

# California State University, Stanislaus Auxiliary and Business Services

Financial Statements and Supplemental Information

Year Ended June 30, 2021



# CALIFORNIA STATE UNIVERSITY, STANISLAUS AUXILIARY BUSINESS SERVICES

## Financial Statements and Supplemental Information

Year Ended June 30, 2021

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
California State University, Stanislaus Auxiliary and Business Services

We have audited the accompanying financial statements of California State University, Stanislaus Auxiliary and Business Services (Organization), 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.

### 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.

### Auditors' 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 of America. 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 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 California State University, Stanislaus Auxiliary Business Services as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Emphasis-of-Matter

#### Change in Accounting Principle

As discussed in Note 1 to the financial statements, in the year ended June 30, 2021, California State University, Stanislaus Auxiliary and Business Services adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606). Our opinion is not modified with respect to this matter.

## INDEPENDENT AUDITORS' REPORT, CONTINUED

### Report on Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included on pages 16 - 24 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 29, 2021, on our consideration of California State University, Stanislaus Auxiliary and Business Services' 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 California State University, Stanislaus Auxiliary and Business Services' 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 California State University, Stanislaus Auxiliary and Business Services' internal control over financial reporting and compliance.

*Aldrich CPAs + Advisors LLP*

San Diego, California  
September 29, 2021

**CALIFORNIA STATE UNIVERSITY, STANISLAUS AUXILIARY BUSINESS SERVICES**  
**Statement of Financial Position**  
June 30, 2021

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**ASSETS**

Current Assets:

Cash and cash equivalents	\$ 2,027,495
Accounts receivable	55,772
Other current assets	584

Total Current Assets	2,083,851
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Non-Current Assets:

Property and equipment, net of accumulated depreciation	2,824,293
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Total Assets	\$ 4,908,144
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**LIABILITIES AND NET ASSETS**

Current Liabilities:

Interest payable	\$ 5,292
Due to related parties	45,242
Warrior card unearned revenue	58,989
Current portion of bond payable	310,000
Current portion of bond premium	41,309

Total Current Liabilities	460,832
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Non-Current Liabilities:

Post-retirement benefit obligation	137,856
Pension liability	1,223,078
Bond payable, net of current portion	325,000
Bond premium, net of current portion	15,015

Total Non-Current Liabilities	1,700,949
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Total Liabilities	2,161,781
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Net Assets - Without Donor Restrictions

Board designated for:

Facility maintenance and repair	1,844,527
Outstanding commitments	901,836

Total Net Assets - Without Donor Restrictions	2,746,363
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Total Liabilities and Net Assets	\$ 4,908,144
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**CALIFORNIA STATE UNIVERSITY, STANISLAUS AUXILIARY BUSINESS SERVICES****Statement of Activities**

Year Ended June 30, 2021

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Revenue and Other Support Without Donor Restrictions:	
Rental income	\$ 650,000
Commissions	194,127
Other	<u>43,562</u>
Total Revenue and Other Support Without Donor Restrictions	887,689
Expenses:	
Program services:	
Bookstore	273,005
Campus Dining	233,465
Residential Life Village	258,830
Warrior Card	20,266
Other Programs	<u>12,629</u>
Total program services	798,195
General and administrative	<u>107,381</u>
Total Expenses	<u>905,576</u>
Operating Income	(17,887)
Non-Operating Revenue (Expense):	
Investment return, net	17,549
Pension related charges other than net periodic pension cost	(121,510)
Other	<u>13,004</u>
Total Non-Operating Expense	<u>(90,957)</u>
Change in Net Assets	(108,844)
Net Assets - Without Donor Restrictions, beginning	<u>2,855,207</u>
Net Assets - Without Donor Restrictions, ending	<u>\$ 2,746,363</u>

**CALIFORNIA STATE UNIVERSITY, STANISLAUS AUXILIARY BUSINESS SERVICES**  
**Statement of Functional Expenses**  
Year Ended June 30, 2021

	Program Services						General and Administrative	Total
	Bookstore	Campus Dining	Residential Life Village	Warrior Card	Other Programs	Total Programs		
Accounting and professional	\$ 81,248	\$ 54,612	\$ 73,096	\$ -	\$ 8,179	\$ 217,135	\$ 85,098	\$ 302,233
Rent	172,306	44,930	-	-	-	217,236	-	217,236
Depreciation	-	34,594	162,238	-	-	196,832	-	196,832
Utilities	-	84,754	-	-	-	84,754	186	84,940
Insurance	6,497	2,744	17,144	-	160	26,545	2,993	29,538
Supplies	-	-	-	19,622	-	19,622	50	19,672
Campus reimbursement	-	-	-	-	-	-	18,023	18,023
Repairs and maintenance	2,554	11,831	-	-	-	14,385	-	14,385
Awards, gifts and donations	10,400	-	-	-	-	10,400	-	10,400
Interest	-	-	6,352	-	-	6,352	-	6,352
Taxes and licenses	-	-	-	-	4,290	4,290	170	4,460
Miscellaneous	-	-	-	644	-	644	861	1,505
<b>Total Operating Expenses</b>	<b>273,005</b>	<b>233,465</b>	<b>258,830</b>	<b>20,266</b>	<b>12,629</b>	<b>798,195</b>	<b>107,381</b>	<b>905,576</b>
Pension related charges other than net periodic	-	-	-	-	-	-	121,510	121,510
<b>Total Expenses</b>	<b>\$ 273,005</b>	<b>\$ 233,465</b>	<b>\$ 258,830</b>	<b>\$ 20,266</b>	<b>\$ 12,629</b>	<b>\$ 798,195</b>	<b>\$ 228,891</b>	<b>\$ 1,027,086</b>

**CALIFORNIA STATE UNIVERSITY, STANISLAUS AUXILIARY BUSINESS SERVICES**  
**Statement of Cash Flows**  
Year Ended June 30, 2021

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Cash Flows from Operating Activities:	
Decrease in net assets	\$ (108,844)
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	196,832
Net unrealized gain on investments	(11,318)
Changes in operating assets and liabilities:	
Accounts receivable	687,096
Other assets	(584)
Accounts payable	(631)
Interest payable	(2,458)
Due to related parties	(222,038)
Warrior card	(5,302)
Post-retirement benefit obligation	(7,470)
Pension liability	<u>(52,658)</u>
Net Cash Provided by Operating Activities	472,625
Cash Flows Provided by Investing Activities:	
Proceeds from sale of investments	1,077,386
Cash Flows Used by Financing Activities:	
Principal payments on bond payable	<u>(325,314)</u>
Net Increase in Cash and Cash Equivalents	1,224,697
Cash and Cash Equivalents, beginning	<u>802,798</u>
Cash and Cash Equivalents, ending	<u>\$ 2,027,495</u>
Supplemental Information of Cash Flow Information:	
Cash paid for interest	<u>\$ 36,459</u>



# CALIFORNIA STATE UNIVERSITY, STANISLAUS AUXILIARY BUSINESS SERVICES

## Notes to Financial Statements

Year Ended June 30, 2021

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### Note 1 – Organization and Summary of Significant Accounting Policies

#### Nature of Activities

California State University, Stanislaus Auxiliary and Business Services (Organization) was incorporated in the State of California on October 3, 1960, under the name of California State University, Stanislaus Foundation. Effective July 1, 1998, the Organization changed its name to California State University, Stanislaus Auxiliary and Business Services. The Organization also authorized the use of the name California State University, Stanislaus Foundation (Foundation) for a new non-profit corporation. The operations and assets of noncommercial activities were transferred to the Foundation effective that date.

The Organization was formed and operates as an auxiliary organization of California State University, Stanislaus (CSU Stanislaus or the University) which has campuses in Turlock and Stockton, California. The Organization arranges for services to students and faculty including dormitory, food service and campus bookstore. The bookstore and food services are provided by way of lease agreements with independent commercial vendors.

#### New Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This standard update, along with related subsequently issued updates, clarifies the principles for recognizing revenue and develops a common revenue standard under accounting principles generally accepted in the United States of America (US GAAP). During the year ended June 30, 2021, the Organization adopted ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*.

Management has analyzed the provisions of the FASB's ASC Topic 606 and has concluded that no changes are necessary to conform with the new standard.

#### Financial Statement Presentation

The financial statements of the Organization have been prepared in accordance with US GAAP, which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

- Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.
- Net assets with donor restrictions – Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Organization did not have any donor restrictions that were temporary or perpetual in nature for the year ended June 30, 2021.

#### Income Taxes

The Organization is a qualified nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. However, the Organization remains subject to taxes on any net income which is derived from a trade or business, regularly carried on, and unrelated to its exempt purpose.

The Organization follows US GAAP related to the recognition of uncertain tax positions. The Organization recognizes accrued interest and penalties associated with uncertain tax positions as part of the statements of activities, when applicable. Management has determined that the Organization has no uncertain tax positions at June 30, 2021 and therefore no amounts have been accrued.

#### Cash and Cash Equivalents

The Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

**CALIFORNIA STATE UNIVERSITY, STANISLAUS AUXILIARY BUSINESS SERVICES**  
**Notes to Financial Statements**  
Year Ended June 30, 2021

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**Note 1 – Organization and Summary of Significant Accounting Policies, continued**

Accounts Receivable

The accounts receivable arise in the normal course of operations. It is the policy of management to review the outstanding accounts receivable at year end, as well as the bad debt write-offs experienced in the past, and establish an allowance for doubtful accounts for uncollectible amounts. A provision for doubtful accounts has not been established as management considers all accounts to be collectible based upon a favorable history over a substantial period of time. If amounts become uncollectible, they will be charged to operations when that determination is made.

Property and Equipment

The Organization capitalizes all expenditures for property and equipment in excess of \$5,000. Equipment and improvements are recorded at cost or at estimated fair value at date of gift if donated. Expenditures for maintenance and repairs are charged against operations. Depreciation is provided on a straight-line basis over the estimated useful lives of the asset of 5 to 40 years.

Revenue Recognition

Revenues from the Organization primarily consist of rental and commission revenues. The Organization recognizes revenue in a manner that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those goods or services. The Organization recognizes revenue from contracts with customers as its performance obligations are satisfied, regardless of the period in which it is billed. Revenue is typically recognized on a straight-line basis over the term of the contract.

Fair Value Measurements

The Organization defines fair value as the exchange price that would be received for an asset or paid for a liability in the principal or most advantageous market. The Organization applies fair value measurements to assets and liabilities that are required to be recorded at fair value under generally accepted accounting principles. Fair value measurement techniques maximize the use of observable inputs and minimize the use of unobservable inputs, and are categorized in a fair value hierarchy based on the transparency of inputs. The three levels are defined as follows:

Level 1 - Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the same term of the financial instrument.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

As a practical expedient, certain financial instruments may be valued using net asset value (NAV) per share. NAV is the amount of net assets attributable to each share of outstanding capital stock at the end of the period.

The carrying value of cash, receivables, and payables approximates fair value as of June 30, 2021, due to the relative short maturities of these instruments.

Warrior Cards

Warrior cards are prepaid spending accounts that students can use to make purchases on campus. Unused funds are recorded as a liability and expensed when used.

# CALIFORNIA STATE UNIVERSITY, STANISLAUS AUXILIARY BUSINESS SERVICES

## Notes to Financial Statements

Year Ended June 30, 2021

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### Note 1 – Organization and Summary of Significant Accounting Policies, continued

#### Functional Expense Allocations

The costs of providing program and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among services. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of allocation</u>
Depreciation	Allocated directly to program
Insurance	Allocated based on percentage of overall expenditures
Office supplies	Allocated based on usage
OPEB	Allocated directly to Administration
Other costs	Allocated based on usage
Contractual and professional services	Allocated based on percentage of overall expenditures
Printing	Allocated based on usage
Repairs and maintenance	Allocated based on usage
Travel	Allocated based on purpose of travel
Telephone	Allocated based on usage
Training	Allocated based on usage

#### Use of Estimates

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

#### Future Accounting Standards

The FASB has issued a substantial ASU which will become effective in future years.

In February 2016, the FASB issued ASU No. 2016-02 *Leases*. The primary change in US GAAP addressed by ASU 2016-02 is the requirement for a lessee to recognize on the statement of financial position a liability to make lease payments (“lease liability”) and a right-of-use asset representing its right to use the underlying asset for the lease term. ASU 2016-02 also requires qualitative and quantitative disclosures to enable users of the financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. ASU 2016-02 was originally effective for fiscal years beginning after December 15, 2019 but the FASB has delayed the effective period to fiscal years beginning after December 15, 2021. Lessees must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The Organization is evaluating the effect that the provisions of ASU 2016-02 will have on its financial statements and related disclosures.

#### Subsequent Events

The Organization has evaluated subsequent events through September 29, 2021, which is the date the financial statements were available to be issued.

# CALIFORNIA STATE UNIVERSITY, STANISLAUS AUXILIARY BUSINESS SERVICES

## Notes to Financial Statements

Year Ended June 30, 2021

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### Note 2 – Concentrations

#### Major Customers

Substantially all accounts receivable at June 30, 2021 were derived from two customers. Approximately 93% of operating revenues were from two customers.

### Note 3 – Liquidity and Availability

The Organization's financial assets available within one year of the financial position date for general expenditures are as follows at June 30:

Cash and cash equivalents	\$ 2,027,495
Accounts receivable	<u>55,772</u>
Total Financial Assets Available for General Operations	2,083,267
Less amounts not available to be used within one year:	
Restricted by the Board for facility maintenance and repairs	<u>1,844,527</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 238,740</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the organization invests cash in excess of daily requirement in short-term investments.

### Note 4 – Cash and Cash Equivalents

The Organization maintains cash accounts at various financial institutions. The balances at times may exceed Federal Deposit Insurance Corporation (FDIC) limits. Accounts at each financial institution are insured by the FDIC up to \$250,000. In addition, the Organization has deposited cash in Local Agency Investment Fund (LAIF). Deposits in LAIF are guaranteed by the State of California.

Deposits with financial institutions	\$ 626,008
Investments in LAIF	<u>1,401,487</u>
Total cash and cash equivalents	<u>\$ 2,027,495</u>

#### Investments in LAIF

As of June 30, 2021, there are investments in LAIF, which is a voluntary program created by statute as an alternative for California's local governments and special districts that allows them to participate in a major investment portfolio. It is under the administration of the California State Treasurer's Office. The investment is considered a cash equivalent as it is used to fund any operating deficit. Realized gains, losses and interest income are included in investment return in the statement of activities. The Organization's investments in LAIF are measured and reported at net asset value (NAV). The investments in LAIF have no unfunded commitments, no redemption frequency, and no redemption notice period as of June 30, 2021.

# CALIFORNIA STATE UNIVERSITY, STANISLAUS AUXILIARY BUSINESS SERVICES

## Notes to Financial Statements

Year Ended June 30, 2021

### Note 5 – Property and Equipment

Property and equipment consist of the following:

Land	\$	287,300
Building		6,155,918
Leasehold Improvements		717,309
Equipment		<u>448,338</u>
		7,608,865
Less accumulated depreciation		<u>(4,784,572)</u>
	\$	<u><u>2,824,293</u></u>

### Note 6 – Long-Term Debt

On August 1, 2018, the Organization entered into a loan agreement with the Board of Trustees of the California State University. In conjunction with the issuance of the Systemwide Revenue Bonds Series 2018A, the Organization requested \$1,210,000 to refund and refinance previously issued bonds, which were used in the development and construction of the Residential Life Village II.

The loan bears interest at a rate of 5 percent per annum. Principal and unpaid interest will be due and payable on or before May 1 and November 1 in each year, through May 1, 2023. The bonds were issued at a premium in the amount of \$111,433, which is being amortized over the life of the bonds.

Principal maturities of the bond payable are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 310,000	\$ 24,000
2023	<u>325,000</u>	<u>8,125</u>
Total balance due	635,000	32,125
Less current maturities	<u>(310,000)</u>	<u>-</u>
	\$ <u><u>325,000</u></u>	\$ <u><u>32,125</u></u>

Interest expense for the year ended June 30, 2021 was \$36,667. Bond premium amortization for the year ended June 30, 2021 was \$30,314. Bond premium amortization is included in interest expense in the statement of activities.

Bond premium amortizations are as follows:

<u>Year Ending June 30,</u>	
2022	\$ 41,309
2023	<u>15,015</u>
	\$ <u><u>56,324</u></u>

# CALIFORNIA STATE UNIVERSITY, STANISLAUS AUXILIARY BUSINESS SERVICES

## Notes to Financial Statements

Year Ended June 30, 2021

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### Note 7 – Board Designated Net Assets

The Organization's governing board through specific action has created self-imposed limits on net assets without donor restrictions as follows:

Facility maintenance and repair	\$ 1,844,527
Outstanding Commitments:	
Stockton auxiliary campus	257,940
Bookstore activities	192,311
Residential life village activities	141,820
Post-retirement benefits	137,856
Dining activities	128,360
General funds	27,662
Warrior cash activities	14,074
Vending activities	1,649
Club colors activities	164
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	\$ 2,746,363

These outstanding commitments shall be used for emergency operating expenses, to offset unexpected shortfalls in anticipated income.

### Note 8 – Operating Lease

The Organization leases retail space under operating lease agreements. The leases expire at June 30, 2028 with monthly payments of \$21,096 due each month. Rent expense associated with these leases was \$217,236 for the year ended June 30, 2021.

Future minimum lease payments under operating leases at June 30, 2021 are as follows:

<u>Year Ending June 30,</u>	
2022	\$ 253,158
2023	253,158
2024	253,158
2025	253,158
2026	253,158
Thereafter	506,315
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	\$ 1,772,105

### Note 9 – Pension Plan

#### Plan Description

The Organization contributes to the California Public Employees' Retirement System (PERS), a cost-sharing multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating entities within the State of California. The four auxiliary organizations at California State University, Stanislaus, contribute to PERS through the Organization. All direct full-time Organization employees are covered by the plan. Reimbursed employees are covered by CSU Stanislaus' plan.

Starting July 1, 2008, the Organization's full-time employees were paid by California State University, Stanislaus. The Organization has not participated in PERS since 2008.

# CALIFORNIA STATE UNIVERSITY, STANISLAUS AUXILIARY BUSINESS SERVICES

## Notes to Financial Statements

Year Ended June 30, 2021

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### Note 9 – Pension Plan, continued

The defined benefit plan uses the Entry Age Normal Actuarial Cost Method, which is a projected benefit cost method. According to this cost method, the normal cost for an employee is the level amount which would fund the projected benefit if it were paid annually from the date of employment until retirement. The auxiliaries fund the plan based upon a percentage of qualified payrolls. PERS also uses the level percentage of payroll method to amortize any unfunded actuarial liabilities.

Total contributions by the Organization during the year ended June 30, 2021 was \$173,209.

#### Funded Status:

Valuation date	June 30, 2020
Benefit obligation	\$ 5,693,922
Fair value of plan assets	\$ 3,919,160
Unfunded liability	\$ 1,774,762
Funded ratio	68.8%

#### Amounts recognized in the Statement of Financial Position:

Pension liability	\$ <u>1,223,078</u>
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The significant actuarial assumptions used to calculate the above pension benefit obligation is as follows:

Investment Return (net of administrative expenses)	7.00%
Projected salary increases	0.40% - 8.5%
Inflation	2.50%
Overall payroll growth	2.75%

Actuarial information as of June 30, 2021 is currently not available.

PERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the PERS' annual financial report may be obtained from the CalPERS Headquarters Office, Lincoln Plaza North, 400 Q Street, Sacramento, California 95811. Information about benefits and contributions expected to be paid in each of the next five fiscal years and the five years thereafter have not been provided by PERS.

### Note 10 – Post-Retirement Benefit Plan

The Organization provides lifetime postretirement medical coverage to employees (and their dependents) who retire at age 50 or older with at least five years of service with the Organization, the Associated Students Inc. of California State University, Stanislaus or the University Student Center of California State University, Stanislaus. The Organization pays a portion of the cost of the benefit, up to a predetermined maximum. Retirees are responsible for costs in excess of the maximum.

As of June 30, 2021, the Organization had two retired employees who were eligible to participate in the plan. The two retired employees covered under this plan were originally employees of the California State University, Stanislaus Foundation. During the year ended June 30, 2009, the Organization agreed to pay for the employees' post-retirement benefits because the Foundation had no discretionary funds to pay this obligation. The Organization made contributions to the plan of \$8,517 for the year ended June 30, 2021.

**CALIFORNIA STATE UNIVERSITY, STANISLAUS AUXILIARY BUSINESS SERVICES**  
**Notes to Financial Statements**  
Year Ended June 30, 2021

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**Note 10 – Post-Retirement Benefit Plan, continued**

The plan's obligations and funded status for the Organization are as follows:

Obligations and Funded Status at June 30, 2021

Change in Benefit Obligation:

Benefit obligation at beginning of year	\$ 145,326
Interest cost	3,809
Actuarial gain	(2,762)
Benefits paid	<u>(8,517)</u>

Benefit obligation at end of year	<u>\$ 137,856</u>
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Funded Status:

Benefit obligation	\$ 137,856
Unrecognized net actuarial gain	<u>158,364</u>

Accrued benefit cost	<u>\$ 296,220</u>
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Measurement date	June 30, 2021
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Unfunded status at end of year	<u>\$ (137,856)</u>
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Amounts recognized in the Statement of Financial Position:

Post-retirement benefit obligation	<u>\$ 137,856</u>
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Net Periodic Benefit Cost:

Interest cost	3,809
Amortization of net gain	<u>(11,146)</u>

Net periodic benefit cost	<u>\$ (7,337)</u>
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Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing costs between the employer and plan members to that point.



# CALIFORNIA STATE UNIVERSITY, STANISLAUS AUXILIARY BUSINESS SERVICES

## Notes to Financial Statements

Year Ended June 30, 2021

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### Note 10 – Post-Retirement Benefit Plan, continued

#### Actuarial Methods and Assumption

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members to that point. The actuarial methods and assumption used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

#### Assumptions

Weighted-average assumptions used to determine benefit obligations at June 30:

Discount rate	2.70%
Expected long-term return on plan assets	N/A
Rate of compensation increase	N/A
Health care cost trend rate assumed for next year	5.50%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	4.50%
Year that the rate reaches the ultimate trend rate	2023

### Note 11 – Related Party Transactions

The Organization enters into transactions with related parties, including:

California State University, Stanislaus  
University Student Center of California State University, Stanislaus  
California State University, Stanislaus Foundation  
Associated Students Incorporated of California State University, Stanislaus

Transactions with related parties consist of the following:

	CSU				
	Stanislaus	Foundation	ASI	USC	Total
Due from related parties	\$ -	\$ -	\$ -	\$ 1,115	\$ 1,115
Due to related parties	(45,242)	-	-	-	(45,242)
Payment from related parties for services, space and programs	650,000	-	-	715,912	1,365,912
Payments made to related parties	(888,360)	-	-	(115,352)	(1,003,712)
Gifts to related parties	-	(8,000)	-	-	(8,000)

### Note 12 – Contingencies

#### COVID-19

On March 11, 2020 the World Health Organization declared COVID-19 a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruptions through mandated and voluntary closing of businesses and shelter-in-place orders. In response, the U.S. Government enacted the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which includes significant provisions to provide relief and assistance to affected organizations. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of business closures, shelter-in-place orders, and the ultimate impact of the CARES Act and other governmental initiatives. As of the date of this report, this matter has had a significant adverse impact on the Organization. However, the future financial impact and duration cannot be reasonably estimated at this time.

**SUPPLEMENTAL INFORMATION**

**CALIFORNIA STATE UNIVERSITY, STANISLAUS AUXILIARY BUSINESS SERVICES**  
**Schedule of Net Position**  
Year Ended June 30, 2021  
(for inclusion in the California State University)

**Assets:**

**Current assets:**

Cash and cash equivalents	626,008
Short-term investments	1,401,487
Accounts receivable, net	55,772
Capital lease receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	-
Prepaid expenses and other current assets	584
<b>Total current assets</b>	<b>2,083,851</b>

**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	2,824,293
Other assets	-
<b>Total noncurrent assets</b>	<b>2,824,293</b>

**Total assets**

**4,908,144**

**Deferred outflows of resources:**

Unamortized loss on debt refunding	-
Net pension liability	-
Net OPEB liability	-
Others	-
<b>Total deferred outflows of resources</b>	<b>-</b>

**Liabilities:**

**Current liabilities:**

Accounts payable	45,242
Accrued salaries and benefits	-
Accrued compensated absences, current portion	-
Unearned revenues	-
Capital lease obligations, current portion	-
Long-term debt obligations, current portion	310,000
Claims liability for losses and loss adjustment expenses, current portion	-
Depository accounts	58,989
Other liabilities	5,292
<b>Total current liabilities</b>	<b>419,523</b>

**Noncurrent liabilities:**

Accrued compensated absences, net of current portion	-
Unearned revenues	-
Grants refundable	-
Capital lease obligations, net of current portion	-
Long-term debt obligations, net of current portion	381,324
Claims liability for losses and loss adjustment expenses, net of current portion	-
Depository accounts	-
Net other postemployment benefits liability	137,856
Net pension liability	1,223,078
Other liabilities	-
<b>Total noncurrent liabilities</b>	<b>1,742,258</b>

**Total liabilities**

**2,161,781**

**Deferred inflows of resources:**

Service concession arrangements	-
Net pension liability	-
Net OPEB liability	-
Unamortized gain on debt refunding	-
Nonexchange transactions	-
Others	-
<b>Total deferred inflows of resources</b>	<b>-</b>

**Net position:**

Net investment in capital assets	2,117,969
Restricted for:	
Nonexpendable – endowments	-
Expendable:	
Scholarships and fellowships	-
Research	-
Loans	-
Capital projects	-
Debt service	-
Others	-
Unrestricted	628,394
<b>Total net position</b>	<b>2,746,363</b>

**CALIFORNIA STATE UNIVERSITY, STANISLAUS AUXILIARY BUSINESS SERVICES**  
**Schedule of Revenue, Expenses, and Changes in Net Position**  
Year Ended June 30, 2021  
(for inclusion in the California State University)

<b>Revenues:</b>	
<b>Operating revenues:</b>	
Student tuition and fees, gross	-
Scholarship allowances (enter as negative)	-
<b>Grants and contracts, noncapital:</b>	
Federal	-
State	-
Local	-
Nongovernmental	-
Sales and services of educational activities	-
Sales and services of auxiliary enterprises, gross	844,127
Scholarship allowances (enter as negative)	-
Other operating revenues	43,562
<b>Total operating revenues</b>	<b>887,689</b>
<b>Expenses:</b>	
<b>Operating expenses:</b>	
Instruction	-
Research	-
Public service	-
Academic support	-
Student services	695,039
Institutional support	-
Operation and maintenance of plant	128,863
Student grants and scholarships	-
Auxiliary enterprise expenses	-
Depreciation and amortization	196,832
<b>Total operating expenses</b>	<b>1,020,734</b>
<b>Operating income (loss)</b>	<b>(133,045)</b>
<b>Nonoperating revenues (expenses):</b>	
State appropriations, noncapital	-
Federal financial aid grants, noncapital	-
State financial aid grants, noncapital	-
Local financial aid grants, noncapital	-
Nongovernmental and other financial aid grants, noncapital	-
Other federal nonoperating grants, noncapital	-
Gifts, noncapital	10,400
Investment income (loss), net	17,549
Endowment income (loss), net	-
Interest expense	(6,352)
Other nonoperating revenues (expenses) - excl. interagency transfers	2,604
<b>Net nonoperating revenues (expenses)</b>	<b>24,201</b>
<b>Income (loss) before other revenues (expenses)</b>	<b>(108,844)</b>
State appropriations, capital	-
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	-
<b>Increase (decrease) in net position</b>	<b>(108,844)</b>
<b>Net position:</b>	
Net position at beginning of year, as previously reported	2,855,207
Restatements	-
<b>Net position at beginning of year, as restated</b>	<b>2,855,207</b>
<b>Net position at end of year</b>	<b>2,746,363</b>

See independent auditors' report.

**CALIFORNIA STATE UNIVERSITY, STANISLAUS AUXILIARY BUSINESS SERVICES**

**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	_____
<b>Noncurrent restricted cash and cash equivalents</b>	<b>-</b>
Current cash and cash equivalents	626,008
<b>Total</b>	<b>\$ 626,008</b>

**2.1 Composition of investments:**

<b>Investment Type</b>	<b>Current</b>	<b>Noncurrent</b>	<b>Total</b>
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)	1,401,487		<b>1,401,487</b>
State of California Surplus Money Investment Fund (SMIF)			-
Other investments:			-
Total Other investments	-	-	-
<b>Total investments</b>	<b>1,401,487</b>	-	<b>1,401,487</b>
Less endowment investments (enter as negative number)			-
<b>Total investments, net of endowments</b>	<b>\$ 1,401,487</b>	-	<b>1,401,487</b>

See independent auditors' report.

# CALIFORNIA STATE UNIVERSITY, STANISLAUS AUXILIARY BUSINESS SERVICES

## 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)	1,401,487	-	-	-	1,401,487
State of California Surplus Money Investment Fund (SMIF)	-	-	-	-	-
Other investments:	-	-	-	-	-
Total Other investments	\$ -	-	-	-	-
<b>Total investments</b>	<b>1,401,487</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,401,487</b>

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

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

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

# CALIFORNIA STATE UNIVERSITY, STANISLAUS AUXILIARY BUSINESS SERVICES

## Other Information

June 30, 2021

(for inclusion in the California State University)

### 3.1 Composition of capital assets:

	Balance June 30, 2020	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2020 (Restated)	Additions	Retirements	Transfer of completed CWIP/PWIP	Balance June 30, 2021
<b>Non-depreciable/Non-amortizable capital assets:</b>									
Land and land improvements	\$ 287,300				\$ 287,300				\$ 287,300
Works of art and historical treasures	-				-				-
Construction work in progress (CWIP)	229,090				229,090			(229,090)	-
<b>Intangible assets:</b>									
Rights and easements	-				-				-
Patents, copyrights and trademarks	-				-				-
Intangible assets in progress (PWIP)	-				-				-
Licenses and permits	-				-				-
Other intangible assets:	-				-				-
Total Other intangible assets	-				-				-
<b>Total intangible assets</b>	-				-				-
<b>Total non-depreciable/non-amortizable capital assets</b>	<b>\$ 516,390</b>				<b>\$ 516,390</b>			<b>(229,090)</b>	<b>\$ 287,300</b>
<b>Depreciable/Amortizable capital assets:</b>									
Buildings and building improvements	5,926,828				5,926,828			229,090	6,155,918
Improvements, other than buildings	-				-				-
Infrastructure	-				-				-
Leasehold improvements	717,309				717,309				717,309
<b>Personal property:</b>									
Equipment	448,338				448,338				448,338
Library books and materials	-				-				-
<b>Intangible assets:</b>									
Software and websites	-				-				-
Rights and easements	-				-				-
Patents, copyrights and trademarks	-				-				-
Licenses and permits	-				-				-
Other intangible assets:	-				-				-
Total Other intangible assets:	-				-				-
<b>Total intangible assets</b>	-				-				-
<b>Total depreciable/amortizable capital assets</b>	<b>7,092,475</b>				<b>7,092,475</b>			<b>229,090</b>	<b>7,321,565</b>
<b>Total capital assets</b>	<b>\$ 7,608,865</b>				<b>\$ 7,608,865</b>				<b>\$ 7,608,865</b>
<b>Less accumulated depreciation/amortization: (enter as negative number, except for reductions enter as positive number)</b>									
Buildings and building improvements	(3,557,174)				(3,557,174)	(162,238)			(3,719,412)
Improvements, other than buildings	-				-				-
Infrastructure	-				-				-
Leasehold improvements	(623,912)				(623,912)	(17,580)			(641,492)
<b>Personal property:</b>									
Equipment	(406,654)				(406,654)	(17,014)			(423,668)
Library books and materials	-				-				-
<b>Intangible assets:</b>									
Software and websites	-				-				-
Rights and easements	-				-				-
Patents, copyrights and trademarks	-				-				-
Licenses and permits	-				-				-
Other intangible assets:	-				-				-
Total Other intangible assets:	-				-				-
<b>Total intangible assets</b>	<b>(4,587,740)</b>				<b>(4,587,740)</b>	<b>(196,832)</b>			<b>(4,784,572)</b>
<b>Total accumulated depreciation/amortization</b>	<b>(4,587,740)</b>				<b>(4,587,740)</b>	<b>(196,832)</b>			<b>(4,784,572)</b>
<b>Total capital assets, net</b>	<b>\$ 3,021,125</b>				<b>\$ 3,021,125</b>	<b>(196,832)</b>			<b>2,824,293</b>
<b>3.2 Detail of depreciation and amortization expense:</b>									
Depreciation and amortization expense related to capital assets	\$ 196,832								
Amortization expense related to other assets	-								
<b>Total depreciation and amortization</b>	<b>\$ 196,832</b>								

**CALIFORNIA STATE UNIVERSITY, STANISLAUS AUXILIARY BUSINESS SERVICES**  
**Other Information**  
June 30, 2021  
(for inclusion in the California State University)

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	\$ -	-	-	-	\$ -	-	\$ -	-
2. Claims liability for losses and loss adjustment expenses	-	-	-	-	-	-	-	-
3. Capital lease obligations:								
Gross balance	-	-	-	-	-	-	-	-
Unamortized net premium/(discount)	-	-	-	-	-	-	-	-
<b>Total capital lease obligations</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4. Long-term debt obligations:								
4.1 Auxiliary revenue bonds (non-SRB related)	\$ -	-	-	-	\$ -	-	-	-
4.2 Commercial paper	-	-	-	-	-	-	-	-
4.3 Notes payable (SRB related)	930,000	-	930,000	-	(295,000)	635,000	310,000	325,000
4.4 Others:	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
Total others	-	-	-	-	-	-	-	-
<b>Sub-total long-term debt</b>	<b>\$ 930,000</b>	<b>-</b>	<b>930,000</b>	<b>-</b>	<b>(295,000)</b>	<b>\$ 635,000</b>	<b>310,000</b>	<b>325,000</b>
4.5 Unamortized net bond premium/(discount)	86,638	-	86,638	-	(30,314)	56,324	-	56,324
<b>Total long-term debt obligations</b>	<b>1,016,638</b>	<b>-</b>	<b>1,016,638</b>	<b>-</b>	<b>(325,314)</b>	<b>691,324</b>	<b>310,000</b>	<b>381,324</b>
<b>Total long-term liabilities</b>	<b>\$ 1,016,638</b>	<b>-</b>	<b>1,016,638</b>	<b>-</b>	<b>(325,314)</b>	<b>\$ 691,324</b>	<b>310,000</b>	<b>\$ 381,324</b>



**CALIFORNIA STATE UNIVERSITY, STANISLAUS AUXILIARY BUSINESS SERVICES**  
**Other Information**  
June 30, 2021  
(for inclusion in the California State University)

5 Capital lease obligations schedule:

	Capital lease obligations related to SRB			All other capital lease obligations			Total capital lease obligations		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
<b>Year ending June 30:</b>									
2022	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-
2027 - 2031	-	-	-	-	-	-	-	-	-
2032 - 2036	-	-	-	-	-	-	-	-	-
2037 - 2041	-	-	-	-	-	-	-	-	-
2042 - 2046	-	-	-	-	-	-	-	-	-
2047 - 2051	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-
<b>Total minimum lease payments</b>	\$ -	-	-	-	-	-	-	-	-
Less: amounts representing interest									-
<b>Present value of future minimum lease payments</b>									-
Unamortized net premium (discount)									-
<b>Total capital lease obligations</b>									-
Less: current portion									-
<b>Capital lease obligations, net of current portion</b>									\$ -

6 Long-term debt obligations schedule:

	Auxiliary revenue bonds (non-SRB related)			All other long-term debt obligations			Total long-term debt obligations		
	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest
<b>Year ending June 30:</b>									
2022	-	-	-	310,000	24,000	334,000	310,000	24,000	334,000
2023	-	-	-	325,000	8,125	333,125	325,000	8,125	333,125
2024	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-
2027 - 2031	-	-	-	-	-	-	-	-	-
2032 - 2036	-	-	-	-	-	-	-	-	-
2037 - 2041	-	-	-	-	-	-	-	-	-
2042 - 2046	-	-	-	-	-	-	-	-	-
2047 - 2051	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-
<b>Total minimum payments</b>	\$ -	-	-	\$ 635,000	32,125	667,125	635,000	32,125	667,125
Less: amounts representing interest									(32,125)
<b>Present value of future minimum payments</b>									635,000
Unamortized net premium (discount)									56,324
<b>Total long-term debt obligations</b>									691,324
Less: current portion									(310,000)
<b>Long-term debt obligations, net of current portion</b>									\$ 381,324

**CALIFORNIA STATE UNIVERSITY, STANISLAUS AUXILIARY BUSINESS SERVICES**

**Other Information**

June 30, 2021

(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

Payments to University for other than salaries of University personnel 888,360

Payments received from University for services, space, and programs 650,000

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) (45,242)

Other amounts (payable to) University (enter as negative number)

Accounts receivable from University (enter as positive number)

Other amounts receivable from University (enter as positive number)

**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	
		-

# CALIFORNIA STATE UNIVERSITY, STANISLAUS AUXILIARY BUSINESS SERVICES

## 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	-	-	113,081	8,429	-	573,529	-	695,039
Institutional support	-	-	-	-	-	-	-	-
Operation and maintenance of plant	-	-	-	-	-	128,863	-	128,863
Student grants and scholarships	-	-	-	-	-	-	-	-
Auxiliary enterprise expenses	-	-	-	-	-	-	-	-
Depreciation and amortization	-	-	-	-	-	-	196,832	196,832
<b>Total operating expenses</b>	<b>\$ -</b>	<b>-</b>	<b>113,081</b>	<b>8,429</b>	<b>-</b>	<b>702,392</b>	<b>196,832</b>	<b>1,020,734</b>

10 Deferred outflows/inflows of resources:

1. Deferred Outflows of Resources

Deferred outflows - unamortized loss on refunding(s)  
 Deferred outflows - net pension liability  
 Deferred outflows - net OPEB liability  
 Deferred outflows - others:  
     Sales/intra-entity transfers of future revenues  
     Gain/loss on sale leaseback  
     Loan origination fees and costs  
     Change in fair value of hedging derivative instrument  
     Irrevocable split-interest agreements

Total deferred outflows - others	-
<b>Total deferred outflows of resources</b>	<b>\$ -</b>

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	-
<b>Total deferred inflows of resources</b>	<b>\$ -</b>

11 Other nonoperating revenues (expenses)

Other nonoperating revenues	2,604
Other nonoperating (expenses)	-
<b>Total other nonoperating revenues (expenses)</b>	<b>\$ 2,604</b>

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING  
STANDARDS***

To the Audit Committee  
California State University, Stanislaus Auxiliary and Business Services

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 California State University, Stanislaus Auxiliary and Business Services (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, 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 21, 2021.

#### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered California State University, Stanislaus Auxiliary and Business Services' 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 California State University, Stanislaus Auxiliary and Business Services' internal control. Accordingly, we do not express an opinion on the effectiveness of the California State University, Stanislaus Auxiliary and Business Services' 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 California State University, Stanislaus Auxiliary and Business Services' 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*.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING  
STANDARDS*, CONTINUED

**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 California State University, Stanislaus Auxiliary and Business Services' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering California State University, Stanislaus Auxiliary and Business Services' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Aldrich CPAs + Advisors LLP*

San Diego, California  
September 21, 2021