

Required Communications With Those Charged With Governance

September 13, 2019

The Board of Directors  
Associated Students of California State University, Los Angeles, Inc.

This report is provided to ensure those charged with governance, including the Audit Committee and Board of Directors of Associated Students of California State University, Los Angeles, Inc. ("Associated Students") receive sufficient information regarding the scope and results of the audit that may provide them with timely observations arising from the audit that are relevant to their responsibilities in overseeing the financial reporting process for which management is responsible. These required communications relate to the financial statement audit that has been performed by CohnReznick LLP ("CohnReznick") for the year ended June 30, 2019, and other relevant information relating to CohnReznick's relationship with Associated Students. Our objective is to present certain information that is required to be communicated to those charged with governance by professional auditing standards.

If you would like any further information or would like to discuss any of the matters raised, please do not hesitate to contact Michael Good, Partner or Georgina Harris, Director at (310) 843-9700.

This report is intended solely for the information and use of those charged with governance, the Audit Committee, Board of Directors, management, and others within Associated Students, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

CohnReznick LLP

**Responsibility for an Audit** - Those charged with governance should be informed of the level of responsibility assumed by the auditor in accordance with auditing standards generally accepted in the United States of America and the nature of assurance an audit provides.

- The objective of a financial statement audit is the expression of an opinion on the financial statements. We consider Associated Students' internal control over financial reporting solely for the purpose of determining the nature, timing and extent of auditing procedures necessary for expressing our opinion on the financial statements. We did not express an opinion on the effectiveness of internal control over financial reporting.
- Our responsibility and management's responsibility is communicated annually in our engagement letter.
- Management is responsible for the financial statements and our audit of the financial statements does not relieve management or those charged with governance of their responsibilities. Management is responsible for establishing and maintaining internal controls, including, monitoring ongoing activities; for the selection and application of accounting principles; and for the fair presentation in the financial statements of financial position, changes in net assets and cash flows in conformity with generally accepted accounting principles in the United States of America. Management is responsible for the design and implementation of programs and controls to prevent and detect fraud and for informing us about all known or suspected fraud affecting Associated Students involving (a) management, (b) employees who have significant roles in internal control, and (c) others where fraud could have a material effect on the financial statements. Management is also responsible for identifying and ensuring that the Associated Students complies with applicable laws and regulations.
- Our audit is designed to obtain reasonable, but not absolute, assurance of detecting errors or fraud that would have a material effect on the financial statements as well as other illegal acts having a direct and material effect on financial statement amounts. However, audits are based on the concept of selective testing of the data being examined and are, therefore, subject to the limitation that material errors or fraud or other illegal acts having a direct and material financial statement impact, if they exist, may not be detected. Also, because of the characteristics of fraud, an audit designed and executed in accordance with auditing standards generally accepted in the United States of America may not detect a material fraud. For these reasons, we cannot ensure that errors, fraud or other illegal acts, if present, will be detected.
- We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

**Significant Accounting Policies and Unusual Transactions** - Those charged with governance should be informed about the initial selection of and changes in significant accounting policies as well as the methods used to account for significant unusual transactions.

- The financial statements of Associated Students are prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America applicable to not-for-profit organizations.
- Other significant accounting policies are identified in Note 1 of the financial statements.
- During the year ended June 30, 2019, Associated Students adopted the Financial Accounting Standards Board's Accounting Standards Update 2016-14 – Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. The update addressed the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. The effect of the adoption of the pronouncement is identified in Note 1 of the financial statements.
- No other new accounting policies were adopted and the application of existing policies was not changed during the year.
- We found the accounting policies as applied by management in the recording, reporting and the disclosure of transactions to be reasonable and appropriate.

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**Management Judgments and Accounting Estimates** - Those charged with governance should be informed about the process used by management in forming particularly sensitive accounting estimates and about the basis for the auditor's conclusions regarding the reasonableness of those estimates.

- The most significant areas encountered during our audit that involved management judgment or application of accounting estimates are as follows:
  - ✓ Collectability of receivables
  - ✓ Fair value of investments
  - ✓ Useful lives of capital assets
  - ✓ Postretirement benefits
  - ✓ Allocation of functional expenses
- In connection with our audit of the financial statements for the year ended June 30, 2019, we reviewed the methodology for establishing these estimates and we found these estimates to be reasonable. However, estimates are subject to change because of future events, and the ultimate amounts realized may differ from those provided.

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**Audit Adjustments** - Those charged with governance should be informed of all significant adjustments arising from the audit, whether or not recorded by Associated Students that could individually or in the aggregate have a significant effect on the financial statements.

- There were no recorded or unrecorded audit adjustments proposed by the auditors.

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**Other Required Communications:**

- Potential effect on the financial statements of any significant risks and exposures - We noted no specific significant risks or exposure, and accordingly none are disclosed.
- Material uncertainties related to events and conditions, specifically going concern issues - No extended procedures were performed relating to doubt about Associated Students' ability to continue as a going concern. No material uncertainties noted or disclosed.
- Other unaudited information in documents containing audited financial statements - We are not aware of any other such documents.
- Disagreements with management - None.
- Consultation with other accountants - None.
- Difficulties encountered in performing the audit - None.
- Fraud involving senior management, or those responsible for internal controls, or causing a material misstatement of the financial statements, where the auditor determines there is evidence that such fraud may exist - None noted.
- Any illegal acts coming to the auditor's attention involving senior management and any other illegal acts, unless clearly inconsequential - None noted.
- Independence -
  - CohnReznick is independent with respect to Associated Students.
  - We have not been asked to perform non-audit services for Associated Students, except for preparation of the tax returns and related tax services.
  - Our quality control processes are established to ensure our continuing independence.
- Communication of internal control matters identified in an audit including Management Letter Comments - See separate report.
- Management Representation Letter - A copy of the required Management Representation Letter provided to the auditor can be made available upon request.
- Other Matters - None noted.