noted for the year ended June 30, 2018.

Corrective Action Plan for Audit Finding for Year Ended June 30, 2019

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

Criteria

In accordance with Title 2 Code of Federal Regulations (CFR) §200.331(a) *Requirements for pass-through entities*, all pass-through entities must ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification.

(1) Federal Award Identification:

(xii) Identification of whether the award is Research and Development (R&D)

Condition

During our review of two (2) subrecipients with active contracts during FY 18-19, we noted that the identification of whether the award is R&D, a required federal award element, was not communicated to the two (2) subrecipients.

Cause

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

Effect

Failure to provide the required subaward information results in noncompliance with 2 CFR §200.331 (a).

Questioned Costs

Questioned costs were not identified.

Context

In reviewing the population of two (2) subrecipients totaling \$341,372, the identification of whether the award is R&D was not communicated to two (2) subrecipients.

Recommendation

We recommend the following procedures:

1. Provide the subaward information as required by 2 CFR §200.331(a) to subrecipients at the time of the subaward and communicate any changes in subsequent subaward modifications.
2. For the existing subrecipients that were not previously provided the required elements, ensure the required element is communicated prior to the end of FY 19-20.

Management Response and Corrective Action

1. Person responsible for corrective action plan:

Lynne Duong
Post Award & Compliance Manager
(323) 343-6049

2. Corrective action plan:

Cal State LA University Auxiliary Services, Inc. communicated with the subrecipients to notify them that the award type is classified as “Other” and not “Research & Development (R&D)”.

3. Anticipated implementation date:

Implemented on March 19, 2020

Summary Schedule of Prior Audit Findings

None