

**ASSOCIATED STUDENTS OF
CALIFORNIA STATE UNIVERSITY,
LOS ANGELES, INC.
(a Component Unit of
California State University, Los Angeles)**

Independent Auditor's Report,
Financial Statements and Supplementary Information

June 30, 2018 and 2017



Certified
Public
Accountants

**ASSOCIATED STUDENTS OF
CALIFORNIA STATE UNIVERSITY, LOS ANGELES, INC.
(a Component Unit of California State University, Los Angeles)**

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Independent Auditor's Report

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

We have audited the accompanying financial statements of the Associated Students of California State University, Los Angeles, Inc. (the Organization), a component unit of California State University, Los Angeles, which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Associated Students of California State University, Los Angeles, Inc., as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements. The accompanying supplementary information on pages 19 to 31 are presented for purposes of additional analysis in accordance with an Administrative Directive dated June 24, 2003, *Financial Reporting Requirements for Auxiliary Organizations*, 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.

Macias Gini & O'Connell LLP

Los Angeles, California
September 27, 2018

FINANCIAL STATEMENTS

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**ASSOCIATED STUDENTS OF
CALIFORNIA STATE UNIVERSITY, LOS ANGELES, INC.**
Statements of Financial Position
June 30, 2018 and 2017

	2018	2017
Assets		
Cash	\$ 418,817	\$ 569,178
Investments	1,239,227	1,222,773
Accounts receivable from affiliates	89,881	18,683
Accounts receivable	7,175	1,386
Prepaid expenses and deposits	39,386	57,166
Capital assets, net	26,778	30,982
Total assets	\$ 1,821,264	\$ 1,900,168
 Liabilities and net assets		
Accounts payable to affiliates	\$ 60,085	\$ 110,555
Accounts payable and other accrued liabilities	71,816	68,368
Net post-retirement benefit obligation	263,344	82,950
Total liabilities	395,245	261,873
 Net assets		
Unrestricted	1,426,019	1,638,295
Total net assets	1,426,019	1,638,295
Total liabilities and net assets	\$ 1,821,264	\$ 1,900,168

See accompanying notes to financial statements.

**ASSOCIATED STUDENTS OF
CALIFORNIA STATE UNIVERSITY, LOS ANGELES, INC.**

Statements of Activities
Years Ended June 30, 2018 and 2017

	2018	2017
Support and revenues		
Student activity fees	\$ 1,454,881	\$ 1,453,671
Donated use of facilities	68,380	65,318
Interest income	19,916	13,033
Other	22,888	21,028
	1,566,065	1,553,050
Expenses		
Program services:		
Community services	176,795	159,145
Student government and elections	731,628	595,298
Clubs and organizations	101,139	103,360
Cultural events	212,206	225,284
Other student services	279,991	209,889
Total program services	1,501,759	1,292,976
Supporting services:		
Administration	273,478	201,091
Total supporting services	273,478	201,091
Total expenses	1,775,237	1,494,067
Amortization of prior service cost	3,104	3,104
Change in net assets	(212,276)	55,879
Net assets		
Beginning of year	1,638,295	1,582,416
End of year	\$ 1,426,019	\$ 1,638,295

See accompanying notes to financial statements.

**ASSOCIATED STUDENTS OF
CALIFORNIA STATE UNIVERSITY, LOS ANGELES, INC.**

Statements of Cash Flows
Years Ended June 30, 2018 and 2017

	2018	2017
Cash flows from operating activities		
Change in net assets	\$ (212,276)	\$ 55,879
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	16,264	13,453
Loss on disposal of capital assets	-	4,499
Change in operating assets and liabilities:		
Accounts receivable from affiliates	(71,198)	(18,683)
Accounts receivable	(5,789)	1,591
Prepaid expenses and deposits	17,780	(38,312)
Accounts payable to affiliates	(50,470)	91,756
Accounts payable and other accrued liabilities	3,448	8,367
Post-retirement benefit obligation	180,394	(24,155)
Net cash provided by (used in) operating activities	(121,847)	94,395
Cash flows from investing activities		
Sale (purchase) of investments	(16,454)	242,826
Purchase of capital assets	(12,060)	(5,518)
Net cash provided by (used in) investing activities	(28,514)	237,308
Cash flows from financing activities		
Principal payments on note payable to affiliate	-	(15,366)
Net cash used in financing activities	-	(15,366)
Net increase (decrease) in cash	(150,361)	316,337
Cash at beginning of year	569,178	252,841
Cash at end of year	\$ 418,817	\$ 569,178

See accompanying notes to financial statements.

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**ASSOCIATED STUDENTS OF
CALIFORNIA STATE UNIVERSITY, LOS ANGELES, INC.**

Notes to Financial Statements

June 30, 2018 and 2017

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

The Associated Students of California State University, Los Angeles, Inc. (the Organization) (a California State University Auxiliary Organization) is a recognized nonprofit auxiliary organization within the California State University System (CSU) and is a component unit of California State University, Los Angeles (the University). The Organization serves as an auxiliary operating at the University and exists to serve the CSU and the University. The Organization is a nonprofit public benefit corporation organized under the Nonprofit Public Benefit Corporation Law. The Organization was incorporated on March 3, 1980 with the purpose of encouraging effective student participation in campus activities, as well as stimulating the educational, social, physical and cultural activities at the University. The Organization's major source of income is derived from student activity fees, which are charged to all enrolled students on a quarterly basis.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting.

Financial Statement Presentation

The Financial Accounting Standards Board (FASB) implemented the FASB Accounting Standards Codification (Codification) effective July 1, 2009. The codification has become the source of authoritative accounting principles generally accepted in the United States of America (U.S. GAAP) recognized by FASB to be applied to nongovernmental entities. On the effective date, the Codification superseded all then existing accounting and reporting standards. All other non-grand-fathered accounting literature not included in the Codification has become non-authoritative. References to U.S. GAAP included in the FASB Codification are noted as Accounting Standards Codification (ASC).

Basis of Presentation

The Statements of Financial Position and the Statements of Activities present comparative financial information of the Organization. The Statements of Financial Position compare assets to liabilities, for each year presented. The excess of assets over liabilities is reported as net assets. The Statements of Activities compare student activity fees and all other support and revenues earned by the Organization during the year, to costs associated with providing various services to the student body and administration costs of the Organization during the year, for each year presented. The difference is reported as the change in net assets.

The Organization reports information regarding its financial position and activities according to the three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets.

- Unrestricted net assets is generated by receiving unrestricted contributions, receiving student activity fees charged to all University students, providing services, and receiving interest from investments less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

**ASSOCIATED STUDENTS OF
CALIFORNIA STATE UNIVERSITY, LOS ANGELES, INC.**

Notes to Financial Statements (Continued)

June 30, 2018 and 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Temporarily restricted net assets include gifts, pledges, trusts, remainder interests, and income and gains which can be expended, but for which restrictions have not yet been met. Such restrictions include donor imposed restrictions that have specified the purpose for which the net assets are spent, or time restrictions imposed by donors or implied by the nature of the gift. The Organization has no temporarily restricted net assets as of June 30, 2018 and 2017.
- Permanently restricted net assets are subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. The Organization has no permanently restricted net assets as of June 30, 2018 and 2017.

Cash

The Organization maintains its cash in a checking account.

Accounts Receivable

Accounts receivable, including accounts receivable from affiliates, are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to bad debt and a credit to an allowance account based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance and a credit to accounts receivable. There are no reserves for uncollectible accounts at June 30, 2018 and 2017 as management has determined that all accounts receivable are collectible.

Investments

The Organization has an investment with the State of California - Local Agency Investment Fund (LAIF) and reports the balance at fair value. The fair value of the investment may differ from the deposits with the difference representing the unrealized gain or losses. Investment income or loss (including realized and unrealized gains and losses on investments, interests, and dividends) is included in the statement of activities as increases or decreases in unrestricted net assets unless the income or loss is restricted by donor or law. For the years ended June 30, 2018 and 2017, the Organization recorded interest income in the amount of \$19,916 and \$13,033, respectively.

Capital Assets

Capital assets are recorded at cost or estimated fair value at the date of gift if donated, net of accumulated depreciation. The Organization capitalizes capital expenses in excess of \$1,000. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from three to five years.

**ASSOCIATED STUDENTS OF
CALIFORNIA STATE UNIVERSITY, LOS ANGELES, INC.**

Notes to Financial Statements (Continued)

June 30, 2018 and 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Post-Retirement Benefit Plan

The Organization implemented ASC Topic 715, *Employers' Accounting for Defined Benefit Pension and Other Post-Retirement Plans* in connection with the post-retirement benefit plan. This requires the Organization to recognize the funded status of a benefit plan, measured as the difference between plan assets at fair value and the benefit obligation, in the statement of financial position, with an offsetting charge or credit to net assets. Gains or losses and prior service costs or credits that arise during the period but are not recognized as components of net period benefit cost will be recognized each year as a separate charge or credit to net assets.

Student Activity Fees

Student activity fees represent mandatory fees charged to substantially all University students on a quarterly basis. The fees are collected by the University and remitted to the Organization.

Donated Use of Facilities

The Organization receives non-cash contributions of donated use of facilities from an affiliated organization. The donated use of facilities is measured at fair value. For the years ended June 30, 2018 and 2017, the Organization recorded \$68,380 and \$65,318, respectively, as donated use of facilities and expense.

Functional Allocation of Expenses

The costs of providing various programs and other activities of the Organization have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and services benefited.

Tax Status

The Organization is exempt from income taxes under 501(c)(3) of the Internal Revenue Code and Section 23701d 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.

Management has considered its tax positions and believes that all of the positions taken by the Organization in their federal and state exempt organization tax returns are more likely than not to be sustained upon examinations. As of June 30, 2018, the Organization's returns are subject to examination by federal taxing authorities for years 2018, 2017, and 2016, and by state taxing authorities for the years 2018, 2017, 2016, and 2015.

Use of Estimates

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

**ASSOCIATED STUDENTS OF
CALIFORNIA STATE UNIVERSITY, LOS ANGELES, INC.**

Notes to Financial Statements (Continued)

June 30, 2018 and 2017

NOTE 3 – CASH

Cash is composed of the following at June 30:

	2018	2017
Cash in bank	\$ 418,817	\$ 569,178

The Federal Deposit Insurance Corporation (FDIC) insures bank balances of up to \$250,000. The Organization's bank balance was \$464,031 and \$617,037 at June 30, 2018 and 2017, respectively, which exceeded the FDIC insurance limit by \$214,031 and \$367,037 for each of the respective years. The Organization has not experienced any losses on these accounts and does not believe it is exposed to any significant risk.

NOTE 4 – FAIR VALUE MEASUREMENTS

The Organization follows ASC Topic 820, *Fair Value Measurement and Disclosures*, for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. Topic 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). Investments in an external government investment pool are not subject to reporting within the level hierarchy.

The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The following presents investments that are measured at fair value on a recurring basis at June 30, 2018 and 2017:

	2018	2017
Local Agency Investment Fund (LAIF)	\$ 1,239,227	\$ 1,222,773

**ASSOCIATED STUDENTS OF
CALIFORNIA STATE UNIVERSITY, LOS ANGELES, INC.**

Notes to Financial Statements (Continued)

June 30, 2018 and 2017

NOTE 5 – CAPITAL ASSETS

Capital assets, net consist of the following at June 30:

	<u>2018</u>	<u>2017</u>
Computer equipment	\$ 63,538	\$ 52,792
Digital camera	1,314	-
Security equipment	4,980	4,980
Furniture	154,172	154,172
Total capital assets	<u>224,004</u>	<u>211,944</u>
Less: accumulated depreciation	(197,226)	(180,962)
Total capital assets, net	<u>\$ 26,778</u>	<u>\$ 30,982</u>

Depreciation expense for the years ended June 30, 2018 and 2017 were \$16,264 and \$13,453, respectively.

NOTE 6 – NOTE PAYABLE TO AFFILIATE

On August 1, 2008, the Organization entered into an agreement with the University-Student Union Board at California State University, Los Angeles (the Union), an affiliated organization, in which the Union would purchase office furniture on behalf of the Organization. The Organization agreed to pay the Union \$150,000 for the purchase of the office furniture through non-interest bearing annual payments of \$15,000, beginning October 31, 2008. On August 20, 2009, the Union amended the terms of the agreement with the Organization. The Organization agreed to pay annual payments of \$15,366 through 2018. The Organization made an additional payment of \$15,366 in fiscal year ended 2014 and the final annual payment of \$15,366 was made in fiscal year ended 2017.

NOTE 7 – EMPLOYEE RETIREMENT PLAN

The Organization provides pension benefits through the Teachers Insurance and Annuity Association - College Retirement Equities Fund (the Pension Plan), a defined contribution plan, to all eligible employees (as defined by the Pension Plan agreement). The Pension Plan consists of two parts. Part one consists of contributions made by the Organization of 7% of the employee's compensation and part two includes contributions from both the employer and employee under the provisions of Section 403(b) of the Internal Revenue Code. Contributions from the Organization for the 7% contribution become vested on a five-year graded scale, with 100% vesting occurring after five years. Under part two of the Pension Plan, the Organization will match contributions up to a maximum of 5% of an employee's compensation. Contributions from employees and the Organization's matching contributions are fully vested. The Organization's total pension expense for the years ending June 30, 2018 and 2017 was \$34,896 and \$32,268, respectively. The Organization's policy is to fund pension costs as incurred.

NOTE 8 – POST-RETIREMENT BENEFIT PLAN

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

**ASSOCIATED STUDENTS OF
CALIFORNIA STATE UNIVERSITY, LOS ANGELES, INC.**

Notes to Financial Statements (Continued)

June 30, 2018 and 2017

NOTE 8 – POST-RETIREMENT BENEFIT PLAN (Continued)

The Organization intends to contribute the maximum monthly health premium administered by the CalPERS medical program. The Organization holds plan assets of \$102,693 and \$86,539 for the years ended June 30, 2018 and 2017, respectively.

The following tables provide a reconciliation of the plan's benefit obligations and a statement of the funding status as of June 30:

Changes in plan assets:

	<u>2018</u>	<u>2017</u>
Fair value of plan assets at beginning of year	\$ 86,539	\$ 68,712
Actual return on plan assets	6,154	7,827
Employer contributions	<u>10,000</u>	<u>10,000</u>
Fair value of plan assets at end of year	<u>\$ 102,693</u>	<u>\$ 86,539</u>

Changes in benefit obligation:

	<u>2018</u>	<u>2017</u>
Benefit obligation at beginning of year	\$ 169,489	\$ 175,817
Service cost	16,023	15,697
Interest cost	6,797	6,804
Actuarial (gain)/loss	<u>173,728</u>	<u>(28,828)</u>
Benefit obligation at end of year	<u>366,037</u>	<u>169,489</u>
Funded status at end of year	<u>\$ (263,344)</u>	<u>\$ (82,950)</u>
Measurement date	June 30, 2018	June 30, 2017

Amount recognized in changes in unrestricted net assets consists of:

	<u>2018</u>	<u>2017</u>
Prior service cost	<u>\$ 27,231</u>	<u>\$ 30,335</u>

**ASSOCIATED STUDENTS OF
CALIFORNIA STATE UNIVERSITY, LOS ANGELES, INC.**

Notes to Financial Statements (Continued)

June 30, 2018 and 2017

NOTE 8 – POST-RETIREMENT BENEFIT PLAN (Continued)

Components of Net Periodic Benefit Cost and Other Amounts:

The following table provides the components of the net periodic benefit cost and other amounts for the years ended June 30 for the plan:

	<u>2018</u>	<u>2017</u>
Service cost	\$ 16,023	\$ 15,697
Interest cost	6,797	6,804
Amortization of prior service cost	3,104	3,104
Expected return on plan assets	(5,692)	(4,519)
Amortization of net (gain)	(2,795)	(867)
Net periodic benefit cost	<u>\$ 17,437</u>	<u>\$ 20,219</u>

Other Changes in Plan Assets and Benefit Obligations Recognized in Changes in Net Assets:

	<u>2018</u>	<u>2017</u>
Prior service cost	\$ 30,335	\$ 33,439
Amortization of prior service cost	(3,104)	(3,104)
Unamortized prior service cost	<u>\$ 27,231</u>	<u>\$ 30,335</u>

**ASSOCIATED STUDENTS OF
CALIFORNIA STATE UNIVERSITY, LOS ANGELES, INC.**

Notes to Financial Statements (Continued)

June 30, 2018 and 2017

NOTE 8 – POST-RETIREMENT BENEFIT PLAN (Continued)

Assumptions:

Weighted-average assumptions used to determine benefit obligations and net periodic benefit cost at June 30:

	2018	2017
Discount rate	4.17%	4.01%
Expected long-term rate of return on plan assets	6.00%	6.00%

Assumed health care cost trend at June 30:

Net periodic benefit cost:

Heath care cost trend rate assumed for next year		
Pre-65	7.70%	5.50%
Post-65	5.50%	5.50%
Rate to which the cost trend is assumed to decline (the ultimate trend rate)	4.50%	4.50%
Year that the rate reaches the ultimate trend rate	2032	2021

Accumulated post-retirement benefit obligation:

Healthcare cost trend rate assumed for next year		
Pre-65	7.70%	5.50%
Post-65	5.50%	5.50%
Rate to which the cost trend is assumed to decline (the ultimate trend rate)	4.50%	4.50%
Year that the rate reaches the ultimate trend rate	2032	2021

Estimated Future Benefit Payments

The Organization expects to make annual benefit payments of \$717 beginning in 2023 and \$44,183 beginning in 2024 through 2028. No benefits have been paid out for the years ended June 30, 2018 and 2017.

**ASSOCIATED STUDENTS OF
CALIFORNIA STATE UNIVERSITY, LOS ANGELES, INC.**

Notes to Financial Statements (Continued)

June 30, 2018 and 2017

NOTE 9 – PROGRAM SERVICES

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

	<u>2018</u>	<u>2017</u>
Child Care Center	\$ 137,732	\$ 140,000
Dreamers Resource Center	15,966	9,647
Educational Opportunity Program	4,269	3,500
Educational Participation in the Communities	11,913	6,744
Golden Eagle Radio	10,000	5,000
Veterans Resource Center	9,626	2,063
Student Government and Elections	731,628	595,298
Clubs and Organizations	101,139	103,360
Cultural Events	212,206	225,284
Others	267,280	202,080
Total	<u>\$ 1,501,759</u>	<u>\$ 1,292,976</u>

NOTE 10 – RELATED-PARTY TRANSACTIONS

The Organization subleases space from the Union under an agreement which expired in June 2018. The agreement is in the process of renewal, and the new term is expected to be from July 2018 to June 2023. The subleased space consists of 2,835 square feet at the southeast corner of the second floor of the University Student Union Building. Payment is based on the calculation of \$0.24 per square foot for utility services and \$0.42 per square foot for custodial services. Under this agreement, the Organization paid \$8,165 for utilities and \$14,288 custodial fees for each of the years ended June 30, 2018 and 2017. The Union waived the normal square foot rate for the second floor and the Organization recorded \$68,380 and \$65,318, respectively, as donated use of facilities revenue and expense in the accompanying Statements of Activities for the years ended June 30, 2018 and 2017.

The Organization reimburses the Union for certain events. For the years ended June 30, 2018 and 2017, these reimbursements were \$10,091 and \$10,099, respectively.

The Union is responsible for employing personnel to perform administrative duties for the Organization. In return, the Organization reimburses the Union for wages and benefits paid, along with an administrative fee. Total reimbursed wages and benefits were \$452,341 and \$407,831 for the years ended June 30, 2018 and 2017, respectively. Total administrative fees were \$6,421 and \$6,159 for the years ended June 30, 2018 and 2017, respectively.

During the years ended June 30, 2018 and 2017, the Organization reimbursed University Auxiliary Services, Inc. (UAS) for food services provided for miscellaneous events held by the Organization. Total reimbursements for the years ended June 30, 2018 and 2017 were \$50,163 and \$65,823, respectively.

**ASSOCIATED STUDENTS OF
CALIFORNIA STATE UNIVERSITY, LOS ANGELES, INC.**

Notes to Financial Statements (Continued)

June 30, 2018 and 2017

NOTE 10 – RELATED-PARTY TRANSACTIONS (Continued)

Accounting services for the Organization are provided under a contract for services agreement with the University requires annual payments of \$57,560. Payments under the agreement were \$57,560 for each of the years ended June 30, 2018 and 2017. Human resource management services for the Organization are provided under a contract for services agreement with the University. The agreement requires total annual payments of \$5,000. Payments under the agreement totaled \$5,000 for the years ended June 30, 2018 and 2017. Additionally, the University charges the Organization for miscellaneous expenses throughout the year for telephone and other administrative expenses. Total reimbursements for the years ended June 30, 2018 and 2017 were \$45,080 and \$105,641 respectively.

Under a contractual agreement, the University collects student fees on behalf of the Organization. The Organization reimburses the University a monthly administrative fee equal to three-quarters of one percent (0.75%) of the associated student fees collected during the month. Total fees charged to the Organization were \$10,920 and \$10,796 for the years ended June 30, 2018 and 2017, respectively.

The following table summarizes accounts receivable from affiliated organizations at June 30:

	<u>2018</u>	<u>2017</u>
The University	\$ 89,881	\$ 18,683
Total	<u>\$ 89,881</u>	<u>\$ 18,683</u>

The following table summarizes accounts payable to affiliated organizations at June 30:

	<u>2018</u>	<u>2017</u>
The Union	\$ 56,104	\$ 39,303
UAS	418	1,104
The University	3,563	70,148
Total	<u>\$ 60,085</u>	<u>\$ 110,555</u>

NOTE 11 – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events and transactions for potential recognition or disclosure through September 27, 2018, which is the date the financial statements were issued.

SUPPLEMENTARY INFORMATION

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**ASSOCIATED STUDENTS OF
CALIFORNIA STATE UNIVERSITY, LOS ANGELES, INC.**

Schedule of Net Position

June 30, 2018

(for inclusion in the California State University)

Assets:

Current assets:	
Cash and cash equivalents	\$ 418,817
Short-term investments	1,239,227
Accounts receivable, net	97,056
Capital lease receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	-
Prepaid expenses and other current assets	39,386
Total current assets	1,794,486

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	26,778
Other assets	-
Total noncurrent assets	26,778
Total assets	1,821,264

Deferred outflows of resources:	
Unamortized loss on debt refunding	-
Net pension liability	-
Net OPEB liability	-
Others	-
Total deferred outflows of resources	-

Liabilities:

Current liabilities:	
Accounts payable	88,798
Accrued salaries and benefits	7,730
Accrued compensated absences, current portion	10,365
Unearned revenues	-
Capital lease obligations, current portion	-
Long-term debt obligations, current portion	-
Claims liability for losses and loss adjustment expenses, current portion	-
Depository accounts	-
Other liabilities	-
Total current liabilities	106,893

Noncurrent liabilities:	
Accrued compensated absences, net of current portion	25,008
Unearned revenues	-
Grants refundable	-
Capital lease obligations, net of current portion	-
Long-term debt obligations, net of current portion	-
Claims liability for losses and loss adjustment expenses, net of current portion	-
Depository accounts	-
Net other postemployment benefits liability	263,344
Net pension liability	-
Other liabilities	-
Total noncurrent liabilities	288,352
Total liabilities	395,245

Deferred inflows of resources:	
Service concession arrangements	-
Net pension liability	-
Net OPEB liability	-
Unamortized gain on debt refunding	-
Nonexchange transactions	-
Others	-
Total deferred inflows of resources	-

Net Position:	
Net investment in capital assets	26,778
Restricted for:	-
Nonexpendable – endowments	-
Expendable:	-
Scholarships and fellowships	-
Research	-
Loans	-
Capital projects	-
Debt service	-
Others	-
Unrestricted	1,399,241
Total net position	\$ 1,426,019

See accompanying note to supplementary information.

**ASSOCIATED STUDENTS OF
CALIFORNIA STATE UNIVERSITY, LOS ANGELES, INC.**
Schedule of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2018
for inclusion in the California State University

Revenues:	
Operating revenues:	
Student tuition and fees, gross	\$ 1,454,881
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	22,888
Scholarship allowances (enter as negative)	-
Other operating revenues	-
	<hr/>
Total operating revenues	1,477,769
	<hr/>
Expenses:	
Operating expenses:	
Instruction	-
Research	-
Public service	-
Academic support	-
Student services	1,501,759
Institutional support	258,055
Operation and maintenance of plant	-
Student grants and scholarships	-
Auxiliary enterprise expenses	-
Depreciation and amortization	18,527
	<hr/>
Total operating expenses	1,778,341
	<hr/>
Operating income (loss)	(300,572)
	<hr/>
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	68,380
Investment income (loss), net	19,916
Endowment income (loss), net	-
Interest expense	-
Other nonoperating revenues (expenses) - excl. interagency transfers	-
Other nonoperating revenues (expenses) - interagency transfers	-
	<hr/>
Net nonoperating revenues (expenses)	88,296
	<hr/>
Income (loss) before other revenues (expenses)	(212,276)
	<hr/>
State appropriations, capital	-
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	-
	<hr/>
Increase (decrease) in net position	(212,276)
	<hr/>
Net position:	
Net position at beginning of year, as previously reported	1,638,295
Restatements	-
	<hr/>
Net position at beginning of year, as restated	1,638,295
	<hr/>
Net position at end of year	\$ 1,426,019
	<hr/> <hr/>

See accompanying note to supplementary information.

**ASSOCIATED STUDENTS OF
CALIFORNIA STATE UNIVERSITY, LOS ANGELES, INC.**

Other Information

June 30, 2018

(for inclusion in the California State University)

2.4 Restricted noncurrent investments at June 30, 2018 related to:

	Amount
Endowment investment	\$ -
Scholarships	-
Inflation reserves	-
University projects	-
Add description	-
Add description	-
Add description	-
Add description	-
Total restricted noncurrent investments at June 30, 2018	\$ -

2.5 Fair value hierarchy in investments at June 30, 2018:

	Fair Value Measurements Using				Net Asset Value (NAV)
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
State of California Surplus Money Investment Fund (SMIF)	\$ -	-	-	-	-
State of California Local Agency Investment Fund (LAIF)	1,239,227	-	1,239,227	-	-
Corporate bonds	-	-	-	-	-
Certificates of deposit	-	-	-	-	-
Mutual funds	-	-	-	-	-
Money Market funds	-	-	-	-	-
Repurchase agreements	-	-	-	-	-
Commercial paper	-	-	-	-	-
Asset backed securities	-	-	-	-	-
Mortgage backed securities	-	-	-	-	-
Municipal bonds	-	-	-	-	-
U.S. agency securities	-	-	-	-	-
U.S. treasury securities	-	-	-	-	-
Equity securities	-	-	-	-	-
Exchange traded funds (ETFs)	-	-	-	-	-
Alternative investments:					
Private equity (including limited partnerships)	-	-	-	-	-
Hedge funds	-	-	-	-	-
Managed futures	-	-	-	-	-
Real estate investments (including REITs)	-	-	-	-	-
Commodities	-	-	-	-	-
Derivatives	-	-	-	-	-
Other alternative investment types	-	-	-	-	-
Other external investment pools (excluding SWIFT)					
Add description	-	-	-	-	-
Add description	-	-	-	-	-
Add description	-	-	-	-	-
Add description	-	-	-	-	-
Add description	-	-	-	-	-
Add description	-	-	-	-	-
Other major investments:					
Add description	-	-	-	-	-
Add description	-	-	-	-	-
Add description	-	-	-	-	-
Add description	-	-	-	-	-
Add description	-	-	-	-	-
Add description	-	-	-	-	-
Add description	-	-	-	-	-
Total investments	1,239,227	-	1,239,227	-	-

See accompanying note to supplementary information.

**ASSOCIATED STUDENTS OF
CALIFORNIA STATE UNIVERSITY, LOS ANGELES, INC.**

Other Information

June 30, 2018

(for inclusion in the California State University)

3.1 Composition of capital assets at June 30, 2018:

	Balance June 30, 2017	Prior period Adjustments	Reclassifications	Balance June 30, 2017 (restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2018
Nondepreciable/nonamortizable capital assets:								
Land and land improvements	\$ -	-	-	-	-	-	-	-
Works of art and historical treasures	-	-	-	-	-	-	-	-
Construction work in progress (CWIP)	-	-	-	-	-	-	-	-
Intangible assets:								
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-
Internally generated intangible assets in progress	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets:								
Add description	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-
Total nondepreciable/nonamortizable capital assets	-	-	-	-	-	-	-	-
Depreciable/amortizable capital assets:								
Buildings and building improvements	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	-	-	-	-	-	-	-	-
Personal property:								
Equipment	211,944	-	-	211,944	12,060	-	-	224,004
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets:								
Software and websites	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets:								
Add description	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-
Total depreciable/amortizable capital assets	211,944	-	-	211,944	12,060	-	-	224,004
Total capital assets	211,944	-	-	211,944	12,060	-	-	224,004
Less accumulated depreciation/amortization:								
Buildings and building improvements	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	-	-	-	-	-	-	-	-
Personal property:								
Equipment	(180,962)	-	-	(180,962)	(16,264)	-	-	(197,226)
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets:								
Software and websites	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets:								
Add description	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	(180,962)	-	-	(180,962)	(16,264)	-	-	(197,226)
Total capital assets, net	\$ 30,982	-	-	\$ 30,982	(4,204)	-	-	26,778

See accompanying note to supplementary information.

**ASSOCIATED STUDENTS OF
CALIFORNIA STATE UNIVERSITY, LOS ANGELES, INC.**

Other Information

June 30, 2018

(for inclusion in the California State University)

3.2 Detail of depreciation and amortization expense for the year ended June 30, 2018:

Depreciation and amortization expense related to capital assets	\$ 16,264
Amortization expense related to other assets	<u>2,263</u>
Total depreciation and amortization	<u>\$ 18,527</u>

4 Long-term liabilities activity schedule:

	Balance June 30, 2017	Prior period adjustments	Reclassifications	Balance June 30, 2017 (restated)	Additions	Reductions	Balance June 30, 2018	Current portion	Long-term portion
Accrued compensated absences	\$ 32,027	-	-	32,027	13,711	(10,365)	35,373	10,365	25,008
Claims liability for losses and loss adjustment expenses	-	-	-	-	-	-	-	-	-
Capital lease obligations:									
Gross balance	-	-	-	-	-	-	-	-	-
Unamortized premium / (discount) on capital lease obligations	-	-	-	-	-	-	-	-	-
Total capitalized lease obligations	-	-	-	-	-	-	-	-	-
Long-term debt obligations:									
Auxiliary revenue bonds	-	-	-	-	-	-	-	-	-
Commercial paper	-	-	-	-	-	-	-	-	-
Notes payable related to SRB	-	-	-	-	-	-	-	-	-
Others: (list by type)									
Add description	-	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-	-
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Add description									

**ASSOCIATED STUDENTS OF
CALIFORNIA STATE UNIVERSITY, LOS ANGELES, INC.**

Other Information

June 30, 2018

(for inclusion in the California State University)

6 Long-term debt obligations schedule

	Auxiliary revenue bonds			All other long-term debt obligations			Total long-term debt obligations		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
	Year ending June 30:								
2019	\$ -	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-
2024 - 2028	-	-	-	-	-	-	-	-	-
2029 - 2033	-	-	-	-	-	-	-	-	-
2034 - 2038	-	-	-	-	-	-	-	-	-
2039 - 2043	-	-	-	-	-	-	-	-	-
2044 - 2048	-	-	-	-	-	-	-	-	-
2049 - 2053	-	-	-	-	-	-	-	-	-
2054 - 2058	-	-	-	-	-	-	-	-	-
2059 - 2063	-	-	-	-	-	-	-	-	-
2064 - thereafter	-	-	-	-	-	-	-	-	-
Total minimum payments	-	-	-	-	-	-	-	-	-
Less amounts representing interest									-
Present value of future minimum payments									-
Unamortized net premium (discount)									-
Total long-term debt obligations									-
Less: current portion									-
Long-term debt obligations, net of current portion									\$ -

7 Calculation of net position

7.1 Calculation of net position - Net investment in capital assets

Capital assets, net of accumulated depreciation	\$ 26,778
Capital lease obligations, current portion	-
Capital lease obligations, net of current portion	-
Long-term debt obligations, current portion	-
Long-term debt obligations, net of current portion	-
Portion of outstanding debt that is unspent at year-end (enter as positive number)	-
Other adjustments: (please list)	
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Net position - Net investment in capital assets	\$ 26,778

7.2 Calculation of net position - Restricted for nonexpendable - endowments

Portion of restricted cash and cash equivalents related to endowments	\$ -
Endowment investments	-
Other adjustments: (please list)	
Restricted expendable endowments	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Net position - Restricted for nonexpendable - endowments	\$ -

See accompanying note to supplementary information.

**ASSOCIATED STUDENTS OF
CALIFORNIA STATE UNIVERSITY, LOS ANGELES, INC.**

Other Information

June 30, 2018

(for inclusion in the California State University)

8 Transactions with related entities

	Amount
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	189,054
Payments received from University for services, space, and programs	-
Gifts-in-kind to the University from discretely presented component units	-
Gifts (cash or assets) to the University from discretely presented component units	-
Accounts (payable to) University (enter as negative number)	(3,563)
Other amounts (payable to) University (enter as negative number)	-
Accounts receivable from University (enter as positive number)	89,881
Other amounts receivable from University	-

9 Other postemployment benefits (OPEB) liability

Intentionally left blank - not required/applicable eff FY17/18

10 Pollution remediation liabilities under GASB Statement No. 49:

Description	Amount
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Total pollution remediation liabilities	\$ -
Less: current portion	-
Pollution remediation liabilities, net of current portion	-

See accompanying note to supplementary information.

**ASSOCIATED STUDENTS OF
CALIFORNIA STATE UNIVERSITY, LOS ANGELES, INC.**

Other Information

June 30, 2018

(for inclusion in the California State University)

11 The nature and amount of the prior period adjustment(s) recorded to beginning net position

	Net Position Class	Amount Dr. (Cr.)
Net position as of June 30, 2017, as previously reported	\$	1,638,295
Prior period adjustments:		
1 (list description of each adjustment)		-
2 (list description of each adjustment)		-
3 (list description of each adjustment)		-
4 (list description of each adjustment)		-
5 (list description of each adjustment)		-
6 (list description of each adjustment)		-
7 (list description of each adjustment)		-
8 (list description of each adjustment)		-
9 (list description of each adjustment)		-
10 (list description of each adjustment)		-
Net position as of June 30, 2017, as restated	\$	1,638,295

Provide a detailed breakdown of the journal entries (at the financial statement line item level) booked to record each prior period adjustment:

	Debit	Credit
Net position class: _____		
1 (breakdown of adjusting journal entry)	\$ -	-
Net position class: _____		
2 (breakdown of adjusting journal entry)	-	-
Net position class: _____		
3 (breakdown of adjusting journal entry)	-	-
Net position class: _____		
4 (breakdown of adjusting journal entry)	-	-
Net position class: _____		
5 (breakdown of adjusting journal entry)	-	-
Net position class: _____		
6 (breakdown of adjusting journal entry)	-	-
Net position class: _____		
7 (breakdown of adjusting journal entry)	-	-
Net position class: _____		
8 (breakdown of adjusting journal entry)	-	-
Net position class: _____		
9 (breakdown of adjusting journal entry)	-	-
Net position class: _____		
10 (breakdown of adjusting journal entry)	-	-

See accompanying note to supplementary information.

**ASSOCIATED STUDENTS OF
CALIFORNIA STATE UNIVERSITY, LOS ANGELES, INC.**

Other Information

June 30, 2018

(for inclusion in the California State University)

12 Natural Classifications of Operating Expenses

	Salaries	Benefits	Scholarships and fellowships	Supplies and other services	Depreciation and amortization	Total operating expenses
Instruction	-	-	-	-	-	-
Research	-	-	-	-	-	-
Public service	-	-	-	-	-	-
Academic support	-	-	-	-	-	-
Student services	199,750	80,963	226,065	994,981	-	1,501,759
Institutional support	198,045	243,011	-	(183,001)	-	258,055
Operation and maintenance of plant	-	-	-	-	-	-
Student grants and scholarships	-	-	-	-	-	-
Auxiliary enterprise expenses	-	-	-	-	-	-
Depreciation and amortization	-	-	-	-	18,527	18,527
Total	<u>397,795</u>	<u>323,974</u>	<u>226,065</u>	<u>811,980</u>	<u>18,527</u>	<u>1,778,341</u>

See accompanying note to supplementary information.

**ASSOCIATED STUDENTS OF
CALIFORNIA STATE UNIVERSITY, LOS ANGELES, INC.**

Note to Supplementary Information
June 30, 2018

1. Basis of Presentation

These schedules are prepared in accordance with the instructions listed in an Administrative Directive, dated June 24, 2003, *Financial Reporting Requirements for Auxiliary Organizations*, from the California State University Office of the Chancellor, and revision dated August 17, 2018. As a result, these schedules do not purport to represent financial statements prepared in accordance with accounting principles generally accepted in the United States of America.



September 27, 2018

To the Board of Directors
Associated Students of
California State University, Los Angeles, Inc.
Los Angeles, CA 90032

We have audited the financial statements of Associated Students of California State University, Los Angeles, Inc. (the Organization) for the year ended June 30, 2018, and have issued our report thereon dated September 27, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 10, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Organization are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2018. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of the post-retirement benefits liability is based on an actuarial valuation. We evaluated the key factors and assumptions used to develop the fair value in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of their functional allocation of expenses is based on an analysis performed by management. We evaluated key factors and assumptions used to develop the basis of allocating in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- The disclosure of the post-retirement benefit plan in Note 8 to the financial statements intended to disclose the funded status of the benefit plan and other pertinent information regarding the liability.

- The disclosure of expenses detailed by program services in Note 9 to the financial statements is provided to help illustrate in greater detail, how the Organization is allocating its funds used to provide students with specific services, programs, and support through co-curricular collaboration.
- The disclosure of the related party transactions in Note 10 to the financial statements is provided to understand the relationship and interactions between the Organization and other related organizations. The information is required for accountability purposes and to facilitate a better understanding of the financial position of the reporting entity.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. No such misstatements were identified during the course of our audit.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 27, 2018

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of Board of Directors of the Organization and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "Macias Gini & O'Connell LLP". The signature is written in a cursive, flowing style.

Macias Gini & O'Connell LLP