

**Associated Students of
California State University, Los Angeles, Inc.**

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

June 30, 2021 and 2020

Associated Students of California State University, Los Angeles, Inc.

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Independent Auditor's Report

The Board of Directors
Associated Students of California State University, Los Angeles, Inc.
(A California State University Auxiliary Organization)

Report on the Financial Statements

We have audited the accompanying financial statements of Associated Students of California State University, Los Angeles, Inc., which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Associated Students of California State University, Los Angeles, Inc. as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information on pages 19-26 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2021 on our consideration of Associated Students of California State University, Los Angeles, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Associated Students of California State University, Los Angeles, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Associated Students of California State University, Los Angeles, Inc.'s internal control over financial reporting and compliance.



Los Angeles, California
September 17, 2021

Associated Students of California State University, Los Angeles, Inc.

**Statements of Financial Position
June 30, 2021 and 2020**

	<u>Assets</u>	
	2021	2020
Assets		
Cash	\$ 144,832	\$ 393,878
Investments	2,153,109	1,652,298
Accounts receivable from affiliates	22,736	19,439
Accounts receivable	-	68
Prepaid expenses and deposits	23,830	45,789
Postretirement benefit assets	19,992	-
Capital assets, net	65,196	45,087
Total assets	\$ 2,429,695	\$ 2,156,559
	<u>Liabilities and Net Assets</u>	
Liabilities		
Accounts payable to affiliates	\$ -	\$ 366
Accounts payable and accrued liabilities	58,838	48,896
Postretirement benefit obligation	-	37,929
Total liabilities	58,838	87,191
Commitments and contingencies		
Net assets		
Without donor restrictions	2,370,857	2,069,368
Total net assets	2,370,857	2,069,368
Total liabilities and net assets	\$ 2,429,695	\$ 2,156,559

See Notes to Financial Statements.

Associated Students of California State University, Los Angeles, Inc.

**Statements of Activities
Years Ended June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Support and revenues		
Activity fees	\$ 1,353,297	\$ 1,344,336
Donated use of facilities	86,751	80,287
Interest income	1,136	35,249
Other	<u>106</u>	<u>14,066</u>
Total support and revenues	<u>1,441,290</u>	<u>1,473,938</u>
Expenses		
Program services		
Community services	329,011	180,145
Student government and elections	420,389	460,345
Clubs and organizations	42,629	98,491
Cultural events	49,124	49,125
Other student services	<u>232,366</u>	<u>377,313</u>
Total program services	<u>1,073,519</u>	<u>1,165,419</u>
Supporting services		
Administration	<u>130,509</u>	<u>134,871</u>
Total expenses	<u>1,204,028</u>	<u>1,300,290</u>
Pension related changes other than periodic pension benefit cost	<u>(64,227)</u>	<u>(21,842)</u>
Change in net assets	301,489	195,490
Net assets, beginning	<u>2,069,368</u>	<u>1,873,878</u>
Net assets, end	<u><u>\$ 2,370,857</u></u>	<u><u>\$ 2,069,368</u></u>

See Notes to Financial Statements.

Associated Students of California State University, Los Angeles, Inc.

Statement of Functional Expenses
Year Ended June 30, 2021

	Program services					Supporting services		Total
	Community services	Student government and elections	Clubs and organizations	Cultural events	Other student services	Total program services	Administration	
Salaries and wages	\$ 1,909	\$ 125,123	\$ -	\$ -	\$ 43,451	170,483	\$ 48,474	\$ 218,957
Employee benefits	406	85,780	-	-	18,086	104,272	18,968	123,240
Other components of net postretirement benefit cost	(38)	(7,754)	-	-	(1,600)	(9,392)	(1,714)	(11,106)
General and administrative	66	8,062	-	-	1,492	9,620	1,609	11,229
Insurance	68	1,190	-	-	1,290	2,548	1,690	4,238
Scholarships	-	137,338	-	-	2,044	139,382	-	139,382
Equipment rental and maintenance	70	15,285	-	-	1,445	16,800	1,746	18,546
Advertising and marketing	-	8,084	-	-	19,040	27,124	-	27,124
Rent	353	6,190	-	-	7,273	13,816	8,788	22,604
Program expenses	324,106	-	42,629	49,124	12,189	428,049	-	428,049
Depreciation and amortization	284	4,993	-	-	5,867	11,143	7,088	18,231
Travel	6	-	-	-	25	30	137	167
Professional services	1,771	28,504	-	-	32,934	63,209	39,354	102,563
Donated use of facilities	-	-	-	-	86,751	86,751	-	86,751
Other expenses	11	7,594	-	-	2,079	9,684	4,369	14,053
	<u>\$ 329,011</u>	<u>\$ 420,389</u>	<u>\$ 42,629</u>	<u>\$ 49,124</u>	<u>\$ 232,366</u>	<u>\$ 1,073,519</u>	<u>\$ 130,509</u>	<u>\$ 1,204,028</u>

See Notes to Financial Statements.

Associated Students of California State University, Los Angeles, Inc.

**Statement of Functional Expenses
Year Ended June 30, 2020**

	Program services					Supporting services		Total
	Community services	Student government and elections	Clubs and organizations	Cultural events	Other student services	Total program services	Administration	
Salaries and wages	\$ 2,828	\$ 161,774	\$ -	\$ -	\$ 37,174	\$ 201,776	\$ 52,659	\$ 254,435
Employee benefits	346	72,043	-	-	14,864	87,253	15,930	103,183
Other components of net postretirement benefit cost	(26)	(5,360)	-	-	(1,106)	(6,492)	(1,185)	(7,677)
General and administrative	242	9,167	-	-	2,741	12,150	4,279	16,429
Insurance	130	1,725	-	-	1,479	3,334	2,308	5,642
Scholarships	-	111,855	-	-	152,000	263,855	-	263,855
Equipment rental and maintenance	93	9,874	-	-	1,050	11,017	1,640	12,657
Advertising and marketing	-	6,635	-	-	45,656	52,291	-	52,291
Rent	519	6,864	-	-	5,883	13,266	9,187	22,453
Program	172,961	1,972	98,491	49,125	9,814	332,363	-	332,363
Depreciation and amortization	194	2,566	-	-	2,199	4,959	3,434	8,393
Travel	85	28,530	-	-	960	29,575	1,500	31,075
Professional services	2,706	31,088	-	-	23,573	57,367	41,058	98,425
Donated use of facilities	-	-	-	-	80,287	80,287	-	80,287
Other expenses	67	21,612	-	-	739	22,418	4,061	26,479
	<u>\$ 180,145</u>	<u>\$ 460,345</u>	<u>\$ 98,491</u>	<u>\$ 49,125</u>	<u>\$ 377,313</u>	<u>\$ 1,165,419</u>	<u>\$ 134,871</u>	<u>\$ 1,300,290</u>

See Notes to Financial Statements.

Associated Students of California State University, Los Angeles, Inc.

**Statements of Cash Flows
Years Ended June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Change in net assets	\$ 301,489	\$ 195,490
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	18,110	8,393
Postretirement benefits	(64,227)	(21,842)
Change in operating assets and liabilities		
Accounts receivable from affiliates	(3,297)	(4,336)
Accounts receivable	68	4,823
Prepaid expenses and deposits	41,951	(4,590)
Postretirement benefit assets	(19,992)	-
Accounts payable to affiliates	(366)	(26,897)
Accounts payable and accrued liabilities	9,942	(7,559)
Postretirement benefit obligation	6,306	7,624
	<u>289,984</u>	<u>151,106</u>
Net cash provided by operating activities		
Cash flows from investing activities		
Purchase of investments	(700,811)	(632,703)
Proceeds from sale of investments	200,000	-
Purchase of capital assets	<u>(38,219)</u>	<u>(38,038)</u>
	<u>(539,030)</u>	<u>(670,741)</u>
Net cash used in investing activities		
Net change in cash	(249,046)	(519,635)
Cash, beginning	<u>393,878</u>	<u>913,513</u>
Cash, end	<u>\$ 144,832</u>	<u>\$ 393,878</u>

See Notes to Financial Statements.

Associated Students of California State University, Los Angeles, Inc.

**Notes to Financial Statements
June 30, 2021 and 2020**

Note 1 - Business activity and summary of significant accounting policies

Business activity

Associated Students of California State University, Los Angeles, Inc. ("Associated Students") (a California State University Auxiliary Organization) is a nonprofit auxiliary organization related to California State University, Los Angeles (the "University"). Associated Students was incorporated on March 3, 1980 with the purpose of encouraging effective student participation in campus activities, as well as stimulating the educational, social, physical and cultural activities at the University. Associated Students' major source of income is derived from activity fees, which are received from the University based on the number of students enrolled on a semester basis.

Basis of accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Financial statement presentation

Associated Students reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. They are described as follows:

Net Assets Without Donor Restrictions - Net assets for use in general operations and not subject to donor (or certain grantor) restrictions. Net assets may be designated for specific purposes by action of the Board.

Net Assets With Donor Restrictions - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time, purpose or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. At June 30, 2021 and 2020, Associated Students does not have any net assets with donor restrictions.

Accounts receivable

Accounts receivable are stated at unpaid balance less an allowance for doubtful accounts. Associated Students provides for losses on the receivables using the allowance method which is based on experience and other circumstances. Associated Students considers all accounts receivable to be fully collectible and, as such, an allowance for doubtful accounts is not considered necessary.

Investments

Investments are reported at their fair values in the statements of financial position. Realized and unrealized gains and losses are included in the statements of activities as investment income (loss). June 30, 2021 and 2020, investments consist of pooled investment funds with the State of California in the amount of \$2,153,109 and \$1,652,298, respectively.

Associated Students of California State University, Los Angeles, Inc.

Notes to Financial Statements June 30, 2021 and 2020

Fair value measurements

Associated Students values certain of its financial assets and liabilities based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three broad levels, which are described below:

Level 1: Quoted priced (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

Capital assets

Capital assets are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from three to five years. Repairs and maintenance are charged to expense as incurred.

Revenue recognition

Activity fees are collected from student tuition and recognized as revenue in accordance with the academic year. Deferred revenue consists of amounts received prior to the start of the academic year which have not been earned. These amounts are transferred to revenue when earned.

Income taxes

Associated Students is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the Revenue Taxation Code of California. Accordingly, no provision for income taxes is included in the accompanying financial statements.

Associated Students has no unrecognized tax benefits at June 30, 2021 and 2020. Associated Students' federal and state income tax returns prior to 2018 and 2017, respectively, are closed and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

If applicable, Associated Students recognizes interest and penalties associated with tax matters as part of income tax expense and includes accrued interest and penalties with accounts payable and accrued expenses in the statements of financial position.

Functional allocation expenses

The costs of providing programs and activities have been summarized on a functional basis in the accompanying statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on personnel time and space utilized for activities.

Associated Students of California State University, Los Angeles, Inc.

**Notes to Financial Statements
June 30, 2021 and 2020**

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Donated use of facilities

Associated Students records donated use of facilities from an affiliated organization. The donated use of facilities is measured at fair value. For the years ended June 30, 2021 and 2020, Associated Students recorded \$86,751 and \$80,287, respectively, as donated use of facilities and expense.

Adoption of new accounting pronouncement

The Financial Accounting Standards Board issued Accounting Standard Update ("ASU") 2014-09, *Revenue from Contracts with Customers ("Topic 606")* in May 2014, providing new revenue recognition guidance that superseded existing revenue recognition guidance. The update, as amended, requires the recognition of revenue related to the transfer of goods or services to customers reflects the consideration to which the entity expects to be entitled in exchange for those goods or services, as well as additional qualitative and quantitative disclosures about revenues. Associated Students adopted ASU 2014-09 on July 1, 2020 using the modified retrospective method of transition for all contracts that were not completed as of the date.

Associated Student's revenue for reporting periods ended after June 30, 2020 is presented under the new guidance, while the financial results for prior periods will continue to be reported in accordance with the prior guidance and Associated Student's historical accounting policy. Associated Students has not experienced changes to the pattern of revenue recognition for its contracts, the identification of contracts and performance obligations or the measurement of variable consideration.

Subsequent events

Associated Students has evaluated subsequent events through September 17, 2021, which is the date these financial statements were available to be issued.

Note 2 - Liquidity and availability

Associated Students regularly monitors liquidity required to meet its operating needs and other contractual commitments. Associated Students has various sources of liquidity at its disposal, including cash, receivables, and investments.

The emergence of COVID-19 may impact the Associated Student's liquidity (see Note 10). Management continues to regularly monitor liquidity.

Associated Students of California State University, Los Angeles, Inc.

**Notes to Financial Statements
June 30, 2021 and 2020**

At June 30, 2021 and 2020, Associated Students had the following financial assets and liquidity resources available over the next 12 months:

	<u>2021</u>	<u>2020</u>
Cash	\$ 144,832	\$ 393,878
Receivables, net	22,736	19,507
Short-term investments	<u>2,153,109</u>	<u>1,652,298</u>
	<u>\$ 2,320,677</u>	<u>\$ 2,065,683</u>

Note 3 - Concentrations

Financial instruments which potentially subject Associated Students to concentrations of credit risk consist primarily of cash. Associated Students maintains its cash with high-credit quality financial institutions. At times, such amounts may exceed federally insured limits. At June 30, 2021, there were no bank balances for Associated Students that were in excess of FDIC limits.

Note 4 - Fair value measurements

At June 30, 2021 and 2020, investments are carried at fair value and are classified in one of the three categories as described in Note 1. The pooled investment funds are not traded on an active market and are therefore classified as Level 2 and are valued using quoted prices for similar assets in active exchange markets.

Note 5 - Capital assets

At June 30, 2021 and 2020, capital assets consist of the following:

	<u>2021</u>	<u>2020</u>
Computer equipment	\$ 100,386	\$ 105,522
Digital camera	5,382	1,314
Security equipment	4,980	4,980
Furniture	<u>154,172</u>	<u>154,172</u>
	264,920	265,988
Less accumulated depreciation	<u>(199,724)</u>	<u>(220,901)</u>
Total	<u>\$ 65,196</u>	<u>\$ 45,087</u>

Depreciation expense for the years ended June 30, 2021 and 2020 was \$18,110 and \$8,393, respectively.

Note 6 - Retirement plan

Associated Students provides pension benefits through the Teachers Insurance and Annuity Association - College Retirement Equities Fund (the "Pension Plan"), a defined contribution plan, to all eligible employees (as defined by the Pension Plan agreement). The Pension Plan consists of

Associated Students of California State University, Los Angeles, Inc.

**Notes to Financial Statements
June 30, 2021 and 2020**

two parts. Part one consists of contributions made by Associated Students of 7% of the employee's compensation and part two includes contributions from both the employer and employee under the provisions of Section 403(b) of the Internal Revenue Code. Contributions from Associated Students for the 7% contribution become vested on a five-year graded scale, with 100% vesting occurring after five years. Under part two of the Pension Plan, Associated Students will match contributions up to a maximum of 5% of an employee's compensation. Contributions from employees and Associated Students' matching contributions are fully vested. Associated Students' total pension expense for the years ended June 30, 2021 and 2020 was \$15,296 and \$16,126, respectively. Associated Students' policy is to fund pension costs as incurred.

Note 7 - Postretirement benefits

Associated Students sponsors a defined benefit postretirement plan (the "DB Plan") that provides lifetime postretirement medical and dental coverage to employees who retire at age 55 or older with at least 10 years of service.

Associated Students intends to contribute the maximum monthly health premium administered by the CalPERS medical program. At June 30, 2021 and 2020, Associated Students' plan assets are valued at \$213,990 and \$153,193, respectively.

The following tables provide further information about Associated Students' DB Plan:

	<u>2021</u>	<u>2020</u>
Benefit obligation at beginning of year	\$ 191,122	\$ 180,909
Service cost	37,412	35,301
Interest cost	5,867	6,603
Actuarial gains	<u>(40,403)</u>	<u>(31,691)</u>
Benefit obligation at end of year	<u>193,998</u>	<u>191,122</u>
Fair value of plan assets at beginning of year	153,193	128,762
Actual return of plan assets	40,797	4,431
Employer contributions	<u>20,000</u>	<u>20,000</u>
Fair value of plan assets at end of year	<u>213,990</u>	<u>153,193</u>
Net funded (unfunded) status	<u>\$ 19,992</u>	<u>\$ (37,929)</u>

Amounts recognized in the statements of financial position consist of the following:

	<u>2021</u>	<u>2020</u>
Noncurrent assets	\$ 19,992	\$ -
Noncurrent liabilities	<u>-</u>	<u>37,929</u>

Associated Students of California State University, Los Angeles, Inc.

**Notes to Financial Statements
June 30, 2021 and 2020**

Amounts recognized in Net Assets Without Donor Restrictions consist of the following:

	<u>2021</u>	<u>2020</u>
Unrecognized prior service cost	\$ 13,694	\$ 16,798
Net actuarial gain	<u>(223,915)</u>	<u>(162,792)</u>
 Total recognized in net assets without donor restrictions	 <u>\$ (210,221)</u>	 <u>\$ (145,994)</u>

Amounts recognized in the statements of activities consist of the following:

	<u>2021</u>	<u>2020</u>
Service cost	<u>\$ 37,412</u>	<u>\$ 35,301</u>
Other components of net postretirement benefit cost		
Interest cost	5,867	6,603
Expected return on plan assets	(9,192)	(8,317)
Amortization of prior service cost	3,104	3,104
Amortization of net (gain) loss	<u>(10,885)</u>	<u>(9,067)</u>
 Total other components of net postretirement benefit cost	 <u>(11,106)</u>	 <u>(7,677)</u>
 Net postretirement benefit cost ("NPBC")	 <u>\$ 26,306</u>	 <u>\$ 27,624</u>

Other changes recognized in changes in net assets without donor restrictions are as follows:

	<u>2021</u>	<u>2020</u>
Net gain for the period	\$ (72,008)	\$ (27,805)
Amortization of (gain) loss	10,885	9,067
Amortization of prior service cost	<u>(3,104)</u>	<u>(3,104)</u>
 Total changes in net assets without donor restrictions	 <u>\$ (64,227)</u>	 <u>\$ (21,842)</u>
 Total changes recognized in NPBC and net assets without donor restrictions	 <u>\$ (37,921)</u>	 <u>\$ 5,782</u>

Associated Students of California State University, Los Angeles, Inc.

**Notes to Financial Statements
June 30, 2021 and 2020**

Assumptions

Weighted-average assumptions used in accounting for Associated Students' postretirement benefit plan are as follows at June 30:

	<u>2021</u>	<u>2020</u>
Benefit obligations		
Discount rate	2.84%	3.07%
Rate of return on plan assets	6.00%	6.00%
Rate of compensation increase	N/A	N/A
Medical trend		
Initial	6.00%	6.85%
Ultimate	4.50%	4.50%
Number of years to ultimate	10 years	11 years

Associated Students' overall investment strategy is to diversify investments among equities, fixed income and other securities. The fair values of Associated Students' postretirement benefit plan assets at June 30, 2021 and 2020 by asset class are as follows:

	<u>2021</u>	<u>2020</u>
Equities	\$ 113,734	\$ 63,273
Fixed income	83,534	58,977
Real estate	16,722	10,943
Cash in transit	-	20,000
	<u>\$ 213,990</u>	<u>\$ 153,193</u>

The plan assets are classified as Level 1 in the fair value hierarchy and are valued using real-time quotes for transactions in active exchange markets involving identical assets.

Cash flows

The following benefit payments, subsequent to June 30, are expected to be paid as follows:

<u>Years ended June 30,</u>	
2022	\$ -
2023	-
2024	2,194
2025	3,814
2026	6,014
2027-2031	<u>35,295</u>
	<u>\$ 47,317</u>

Associated Students of California State University, Los Angeles, Inc.

Notes to Financial Statements
June 30, 2021 and 2020

Note 8 - Program services

Associated Students allocated the following funds under student and University support, to enhance the college experience and provide students with specific services, programs, and support through co-curricular collaborations, for the years ended June 30:

	<u>2021</u>	<u>2020</u>
Child Care Center	\$ 138,731	\$ 140,760
Dreamers Resource Center	12,988	10,120
Educational Participation in the Communities	9,831	9,546
Food Pantry and Insecurities	160,000	10,625
Veterans Resource Center	7,461	1,910
Student government and elections	420,389	460,345
Clubs and organizations	42,629	98,491
Cultural events	49,124	49,125
Other student services	232,366	384,497
	<u>\$ 1,073,519</u>	<u>\$ 1,165,419</u>

Note 9 - Related party transactions

Associated Students subleases space from the University Student Union at California State University, Los Angeles (the "Union") under an agreement which expires in June 2023. The subleased space consists of 2,835 square feet at the southeast corner of the second floor of the University Student Union Building. Payment is based on the calculation of \$0.24 per square foot for utility services and \$0.42 per square foot for custodial services. Under this agreement, Associated Students paid \$8,165 for utilities and \$14,288 custodial fees for each of the years ended June 30, 2021 and 2020. The Union waived the normal square foot rate for the second floor and Associated Students recorded \$86,751 and \$80,287 as donated use of facilities revenue and expense in the accompanying statements of activities for the years ended June 30, 2021 and 2020, respectively.

Associated Students reimburses the Union for certain events. For the years ended June 30, 2021 and 2020, these reimbursements were \$0 and \$5,290, respectively.

The Union is responsible for employing personnel to perform administrative duties for Associated Students. In return, Associated Students reimburses the Union for wages and benefits paid, along with an administrative fee. Total reimbursed wages and benefits were \$243,998 and \$286,561 for the years ended June 30, 2021 and 2020, respectively. Total administrative fees were \$5,694 and \$5,512 for the years ended June 30, 2021 and 2020, respectively.

During the years ended June 30, 2021 and 2020, Associated Students reimbursed University Auxiliary Services, Inc. ("UAS") for food services provided for miscellaneous events held by Associated Students. Total reimbursements for the years ended June 30, 2021 and 2020 were \$0 and \$32,767, respectively.

Accounting services for Associated Students are provided under a contract for services agreement with the University which requires annual payments of \$57,560. As of July 1, 2020, a revised agreement was signed to increase annual payments to \$59,280. Payments under the agreement were \$59,280 and \$57,560, respectively for the years ended June 30, 2021 and 2020. Human

Associated Students of California State University, Los Angeles, Inc.

**Notes to Financial Statements
June 30, 2021 and 2020**

resource management services for Associated Students are provided under a contract for services agreement with the University. The agreement requires total annual payments of \$5,000. As of July 1, 2020, a revised agreement was signed to increase annual payments to \$5,150. Payments under the agreement totaled \$5,150 and \$5,000, respectively for the years ended June 30, 2021 and 2020. Additionally, the University charges Associated Students for miscellaneous expenses throughout the year for telephone and other administrative expenses. Total reimbursements for the years ended June 30, 2021 and 2020 were \$19,057 and \$26,869, respectively.

Under a contractual agreement, the University collects activity fees on behalf of Associated Students. Associated Students reimburses the University a monthly administrative fee equal to three-quarters of one percent (0.75%) of the associated activity fees collected during the month. Total fees charged to Associated Students were \$10,159 and \$10,090 for the years ended June 30, 2021 and 2020, respectively. During the years ended June 30, 2021 and 2020, \$1,353,297 and \$1,344,336, respectively, was earned under this agreement.

The following table summarizes accounts receivable and accounts payable with affiliated organizations at June 30:

	<u>2021</u>	<u>2020</u>
Receivables		
University	<u>\$ 22,736</u>	<u>\$ 19,439</u>
Payables		
Union	<u>\$ -</u>	<u>\$ 366</u>

Note 10 - Commitments and contingencies

Coronavirus

In December 2019, a novel strain of the coronavirus ("COVID-19") was reported. On March 11, 2020, the World Health Organization declared the COVID-19 a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closures. As a result of mandates issued by government officials, the campus of California State University, Los Angeles and the Associated Students transitioned to virtual learning and programming in late March 2020. For the fall semester of 2021, the campus returned to in-person and online instruction, following LA County guidelines and public health protocols.

Activity fee revenue was not impacted because all activity fees for the fiscal years ended June 30, 2020 and 2021 were received. According to the Interim CSU Refund Policy for Tuition and Fees, retired in March 2021, mandatory activity fees will not be refunded. While the disruption is expected to be temporary, there is considerable uncertainty around the duration of this disruption. Therefore, while Associated Students expects this matter to continue to temporarily impact Associated Student's financial condition, the extent of the financial impact and duration cannot be reasonably estimated at this time.

Supplementary Information

Associated Students of California State University, Los Angeles, Inc.

**Schedule of Net Position
June 30, 2021
(for Inclusion in the California State University)**

Assets:	
Current assets:	
Cash and cash equivalents	\$ 144,832
Short-term investments	2,153,109
Accounts receivable, net	22,736
Capital lease receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	-
Prepaid expenses and other current assets	23,830
Total current assets	2,344,507
Noncurrent assets:	
Restricted cash and cash equivalents	-
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	65,196
Other assets	19,992
Total noncurrent assets	85,188
Total assets	\$ 2,429,695
Deferred outflows of resources:	
Unamortized loss on debt refunding	-
Net pension liability	-
Net OPEB liability	-
Others	-
Total deferred outflows of resources	-
Liabilities:	
Current liabilities:	
Accounts payable	\$ 15,742
Accrued salaries and benefits	11,872
Accrued compensated absences, current portion	1,319
Unearned revenues	-
Capital lease obligations, current portion	-
Long-term debt obligations, current portion	-
Claims liability for losses and loss adjustment expenses, current portion	-
Depository accounts	-
Other liabilities	-
Total current liabilities	28,933
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	\$ 29,905
Unearned revenues	-
Grants refundable	-
Capital lease obligations, net of current portion	-
Long-term debt obligations, net of current portion	-
Claims liability for losses and loss adjustment expenses, net of current portion	-
Depository accounts	-
Net other postemployment benefits liability	-
Net pension liability	-
Other liabilities	-
Total noncurrent liabilities	29,905
Total liabilities	\$ 58,838
Deferred inflows of resources:	
Service concession arrangements	-
Net pension liability	-
Net OPEB liability	-
Unamortized gain on debt refunding	-
Nonexchange transactions	-
Others	-
Total deferred inflows of resources	-
Net position:	
Net investment in capital assets	\$ 65,196
Restricted for:	
Nonexpendable – endowments	-
Expendable:	
Scholarships and fellowships	-
Research	-
Loans	-
Capital projects	-
Debt service	-
Others	-
Unrestricted	2,305,661
Total net position	\$ 2,370,857

See Independent Auditor's Report.

Associated Students of California State University, Los Angeles, Inc.

**Schedule of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2021
(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	-
State	-
Local	-
Nongovernmental	-
Sales and services of educational activities	-
Sales and services of auxiliary enterprises, gross	56
Scholarship allowances (enter as negative)	-
Other operating revenues	<u>1,353,297</u>
Total operating revenues	<u>1,353,353</u>
Expenses:	
Operating expenses:	
Instruction	-
Research	-
Public service	-
Academic support	-
Student services	923,159
Institutional support	123,421
Operation and maintenance of plant	-
Student grants and scholarships	139,338
Auxiliary enterprise expenses	-
Depreciation and amortization	<u>18,110</u>
Total operating expenses	<u>1,204,028</u>
Operating income (loss)	<u>149,325</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	86,751
Investment income (loss), net	1,136
Endowment income (loss), net	-
Interest expense	-
Other nonoperating revenues (expenses) - excl. interagency transfers	<u>64,277</u>
Net nonoperating revenues (expenses)	<u>152,164</u>
Income (loss) before other revenues (expenses)	<u>301,489</u>
State appropriations, capital	-
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	<u>-</u>
Increase (decrease) in net position	301,489
Net position:	
Net position at beginning of year, as previously reported	2,069,368
Restatements	<u>-</u>
Net position at beginning of year, as restated	<u>2,069,368</u>
Net position at end of year	<u>\$ 2,370,857</u>

See Independent Auditor's Report.

Associated Students of California State University, Los Angeles, Inc.

Other Information
June 30, 2021
(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		144,832
Total	\$	144,832

2.1 Composition of investments:

Investment Type	Current	Noncurrent	Total
Money market funds	\$ -	\$ -	\$ -
Repurchase agreements	-	-	-
Certificates of deposit	-	-	-
U.S. agency securities	-	-	-
U.S. treasury securities	-	-	-
Municipal bonds	-	-	-
Corporate bonds	-	-	-
Asset backed securities	-	-	-
Mortgage backed securities	-	-	-
Commercial paper	-	-	-
Mutual funds	-	-	-
Exchange traded funds	-	-	-
Equity securities	-	-	-
Alternative investments:			
Private equity (including limited partnerships)	-	-	-
Hedge funds	-	-	-
Managed futures	-	-	-
Real estate investments (including REITs)	-	-	-
Commodities	-	-	-
Derivatives	-	-	-
Other alternative investment	-	-	-
Other external investment pools	-	-	-
CSU Consolidated Investment Pool (formerly SWIFT)	-	-	-
State of California Local Agency Investment Fund (LAIF)	2,153,109	-	2,153,109
State of California Surplus Money Investment Fund (SMIF)	-	-	-
Other investments:			
	-	-	-
Total Other investments	-	-	-
Total investments	2,153,109	-	2,153,109
Less endowment investments (enter as negative number)	-	-	-
Total investments, net of endowments	\$ 2,153,109	\$ -	\$ 2,153,109

See Independent Auditor's Report.

Associated Students of California State University, Los Angeles, Inc.

**Other Information
June 30, 2021
(for Inclusion in the California State University)**

2.2 Fair value hierarchy in investments:

Investment Type	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value (NAV)
Money market funds	\$ -	\$ -	\$ -	\$ -	\$ -
Repurchase agreements	-	-	-	-	-
Certificates of deposit	-	-	-	-	-
U.S. agency securities	-	-	-	-	-
U.S. treasury securities	-	-	-	-	-
Municipal bonds	-	-	-	-	-
Corporate bonds	-	-	-	-	-
Asset backed securities	-	-	-	-	-
Mortgage backed securities	-	-	-	-	-
Commercial paper	-	-	-	-	-
Mutual funds	-	-	-	-	-
Exchange traded funds	-	-	-	-	-
Equity securities	-	-	-	-	-
Alternative investments:					
Private equity (including limited partnerships)	-	-	-	-	-
Hedge funds	-	-	-	-	-
Managed futures	-	-	-	-	-
Real estate investments (including REITs)	-	-	-	-	-
Commodities	-	-	-	-	-
Derivatives	-	-	-	-	-
Other alternative investment	-	-	-	-	-
Other external investment pools	-	-	-	-	-
CSU Consolidated Investment Pool (formerly SWIFT)	-	-	-	-	-
State of California Local Agency Investment Fund (LAIF)	2,153,109	-	-	-	2,153,109
State of California Surplus Money Investment Fund (SMIF)	-	-	-	-	-
Other investments:					
	-	-	-	-	-
Total Other investments	-	-	-	-	-
Total investments	\$ 2,153,109	\$ -	\$ -	\$ -	\$ 2,153,109

2.3 Investments held by the University under contractual agreements:

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

See Independent Auditor's Report.

Associated Students of California State University, Los Angeles, Inc.

Other Information
June 30, 2021
(for Inclusion in the California State University)

3.2 Detail of depreciation and amortization expense:
Depreciation and amortization expense related to capital assets
Amortization expense related to other assets
Total depreciation and amortization

\$	18,110
	-
\$	18,110

4 Long-term liabilities:

	Balance June 30, 2020	Prior Period Adjustments/Reclassifications	Balance June 30, 2020 (Restated)	Additions	Reductions	Balance June 30, 2021	Current Portion	Noncurrent Portion
1. Accrued compensated absences	\$ 17,798	\$ -	\$ 17,798	\$ 14,745	\$ (1,319)	\$ 31,224	\$ 1,319	\$ 29,905
2. Claims liability for losses and loss adjustment expenses	-	-	-	-	-	-	-	-
3. Capital lease obligations:								
Gross balance	-	-	-	-	-	-	-	-
Unamortized net premium/(discount)	-	-	-	-	-	-	-	-
Total capital lease obligations	-	-	-	-	-	-	-	-
4. Long-term debt obligations:								
4.1 Auxiliary revenue bonds (non-SRB related)	-	-	-	-	-	-	-	-
4.2 Commercial paper	-	-	-	-	-	-	-	-
4.3 Notes payable (SRB related)	-	-	-	-	-	-	-	-
4.4 Others:								
Total others	-	-	-	-	-	-	-	-
Sub-total long-term debt	-	-	-	-	-	-	-	-
4.5 Unamortized net bond premium/(discount)	-	-	-	-	-	-	-	-
Total long-term debt obligations	-	-	-	-	-	-	-	-
Total long-term liabilities	\$ 17,798	\$ -	\$ 17,798	\$ 14,745	\$ (1,319)	\$ 31,224	\$ 1,319	\$ 29,905

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:									
2022	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2023	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-
2027 - 2031	-	-	-	-	-	-	-	-	-
2032 - 2036	-	-	-	-	-	-	-	-	-
2037 - 2041	-	-	-	-	-	-	-	-	-
2042 - 2046	-	-	-	-	-	-	-	-	-
2047 - 2051	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-
Total minimum lease payments	-	-	-	-	-	-	-	-	-
Less: amounts representing interest									
Present value of future minimum lease payments									
Unamortized net premium/(discount)									
Total capital lease obligations									
Less: current portion									
Capital lease obligations, net of current portion									\$ -

See Independent Auditor's Report.

Associated Students of California State University, Los Angeles, Inc.

**Other Information
June 30, 2021
(for Inclusion in the California State University)**

6 Long-term debt obligations schedule:

	Auxiliary revenue bonds (non-SRB related)			All other long-term debt obligations			Total long-term debt obligations		
	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest
Year ending June 30:									
2022	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2023	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-
2027 - 2031	-	-	-	-	-	-	-	-	-
2032 - 2036	-	-	-	-	-	-	-	-	-
2037 - 2041	-	-	-	-	-	-	-	-	-
2042 - 2046	-	-	-	-	-	-	-	-	-
2047 - 2051	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-
Total minimum payments									
Less: amounts representing interest									
Present value of future minimum payments									
Unamortized net premium/(discount)									
Total long-term debt obligations									
Less: current portion									
Long-term debt obligations, net of current portion									

7 Transactions with related entities:

Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$ -
Payments to University for other than salaries of University personnel	94,085
Payments received from University for services, space, and programs	-
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	-
Other amounts (payable to) University	-
Accounts receivable from University	22,736
Other amounts receivable from University	-

8 Restatements

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

		Debit/(Credit)
Restatement #1	Enter transaction description	
		-
Restatement #2	Enter transaction description	
		-

See Independent Auditor's Report.

Associated Students of California State University, Los Angeles, Inc.

Other Information
June 30, 2021
(for Inclusion in the California State University)

9 Natural classifications of operating expenses:

	Salaries	Benefits - Other	Benefits - Pension	Benefits - OPEB	Scholarships and fellowships	Supplies and other services	Depreciation and amortization	Total operating expenses
Instruction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Research	-	-	-	-	-	-	-	-
Public service	-	-	-	-	-	-	-	-
Academic support	-	-	-	-	-	-	-	-
Student services	169,581	114,917	8,537	(28,960)	-	659,084	-	923,159
Institutional support	48,474	39,456	6,759	(28,960)	-	57,692	-	123,421
Operation and maintenance of plant	-	-	-	-	-	-	-	-
Student grants and scholarships	-	-	-	-	139,338	-	-	139,338
Auxiliary enterprise expenses	-	-	-	-	-	-	-	-
Depreciation and amortization	-	-	-	-	-	-	18,110	18,110
Total operating expenses	\$ 218,055	\$ 154,373	\$ 15,296	\$ (57,920)	\$ 139,338	\$ 716,776	\$ 18,110	\$ 1,204,028

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	-
Deferred outflows - others:	-
Sales/intra-entity transfers of future revenues	-
Gain/loss on sale leaseback	-
Loan origination fees and costs	-
Change in fair value of hedging derivative instrument	-
Irrevocable split-interest agreements	-
Total deferred outflows - others	-
Total deferred outflows of resources	\$ -

2. Deferred Inflows of Resources

Deferred inflows - service concession arrangements	\$ -
Deferred inflows - net pension liability	-
Deferred inflows - net OPEB liability	-
Deferred inflows - unamortized gain on debt refunding(s)	-
Deferred inflows - nonexchange transactions	-
Deferred inflows - others:	-
Sales/intra-entity transfers of future revenues	-
Gain/loss on sale leaseback	-
Loan origination fees and costs	-
Change in fair value of hedging derivative instrument	-
Irrevocable split-interest agreements	-
Total deferred inflows - others	-
Total deferred inflows of resources	\$ -

11 Other nonoperating revenues (expenses)

Other nonoperating revenues	\$ 64,277
Other nonoperating (expenses)	-
Total other nonoperating revenues (expenses)	\$ 64,277

See Independent Auditor's Report.

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

The Board of Directors
Associated Students of California State University, Los Angeles, Inc.
(A California State Auxiliary Organization)

We have audited 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, the financial statements of Associated Students of California State University, Los Angeles, Inc. ("Associated Students"), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated September 17, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Associated Students' internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Associated Students' internal control. Accordingly, we do not express an opinion on the effectiveness of Associated Students' internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Associated Students' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Los Angeles, California
September 17, 2021



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