

University Student Center of California State University, Stanislaus

Financial Statements and Supplemental Information

Year Ended June 30, 2023



UNIVERSITY STUDENT CENTER OF CALIFORNIA STATE UNIVERSITY, STANISLAUS

Financial Statements and Supplemental Information

Year Ended June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
University Student Center of California State University, Stanislaus

Opinion

We have audited the accompanying financial statements of University Student Center of California State University, Stanislaus (a nonprofit organization), which comprise the statement of financial position as June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position University Student Center of California State University, Stanislaus as of June 30, 2023, 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.

Basis for Opinion

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 *Governmental Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of University Student Center of California State University, Stanislaus and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about University Student Center of California State University, Stanislaus's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

INDEPENDENT AUDITOR'S REPORT, CONTINUED

In performing an audit in accordance with generally accepted auditing standards and *Governmental Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 University Student Center of California State University, Stanislaus' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about University Student Center of California State University, Stanislaus's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information included on pages 17-20 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, 2023, on our consideration of University Student Center of California State University, Stanislaus' 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 University Student Center of California State University, Stanislaus' 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 University Student Center of California State University, Stanislaus' internal control over financial reporting and compliance.

Aldrich CPAs + Advisors LLP

San Diego, California
September 29, 2023

UNIVERSITY STUDENT CENTER OF CALIFORNIA STATE UNIVERSITY, STANISLAUS

Statement of Financial Position

June 30, 2023

ASSETS

Current Assets:

Cash and cash equivalents	\$	4,336,606
Due from related parties		775,703
Other current assets		28,141

Total Current Assets 5,140,450

Non-Current Assets:

Financing lease right-of-use asset, net		3,748,301
Property and equipment, net		37,568

Total Non-Current Assets 3,785,869

Total Assets \$ 8,926,319

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable	\$	22,390
Accrued expenses		113,408
Due to related parties		13,894
Current portion of lease liability		143,768

Total Current Liabilities 293,460

Non-Current Liabilities:

Post-retirement benefit obligation		1,132,598
Pension obligation		407,488
Lease liability, net of current portion		3,072,260

Total Non-Current Liabilities 4,612,346

Total Liabilities 4,905,806

Net Assets:

Without Donor Restrictions:

Board designated for:

Capital fund		500,000
Current operating contingency		500,000
Deferred post-retirement benefits		200,000
Catastrophic events		200,000
Undesignated		2,620,513

Total Net Assets Without Donor Restrictions 4,020,513

Total Liabilities and Net Assets \$ 8,926,319

UNIVERSITY STUDENT CENTER OF CALIFORNIA STATE UNIVERSITY, STANISLAUS

Statement of Activities

Year Ended June 30, 2023

Revenue and Other Support Without Donor Restrictions:	
Student activity fees	\$ 6,062,437
Space rental	392,786
Contributed nonfinancial rent	<u>131,042</u>
Total Revenue and Other Support Without Donor Restrictions	6,586,265
Expenses:	
Program services:	
Reservation services	1,373,823
Leadership	183,172
Other programs	155,257
Stockton center	<u>108,384</u>
Total Program Services	1,820,636
General and administrative	<u>4,076,945</u>
Total Expenses	<u>5,897,581</u>
Operating Net Income	688,684
Non-Operating Revenues (Expenses):	
Interest income	65,401
Pension related expense other than net periodic pension cost	(20,332)
Donations	9,759
Other	<u>31,782</u>
Total Non-Operating Revenues (Expenses)	<u>86,610</u>
Change in Net Assets	775,294
Net Assets - Without Donor Restrictions, beginning	<u>3,245,219</u>
Net Assets - Without Donor Restrictions, ending	<u>\$ 4,020,513</u>

UNIVERSITY STUDENT CENTER OF CALIFORNIA STATE UNIVERSITY, STANISLAUS

Statement of Functional Expenses

Year Ended June 30, 2023

	Program Services					General and Administration	Total
	Reservation Services	Leadership	Other Programs	Stockton Center	Total Programs		
Payroll - wages	\$ 316,914	\$ 37,698	\$ 2,356	\$ 55,053	\$ 412,021	\$ 344,315	\$ 756,336
Student assistants	221,218	47,050	63,403	8,739	340,410	-	340,410
Employee benefits	127,245	11,559	15	19,001	157,820	93,125	250,945
Retirement	24,063	2,766	110	3,703	30,642	167,268	197,910
Payroll - taxes	25,882	3,099	804	4,212	33,997	26,520	60,517
Total Salaries and Related Expenses	715,322	102,172	66,688	90,708	974,890	631,228	1,606,118
Campus reimbursement	-	-	-	-	-	2,845,779	2,845,779
Contractual services	16,381	-	257	407	17,045	244,739	261,784
Depreciation and amortization	246,586	-	2,125	1,648	250,359	-	250,359
Interest	148,867	-	-	-	148,867	-	148,867
Insurance	-	-	-	-	-	120,113	120,113
Contributed nonfinancial rent	-	-	-	-	-	131,042	131,042
Supplies and services	81,114	6,505	10,987	1,426	100,032	7,636	107,668
Minor equipment	55,742	6,947	4,757	3,071	70,517	29,634	100,151
Events	1,578	19,773	45,639	2,718	69,708	5,356	75,064
Repairs and maintenance	51,255	-	13	(2,628)	48,640	13	48,653
Utilities	45,430	-	-	-	45,430	-	45,430
Hospitality	409	14,780	13,578	63	28,830	7,518	36,348
Accounting and legal	-	-	-	-	-	22,850	22,850
Awards, gifts and donations	-	19,147	85	-	19,232	-	19,232
Travel	980	2,838	234	4,127	8,179	9,063	17,242
Advertising	-	1,753	7,735	6,324	15,812	350	16,162
Telephone	7,039	1,289	1,310	520	10,158	2,033	12,191
Overhead, Chancellor's office	-	-	-	-	-	11,852	11,852
Training	1,441	1,184	940	-	3,565	4,056	7,621
Employee and board function	-	3,857	-	-	3,857	-	3,857
Miscellaneous	99	2,659	357	-	3,115	508	3,623
Dues and subscriptions	-	-	475	-	475	3,150	3,625
Postage	1,006	-	-	-	1,006	25	1,031
Printing	574	268	77	-	919	-	919
Total Operating Expenses	1,373,823	183,172	155,257	108,384	1,820,636	4,076,945	5,897,581
Pension related charges other than net periodic pension cost	-	-	-	-	-	(20,332)	(20,332)
Total Expenses	\$ 1,373,823	\$ 183,172	\$ 155,257	\$ 108,384	\$ 1,820,636	\$ 4,056,613	\$ 5,877,249

See accompanying notes to financial statements.

UNIVERSITY STUDENT CENTER OF CALIFORNIA STATE UNIVERSITY, STANISLAUS

Statement of Cash Flows

Year Ended June 30, 2023

Cash Flows from Operating Activities:	
Change in net assets	\$ 775,294
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	250,359
Non-cash operating lease expense	14,523
Change in operating assets and liabilities:	
Due from related parties	(562,961)
Other current assets	(18,433)
Accounts payable	(11,067)
Accrued expenses	27,754
Due to related parties	(53,797)
Post-retirement benefit obligation	20,868
Pension obligation	113,135
	<hr/>
Net Cash Provided by Operating Activities	555,675
Cash Flows Used by Investing Activities:	
Purchases of property and equipment	(7,930)
Cash Flows Used by Financing Activities:	
Payments on finance lease obligations	<hr/> (159,461)
Net Increase in Cash and Cash Equivalents	388,284
Cash and Cash Equivalents, beginning	<hr/> 3,948,322
Cash and Cash Equivalents, ending	\$ <hr/> <hr/> 4,336,606
Noncash financing activity:	
Right-of-use assets obtained in exchange for new finance lease liabilities	\$ <hr/> <hr/> 3,991,434

UNIVERSITY STUDENT CENTER OF CALIFORNIA STATE UNIVERSITY, STANISLAUS

Notes to Financial Statements

Year Ended June 30, 2023

Note 1 - Organization and Summary of Significant Accounting Policies

Nature of Activities

University Student Center of California State University, Stanislaus (Organization) was incorporated in the State of California on May 17, 1994, under the name of University Union of California State University, Stanislaus. The Organization was formed and operates as a non-profit auxiliary organization of California State University, Stanislaus (CSU Stanislaus or the University) which has campuses in Turlock and Stockton, California. The Organization operates a student union facility as a student body center for the benefit of the students, faculty, staff, and alumni, in order to promote and assist the education program of CSU Stanislaus. The Organization's primary source of revenue is student activity fees that have been remitted to CSU Stanislaus and are available upon request by the Organization.

New Accounting Pronouncement

The Organization adopted Accounting Standards Update (ASU) 2016-02, *Leases* as of July 1, 2022. The standard provides guidance on the recognition, measurement, presentation, and disclosure of leases. The new standard supersedes previous accounting principles generally accepted in the United States of America (US GAAP), guidance on leases and requires substantially all leases to be reported on the statement of financial position as right-of-use assets and lease liabilities, as well as additional disclosures (see Note 6). The Organization adopted this standard using the modified retrospective approach. Upon adoption, the Organization recognized a right-of-use asset of \$3,991,434 and finance lease liability of \$3,375,489.

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 their 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, 2023.

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.

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 accounting standards generally accepted in the United States of America related to the recognition of uncertain tax positions. The Organization recognizes accrued interest and penalties associated with uncertain tax positions as part of the statement of activities, when applicable. Management has determined that the Organization has no uncertain tax positions at June 30, 2023 and therefore no amounts have been accrued.

UNIVERSITY STUDENT CENTER OF CALIFORNIA STATE UNIVERSITY, STANISLAUS

Notes to Financial Statements

Year Ended June 30, 2023

Note 1 - Organization and Summary of Significant Accounting Policies, continued

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.

Accounts Receivable

Accounts receivable arises 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 a price concession for uncollectible amounts. A price concession for uncollectible amounts 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 assets of 3 to 29 years.

Revenue Recognition

Student Activity Fees – The Organization receives student activity fees from the University to provide a variety of student-centered programs and services that enhance the quality of the student experience. Each matriculated student of the University is required to pay \$324 per semester for student activity fees. These payments support the Organization's operations and are collected and held by the University. Funds are released to the Organization on a reimbursement basis after expenditures have been incurred and billed to the University. The Organization recognizes revenues from student activity fees as expenditures are billed to the University throughout the year.

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, 2023, due to the relative short maturities of these instruments.

UNIVERSITY STUDENT CENTER OF CALIFORNIA STATE UNIVERSITY, STANISLAUS

Notes to Financial Statements

Year Ended June 30, 2023

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 program services and supporting services benefitted. Such allocations are determined by the management on an equitable basis.

<u>Expense</u>	<u>Method of allocation</u>
Contractual services	Allocated directly to general and administration
Depreciation	Allocated based on program
Insurance	Allocated directly to general and administration
Other costs	Allocated based on usage
Printing	Allocated based on usage
Salaries and benefits	Allocated based on program
Supplies and services	Allocated based on usage
Telephone	Allocated based on usage
Training	Allocated based on usage
Travel	Allocated based on purpose of travel

Advertising

The Organization follows the policy of charging the costs of advertising to expense as incurred.

Subsequent Events

The Organization has evaluated subsequent events through September 29, 2023, which is the date the financial statements were available to be issued.

Note 2 - Liquidity and Availability

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

Cash and cash equivalents	\$ 4,336,606
Due from related parties	775,703
	<hr/>
Total financial assets available for general operations	5,112,309
Less amounts not available to be used within one year:	
Restricted by the Board for capital fund	500,000
Restricted by the Board for current operating contingency	500,000
Restricted by the Board for deferred health-post retirement	200,000
Restricted by the Board for catastrophic events	200,000
	<hr/>
	1,400,000
	<hr/>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u>3,712,309</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.

UNIVERSITY STUDENT CENTER OF CALIFORNIA STATE UNIVERSITY, STANISLAUS

Notes to Financial Statements

Year Ended June 30, 2023

Note 3 - Cash and Cash Equivalents

The Organization maintains its cash accounts at a financial institution. The balances at times may exceed Federal Deposit Insurance Corporation (FDIC) limits. Accounts at the financial institution are insured by the FDIC up to \$250,000. In addition, the Organization has deposited cash in the State Treasury's Local Agency Investment Fund (LAIF). Deposits in LAIF are carried at fair value as reported by LAIF. Deposits in LAIF are guaranteed by the State of California.

Cash on hand	\$	1,185
Deposits with financial institutions		507,686
Investments in LAIF		<u>3,827,735</u>
Total cash and cash equivalents	\$	<u><u>4,336,606</u></u>

Investments in LAIF

As of June 30, 2023, investments are 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 interest income in the statement of activities. The Organization's investments in LAIF are measured and reported at fair value based on NAV. The instruments in LAIF have no unfunded commitment, no redemption frequency, and no redemption notice period as of June 30, 2023.

Note 4 - Property and Equipment

Property and equipment consist of the following at June 30 2023:

Equipment	\$	83,615
Buildings and building improvements		<u>19,013</u>
		102,628
Less: accumulated depreciation		<u>(65,060)</u>
	\$	<u><u>37,568</u></u>

Note 5 - Contributed Nonfinancial Assets

For the year ended June 30, 2023, contributed nonfinancial assets recognized within the statement of activities included \$131,042 of rent revenue provided to Associated Students Incorporated of California State University, Stanislaus. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions. Contributed rent is valued and reported at the estimated fair value in the financial statements based on current comparable rental rates.

UNIVERSITY STUDENT CENTER OF CALIFORNIA STATE UNIVERSITY, STANISLAUS

Notes to Financial Statements

Year Ended June 30, 2023

Note 6 - Leasing Arrangements

Lessee Arrangements

The Organization has a finance lease of a building under an agreement with a contractual period of 15 years. The building is located in California. Leases with an initial term of 12 months or less are not recorded on the statement of financial position. Lease expense is recognized for these leases on a straight-line basis over the lease term. The lease agreements do not contain any material residual value guarantees. The Organization elected the package of practical expedients permitted under the transition guidance within the standard, which among other things, allowed the Organization to carry forward the historical lease classifications.

The Organization determines if an arrangement is or contains a lease at contract inception. The Organization recognizes a right-of-use asset and a lease liability at the lease commencement date. The lease liability is initially measured at the present value of the unpaid lease payments at the lease commencement date. Key estimates and judgments include how the Organization determines the discount rate, the lease term, and the lease payments.

The Organization has operating lease without enforceable terms for the use of facilities. Payments on this lease are variable based upon semi-annual debt servicing amounts specified by the University. All variable payments not based on a market rate, or an index are expensed as incurred.

When the discount rate implicit in a lease is not readily determinable, the Organization calculates the lease liability using the incremental borrowing rate, which is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms. These are estimated using actual borrowing costs and making necessary adjustments.

The following summarizes the finance lease as of June 30, 2023:

<u>Finance Leases</u>	
Property and equipment	\$ 3,991,434
Accumulated amortization	(243,133)
Property and equipment, net	<u>\$ 3,748,301</u>
Current portion of finance lease liabilities	\$ 143,768
Finance lease liabilities, net of current portion	3,072,260
Total finance lease liabilities	<u>\$ 3,216,028</u>

The amounts contractually due on lease liabilities as of June 30, 2023, were as follows:

	<u>Finance</u>
2024	\$ 287,300
2025	285,175
2026	282,800
2027	280,175
2028	282,175
Thereafter	3,110,925
Total lease payments	<u>4,528,550</u>
Less interest	(1,312,522)
Present value of lease liabilities	<u>\$ 3,216,028</u>

UNIVERSITY STUDENT CENTER OF CALIFORNIA STATE UNIVERSITY, STANISLAUS

Notes to Financial Statements

Year Ended June 30, 2023

Note 6 - Leasing Arrangements, continued

Lessee Arrangements, continued

The following summarizes the line items in the statement of activities which include the components of lease expense for the year ended June 30, 2023:

Finance Leases:

Amortization of lease assets, included in depreciation and amortization expenses	\$	243,133
Interest on lease liabilities, included in interest expense		148,867
Variable lease expense, included in campus reimbursement expense		2,845,779
Total lease cost	\$	<u>3,237,779</u>

Supplemental cash flow information related to leases for the year ended June 30, 2023, was as follows:

Cash paid for amounts included in measurement of lease liabilities:

Operating cash flows from finance leases	\$	148,867
Financing cash flows from finance leases		243,133
Lease assets obtained in exchange for lease liabilities		
Finance leases	\$	3,991,434

Supplemental statement of financial position information related to leases as of June 30, 2023, was as follows:

Weighted average remaining lease term - Finance leases	15.43
Weighted average discount rate - Finance leases	4.52%

Related party leases include the following information at June 30, 2023:

Financing lease right-of-use assets	\$	3,748,301
Financing lease liabilities		3,216,028
Financing lease expense		3,237,779
Financing cash flows from financing leases		243,133

Under previous leasing standards, future minimum lease payments for the non-cancellable operating leases at June 30, 2022 were as follows:

2023	\$	284,050
2024		287,300
2025		285,175
2026		282,800
2027		280,175
Thereafter		3,393,100

UNIVERSITY STUDENT CENTER OF CALIFORNIA STATE UNIVERSITY, STANISLAUS

Notes to Financial Statements

Year Ended June 30, 2023

Note 6 - Leasing Arrangements, continued

Lessor Arrangements

The Organization subleases facilities space under long-term lease agreements. These leases are classified as operating lease agreements which expire on June 30, 2028. Fixed revenue from these agreements is recognized on a straight-line basis over the lease term.

Operating lease income is included in the statement of activities as a part of revenue and support. Cash receipts from operating leases are classified within cash flows from operating activities. Operating lease income was as follows for the year ended June 30, 2023:

Lease income, included in space rental	\$ <u>243,133</u>
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Future annual minimum operating lease receipts are as follows:

2024	\$ 253,158
2025	253,158
2026	253,158
2027	253,158
2028	253,158
Thereafter	-
	\$ <u>1,265,790</u>

Note 7 - Related Party Transactions

The Organization enters into transactions with related parties, including:

California State University, Stanislaus (CSU Stanislaus)
California State University, Stanislaus Auxiliary and Business Services (ABS)
California State University, Stanislaus Foundation (Foundation)
Associated Students, Inc. of California State University, Stanislaus (ASI)

The Organization reimburses the University for salaries and other program-related costs for personnel working on contracts, fiscal services, and providing other business and operational services.

Transactions with related parties consist of the following as of June 30, 2023:

	CSU					
	Stanislaus	ABS	ASI	Foundation	Total	
Due from related parties	\$ 769,409	\$ -	\$ 3,242	\$ 3,052	\$ 775,703	
Due to related parties	(10,331)	(1,264)	(2,299)	-	(13,894)	
Payment from related parties for services, space and programs	5,505,483	253,158	10,753	9,212	5,778,606	
Payments made to related parties	(3,510,160)	(14,482)	(33,103)	(53,200)	(3,610,945)	
Gifts to related parties	-	-	-	(10,000)	(10,000)	
Gifts from related parties	-	-	169	-	169	

UNIVERSITY STUDENT CENTER OF CALIFORNIA STATE UNIVERSITY, STANISLAUS

Notes to Financial Statements

Year Ended June 30, 2023

Note 8 - Pension Plan

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. Reimbursed employees are covered by CSU Stanislaus' plan.

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.

In addition to a contribution made by the Organization, active participating employees are required to contribute 5% of their monthly salary and 6.75% for PEPPRA. Pension expense for the year ended June 30, 2023 was \$113,135.

Funded Status:

	Miscellaneous June 30, 2022	PEPPRA Plan June 30, 2022
Valuation date		
Present value of projected benefits	\$ 1,703,671	\$ 545,139
Entry age normal accrued liability	\$ 1,192,916	\$ 84,805
Fair value of plan assets	\$ 898,502	\$ 72,765
Unfunded liability	\$ 294,414	\$ 12,040
Funded ratio	75.3%	85.8%

Amounts recognized in the statement of financial position:

Pension obligation	\$ <u>407,488</u>
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The significant actuarial assumptions used to calculate the above pension benefit obligation were as follows:

Investment return (net of administrative expenses)	6.80%
Projected salary increases	Varies by entry age and service
Inflation	2.30%
Overall payroll growth	2.80%

Actuarial information as of June 30, 2023 is currently unavailable.

In addition to the Active plans, the Organization has a pension plan which was transferred from ABS and assumed by the Organization. The plan had an outstanding pension obligation of \$126,253 at June 30, 2023. No annual comprehensive financial report is issued by CalPERS for the pension plan, and it is recorded at the value set upon transfer. The plan is inactive, and no new participants are added to the plan.

CalPERS issues a separate annual comprehensive 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, 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 CalPERS.

UNIVERSITY STUDENT CENTER OF CALIFORNIA STATE UNIVERSITY, STANISLAUS

Notes to Financial Statements

Year Ended June 30, 2023

Note 9 - Post-Retirement Benefit Plan

The Organization provides lifetime post-retirement medical coverage to employees (and their dependents) who retire at age 50 or older with at least five years of service with ABS, ASI, Stanislaus or the Organization. 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. The Organization had 7 employees who were eligible to participate in the plan at June 30, 2023. The Organization made contributions to the plan of \$48,854 for the year ended June 30, 2023.

Obligations and Funded Status at June 30:

Change in Benefit Obligation:

Benefit obligation at beginning of year	\$	1,111,730
Service cost		89,744
Interest cost		52,614
Actuarial loss		(72,636)
Benefits paid		<u>(48,854)</u>
Benefit obligation at end of year	\$	<u><u>1,132,598</u></u>

Funded Status:

Benefit obligation	\$	1,132,598
Unrecognized net actuarial loss		<u>7,691</u>
Accrued benefit cost	\$	<u><u>1,124,907</u></u>
Measurement date		June 30, 2023
Unfunded status at end of year	\$	<u><u>(1,132,598)</u></u>

Amounts recognized in the statement of financial position:

Post-retirement benefit obligation	\$	<u><u>1,132,598</u></u>
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Net Periodic Benefit Cost:

Service cost	\$	89,744
Amortization of net gain		(3,468)
Interest cost		<u>52,614</u>
Net periodic benefit cost	\$	<u><u>138,890</u></u>

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumption 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.

UNIVERSITY STUDENT CENTER OF CALIFORNIA STATE UNIVERSITY, STANISLAUS

Notes to Financial Statements

Year Ended June 30, 2023

Note 9 - 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:

Discount rate	4.47%
Expected long-term return on plan assets	N/A
Rate of compensation increase	N/A
Health care cost trend rate assumed for next year	4.00%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	4.00%
Year that the rate reaches the ultimate trend rate	0 years

Expected Benefit Payments		
2024	\$	52,523
2025		56,894
2026		61,597
2027		66,593
2028		39,469
2029-2031		309,452

Note 10 – Revenue Recognition

Significant Judgments

The Organization analyzes revenue recognition on a portfolio approach under ASC Topic 606 *Revenue from Contracts with Customers*. Significant judgment is utilized in determining the appropriate portfolios to assess for meeting the criteria to recognize revenue under ASC Topic 606. The Organization has determined that, for each distinct revenue stream identified, all contracts can be grouped into one portfolio. Based on past experience, customers within each stream all behave similarly, contracts contain similar terms, and policies are the same across all contracts. The Organization does not expect that revenue earned for the portfolio is significantly different as compared to revenue that would be earned if they were to assess each contract separately.

Significant judgment is also required to assess collectability. The Organization assesses collectability each reporting period to monitor that the collectability threshold is met and does not recognize revenue if collection is not probable. Impairment losses are recognized when there are significant changes in a customer’s assessed collectability.

SUPPLEMENTAL INFORMATION

UNIVERSITY STUDENT CENTER OF CALIFORNIA STATE UNIVERSITY, STANISLAUS

Schedule of Net Position

June 30, 2023

(for inclusion in the California State University)

Assets:		
Current assets:		
Cash and cash equivalents	\$	508,871
Short-term investments		3,827,735
Accounts receivable, net		775,703
Lease receivable, current portion		-
P3 receivable, current portion		-
Notes receivable, current portion		-
Pledges receivable, net		-
Prepaid expenses and other current assets		28,141
Total current assets		5,140,450
Noncurrent assets:		
Restricted cash and cash equivalents		-
Accounts receivable, net		-
Lease receivable, net of current portion		-
P3 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		3,785,869
Other assets		-
Total noncurrent assets		3,785,869
Total assets		8,926,319
Deferred outflows of resources:		
Unamortized loss on debt refunding		-
Net pension liability		-
Net OPEB liability		-
Leases		-
P3		-
Others		-
Total deferred outflows of resources		-
Liabilities:		
Current liabilities:		
Accounts payable		60,562
Accrued salaries and benefits		21,687
Accrued compensated absences, current portion		67,443
Unearned revenues		-
Lease liabilities, current portion		143,768
SBITA liabilities - current portion		-
P3 liabilities - 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		293,460
Noncurrent liabilities:		
Accrued compensated absences, net of current portion		-
Unearned revenues		-
Grants refundable		-
Lease liabilities, net of current portion		3,072,260
SBITA liabilities, net of current portion		-
P3 liabilities, 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		1,132,598
Net pension liability		407,488
Other liabilities		-
Total noncurrent liabilities		4,612,346
Total liabilities		4,905,806
Deferred inflows of resources:		
P3 service concession arrangements		-
Net pension liability		-
Net OPEB liability		-
Unamortized gain on debt refunding		-
Nonexchange transactions		-
Lease		-
P3		-
Others		-
Total deferred inflows of resources		-
Net position:		
Net investment in capital assets		37,568
Restricted for:		-
Nonexpendable – endowments		-
Expendable:		-
Scholarships and fellowships		-
Research		-
Loans		-
Capital projects		-
Debt service		-
Others		-
Unrestricted		3,982,945
Total net position	\$	4,020,513

See independent auditor's report.

UNIVERSITY STUDENT CENTER OF CALIFORNIA STATE UNIVERSITY, STANISLAUS

Schedule of Revenues, Expenses, and Changes in Net Position

June 30, 2023

(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		392,786
Scholarship allowances (enter as negative)		-
Other operating revenues		6,193,479
Total operating revenues		<u><u>6,586,265</u></u>

Expenses:

Operating expenses:

Instruction		-
Research		-
Public service		-
Academic support		-
Student services		4,027,391
Institutional support		244,739
Operation and maintenance of plant		265,694
Student grants and scholarships		-
Auxiliary enterprise expenses		1,129,730
Depreciation and amortization		250,359
Total operating expenses		<u><u>5,917,913</u></u>
Operating income (loss)		<u><u>668,352</u></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		9,759
Investment income (loss), net		65,401
Endowment income (loss), net		-
Interest expense		-
Other nonoperating revenues (expenses)		31,782
Net nonoperating revenues (expenses)		<u><u>106,942</u></u>
Income (loss) before other revenues (expenses)		<u><u>775,294</u></u>

State appropriations, capital		-
Grants and gifts, capital		-
Additions (reductions) to permanent endowments		-
Increase (decrease) in net position		<u><u>775,294</u></u>
Net position:		
Net position at beginning of year, as previously reported		3,245,219
Restatements		-
Net position at beginning of year, as restated		<u><u>3,245,219</u></u>
Net position at end of year	\$	<u><u><u>4,020,513</u></u></u>

UNIVERSITY STUDENT CENTER OF CALIFORNIA STATE UNIVERSITY, STANISLAUS

Other Information

June 30, 2023

(for inclusion in the California State University)

1 Cash and cash equivalents:

Current cash and cash equivalents	\$ 508,871
Total	\$ 508,871

2.1 Composition of investments:

Investment Type	Current	Noncurrent	Total
State of California Local Agency Investment Fund (LAIF)	\$ 3,827,735	-	3,827,735
Total investments	3,827,735	-	3,827,735
Total investments, net of endowments	\$ 3,827,735	-	3,827,735

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)
State of California Local Agency Investment Fund (LAIF)	\$ 3,827,735	-	-	-	3,827,735
Total investments	\$ 3,827,735	-	-	-	3,827,735

2.3 Investments held by the University under contractual agreements:

Not applicable

3.1 Capital Assets, excluding ROU assets:

Composition of capital assets, excluding ROU assets:	Balance June 30, 2022	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2022 (Restated)	Additions	Retirements	Transfer of completed CWIP/PWIP	Balance June 30, 2023
Depreciable/Amortizable capital assets:									
Buildings and building improvements	\$ 19,013	-	-	-	\$ 19,013	-	-	-	19,013
Leasehold improvements	4,293,603	-	-	-	4,293,603	-	(4,293,603)	-	-
Personal property:									
Equipment	75,685	-	-	-	75,685	7,930	-	-	83,615
Total intangible assets	-	-	-	-	-	-	-	-	-
Total depreciable/amortizable capital assets	4,388,301	-	-	-	4,388,301	7,930	(4,293,603)	-	102,628
Total capital assets	\$ 4,388,301	-	-	-	\$ 4,388,301	7,930	(4,293,603)	-	102,628
Less accumulated depreciation/amortization:									
Buildings and building improvements	\$ (317)	-	-	-	\$ (317)	(634)	-	-	(951)
Leasehold improvements	(313,135)	-	-	-	(313,135)	-	313,135	-	-
Personal property:									
Equipment	(57,517)	-	-	-	(57,517)	(6,592)	-	-	(64,109)
Total intangible assets	-	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	(370,969)	-	-	-	(370,969)	(7,226)	313,135	-	(65,060)
Total capital assets, net excluding ROU assets	\$ 4,017,332	-	-	-	\$ 4,017,332	704	(3,980,468)	-	37,568

Capital Assets, Right of Use

Composition of capital assets - Lease ROU, net:	Balance June 30, 2022	Prior Period Reclassifications	Prior Period Additions	Prior Period Reductions	Balance June 30, 2022 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2023
Depreciable/Amortizable lease assets:									
Buildings and building improvements	-	-	-	-	-	3,991,434	-	-	3,991,434
Total depreciable/amortizable lease assets	-	-	-	-	-	3,991,434	-	-	3,991,434
Less accumulated depreciation/amortization:									
Buildings and building improvements	-	-	-	-	-	(243,133)	-	-	(243,133)
Total accumulated depreciation/amortization	-	-	-	-	-	(243,133)	-	-	(243,133)
Total capital assets - lease ROU, net	-	-	-	-	-	3,748,301	-	-	\$ 3,748,301

Total capital assets, net including ROU assets

\$ 3,785,869

UNIVERSITY STUDENT CENTER OF CALIFORNIA STATE UNIVERSITY, STANISLAUS

Other Information

June 30, 2023

(for inclusion in the California State University)

3.2 Detail of depreciation and amortization expense:

Depreciation and amortization expense - capital assets, excluding ROU assets	\$	7,226
Amortization expense - Leases ROU		243,133
Total depreciation and amortization	\$	250,359

4 Long-term liabilities:

	Balance June 30, 2022	Prior Period Adjustments/Reclassifications	Balance June 30, 2022 (Restated)	Additions	Reductions	Balance June 30, 2023	Current Portion	Noncurrent Portion
1. Accrued compensated absences	\$ 53,585		53,585	61,676	(47,818)	67,443	67,443	-
2. Claims liability for losses and loss adjustment expenses	Not applicable							
3. Capital lease obligations (pre-ASC 842):								
Gross balance	3,350,000	-	3,350,000	-	(3,350,000)	-	-	-
Total capital lease obligations (pre ASC 842)	3,350,000	-	3,350,000	-	(3,350,000)	-	-	-
4. Long-term debt obligations:	Not applicable							
5. Leases, SBITA, P3 liabilities:								
Lease liabilities	-	-	3,216,028	-	-	3,216,028	143,768	3,072,260
Sub-total P3 liabilities	-	-	3,216,028	-	-	3,216,028	143,768	3,072,260
Total Lease, SBITA, P3 liabilities	\$ -	\$ -	3,216,028	-	-	3,216,028	143,768	3,072,260
Total long-term liabilities						\$ 3,283,471	211,211	3,072,260

5 Future minimum payments schedule - leases, SBITA, P3:

Year ending June 30:	Lease Liabilities			SBITA liabilities			Public-Private or Public-Public Partnerships (P3)			Total Leases, SBITA, P3 liabilities		
	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal Only	Interest Only	Principal and Interest
2024	\$ 143,768	143,532	287,300	-	-	-	-	-	-	143,768	143,532	287,300
2025	148,313	136,862	285,175	-	-	-	-	-	-	148,313	136,862	285,175
2026	152,815	129,985	282,800	-	-	-	-	-	-	152,815	129,985	282,800
2027	157,273	122,902	280,175	-	-	-	-	-	-	157,273	122,902	280,175
2028	166,672	115,503	282,175	-	-	-	-	-	-	166,672	115,503	282,175
2029 - 2033	963,221	450,654	1,413,875	-	-	-	-	-	-	963,221	450,654	1,413,875
2034 - 2038	1,210,465	206,085	1,416,550	-	-	-	-	-	-	1,210,465	206,085	1,416,550
2039 - 2043	273,501	6,999	280,500	-	-	-	-	-	-	273,501	6,999	280,500
Total minimum payments	\$ 3,216,028	1,312,522	4,528,550	-	-	-	-	-	-	3,216,028	1,312,522	4,528,550
Less: amounts representing interest												(1,312,522)
Present value of future minimum payments												3,216,028
Total Leases, SBITA, P3 liabilities												3,216,028
Less: current portion												(143,768)
Leases, SBITA, P3 liabilities, net of current portion												\$ 3,072,260

6 Future minimum payments schedule - Long-term debt obligations:

Not applicable

7 Transactions with related entities:

Payments to University for other than salaries of University personnel	3,510,160
Payments received from University for services, space, and programs	5,505,483
Accounts payable to University	(10,331)
Accounts receivable from University	769,409

8 Restatements

Not applicable

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
Student services	\$ 494,822	135,122	170,144	20,332	-	3,206,971	-	4,027,391
Institutional support	-	-	-	-	-	244,739	-	244,739
Operation and maintenance of plant	-	-	-	-	-	265,694	-	265,694
Auxiliary enterprise expenses	601,924	176,340	27,766	-	-	323,700	-	1,129,730
Depreciation and amortization	-	-	-	-	-	-	250,359	250,359
Total operating expenses	\$ 1,096,746	311,462	197,910	20,332	-	4,041,104	250,359	\$ 5,917,913

Pension plan reported

Defined Benefit Plan

10 Deferred outflows/inflows of resources:

Not applicable

11 Other nonoperating revenues (expenses)

Other nonoperating revenues	\$ 31,782
Total other nonoperating revenues (expenses)	\$ 31,782

See independent auditor's report.

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

To the Board of Directors
University Student Center of California State University, Stanislaus

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 University Student Center of California State University, Stanislaus (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, 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 29, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered University Student Center of California State University, Stanislaus' 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 University Student Center of California State University, Stanislaus' internal control. Accordingly, we do not express an opinion on the effectiveness of the University Student Center of California State University, Stanislaus' 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 or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether University Student Center of California State University, Stanislaus' 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 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*, 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 University Student Center of California State University, Stanislaus' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering University Student Center of California State University, Stanislaus' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Aldrich CPAs + Advisors LLP

San Diego, California
September 29, 2023