

**CAL STATE L.A. UNIVERSITY
AUXILIARY SERVICES, INC.
ANNA BING ARNOLD CHILDREN'S CENTER**

Independent Auditor's Reports,
Financial Statements and
Supplementary Information

June 30, 2016



Certified
Public
Accountants

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**CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.
ANNA BING ARNOLD CHILDREN'S CENTER**

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CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.
ANNA BING ARNOLD CHILDREN'S CENTER
For the Fiscal Year Ended June 30, 2016

General Information

1. Full Official Name of the Agency

Cal State L.A. University Auxiliary Services, Inc.
Anna Bing Arnold Children's Center

2. Project Name and Contract Number

General Child Care and Development Program: CCTR - 5067

Child Care Food Program: 19-Q967-00-2

California State Preschool Program: CSPP - 5144

3. Type of Agency

Nonprofit, tax-exempt organization

4. Address of Agency Headquarters

5151 State University Drive
Los Angeles, California 90032

5. Name and Address of Executive Director

Ms. Alma Sahagun
Cal State L.A. University
Auxiliary Services, Inc.
5151 State University Drive
Los Angeles, California 90032

6. Telephone Number

(323) 343-3602

7. Period Covered by Audit

July 1, 2015 to June 30, 2016

8. Number of Days of Agency Operation

General Child Care and Development Program – 238 days

California State Preschool Program – 238 days

CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.
ANNA BING ARNOLD CHILDREN'S CENTER (Continued)
For the Fiscal Year Ended June 30, 2016

General Information

9. Scheduled Hours of Operations Each Day

Monday through Thursday
7:30 a.m. – 6:30 p.m.

Friday
7:30 a.m. – 5:30 p.m.



Independent Auditor's Report

To the Board of Directors
Cal State L.A University Auxiliary Services, Inc.
City of Los Angeles, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Cal State L.A. University Auxiliary Services, Inc. (UAS) Anna Bing Arnold Children's Center (Center), as of and for the year ended June 30, 2016, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Cal State L.A. University Auxiliary Services, Inc., Anna Bing Arnold Children's Center, as of June 30, 2016, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Center and do not purport to, and do not, present fairly the financial position of UAS as of June 30, 2016, the changes in its financial position and its cash flows for the year ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information as listed in the table of contents if presented for purposes of additional analysis as required by the *California Department of Education Audit Guide* issued by the California Department of Education is not a required part of the financial statements.

The supplementary 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. Such 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 supplementary 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 October 31, 2016, on our consideration of the Cal State L.A. University Auxiliary Services, Inc. Anna Bing Arnold Children's Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 the Center's internal control over financial reporting and compliance.

Macias Gini & O'Connell LLP

Los Angeles, California
October 31, 2016

CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.

ANNA BING ARNOLD CHILDREN'S CENTER

Statement of Net Position

June 30, 2016

	State General Child Care Program (CCTR-5067) (CSPP-5144)
Assets	
Cash and cash equivalents	\$ 82,629
Grants receivable	10,833
Capital assets, net	63,485
Total assets	<u>156,947</u>
Liabilities	
Accounts payable	7,010
Accrued expenses	101,013
Due to other funds of Cal State L.A. University Auxiliary Services, Inc.	48,924
Total liabilities	<u>156,947</u>
Net Position	
Unrestricted	<u><u>\$ -</u></u>

See accompanying notes to financial statements.

CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.
ANNA BING ARNOLD CHILDREN'S CENTER
Statement of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended June 30, 2016

	<u>State General Child Care Program (CCTR-5067) (CSPP-5144)</u>
Operating revenues:	
Grants and contracts:	
State assistance	
Child Development Programs (CCTR-5067)	\$ 172,364
State Preschool Program (CSPP-5144)	206,580
Federal government assistance	
Child Care and Development Block Grant (CCTR-5067 & CSPP-5144)	116,504
Child Care and Development Fund (CCTR-5067 & CSPP-5144)	58,140
Child Care Access Means Parents in School (P335A140061)	207,591
Child Care Food Program (19-Q967-00-2)	73,031
Other revenue:	
Associated students fees	125,211
Parent fees	
Certified children (CCTR-5067)	14,547
Certified children (CSPP-5144)	29,451
Non certified children	457,842
Total revenues	<u>1,461,261</u>
Operating expenses:	
Certified salaries – teachers	594,687
Classified salaries:	
Instructional aides	299,402
Clerical	81,016
Food service	28,607
Employee benefits	324,970
Contractual services	83,580
Building supplies/repairs and maintenance	86
Other supplies	48,146
Food services	69,160
Indirect costs	55,634
Utilities	14,561
Equipment purchase and maintenance	4,425
Depreciation expense	9,716
Classroom supplies	17,035
Other expense	2,986
Total expenses	<u>1,634,011</u>
Operating loss	<u>(172,750)</u>
Nonoperating revenues:	
California State University allocation and other nonoperating revenue	<u>169,150</u>
Change in net position before transfers	(3,600)
Transfer to Cal State L.A. University Auxiliary Services, Inc.	3,600
Change in net position	-
Net position, beginning of year	-
Net position, end of year	<u>\$ -</u>

See accompanying notes to financial statements.

CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.

ANNA BING ARNOLD CHILDREN'S CENTER

Statement of Cash Flows

For the Fiscal Year Ended June 30, 2016

Cash flows from operating activities:

Federal grants and contracts	\$ 319,118
State and local grants and contracts	599,805
Payments to suppliers	(368,575)
Payments to employees	(1,274,711)
Other receipts	627,051
Net cash used for operating activities	<u>(97,312)</u>

Cash flows from noncapital financing activities:

Transfer to Cal State L.A. University Auxiliary Services, Inc.	3,600
California State University Allocation	169,150
Net cash provided by noncapital financing activities	<u>172,750</u>

Net increase in cash and cash equivalents	75,438
Cash and cash equivalents - beginning of year	7,191
Cash and cash equivalents - end of year	<u>\$ 82,629</u>

Reconciliation of operating loss to net cash

used for operating activities:	
Operating loss	\$ (172,750)
Adjustments to reconcile operating loss to net cash	
used for operating activities:	
Depreciation	9,716
Changes in assets and liabilities:	
Decrease in grants receivable	84,713
Decrease in accounts payable	(11,392)
Increase in accrued expenses	53,971
Decrease in due to other funds of Cal State L.A.	(61,570)
Net cash used for operating activities	<u>\$ (97,312)</u>

See accompanying notes to financial statements.

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CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.
ANNA BING ARNOLD CHILDREN'S CENTER

Notes to Financial Statements
For the Fiscal Year Ended June 30, 2016

NOTE 1 - ORGANIZATION

The Anna Bing Arnold Children's Center of Cal State Los Angeles University Auxiliary Services, Inc. (Center) is a licensed program operated by the Cal State Los Angeles University Auxiliary Services, Inc. (UAS), a nonprofit auxiliary organization of California State University, Los Angeles (University). The Center's main function is to provide child care services for students, faculty, and staff of the University. The net position of the Center is controlled by UAS as part of its general operations account. In addition, the State of California provides funding to the Center for the General Child Care and Development Program, California State Preschool Program and Child Care Food Program. The activities of the Center are included in the basic financial statements of the UAS.

The accompanying financial statements present the net position and changes in net position and cash flows of the Center. These financial statements are not intended to present the financial position and the changes in financial position or cash flows of UAS.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

Basis of Accounting and Measurement Focus

The Center operates as a business enterprise and the accompanying financial statements reflect the flow of economic resources measurement focus and the full accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows.

An enterprise fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the Center's enterprise fund are grants and contracts and student and parent fees. Operating expenses include program expenses comprised of personnel costs, administrative expenses and other costs of the program. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Center applies all applicable Governmental Accounting Standards Board (GASB) pronouncements in accounting and reporting for its proprietary operations.

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of demand deposits and money market accounts. For purposes of the statement of cash flows, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates and have an original maturity of three months or less at time of purchase.

CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.

ANNA BING ARNOLD CHILDREN'S CENTER

Notes to Financial Statements (Continued)

For the Fiscal Year Ended June 30, 2016

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants Receivable

Grants receivable consists of amounts due from grants and contracts. Annually, a review of open receivables is conducted to determine collectibility on past due receivables and an allowance is established based on historical data, if necessary.

Capital Assets

Improvements and furniture, fixtures and equipment are recorded at cost at date of acquisition, net of accumulated depreciation. The Center capitalizes all expenditures for improvements and furniture, fixtures and equipment with costs in excess of \$5,000 and for which it is deemed probable that the assets will not revert back to the granting agency. Property and equipment funded by the California Department of Education are expensed on supplementary schedules during the contract period. Depreciation expense may not be claimed for reimbursement under child development contracts for assets donated or purchased with public funds. Depreciation is calculated using the straight-line method over the assets' estimated useful lives, which range from three to ten years.

Due to other funds of Cal State L.A. University Auxiliary Services, Inc.

The Center is a licensed child care program under UAS, any excess net position is returned back to UAS' general operating account. As of June 30, 2016, the amount due back to UAS is \$48,924.

Policy Regarding Use of Restricted vs. Unrestricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted resources are available, the Center will utilize restricted resources first, and then unrestricted resources as needed.

Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

NOTE 3 – CASH

Cash in Bank

The *California Government Code* requires California banks and savings and loan associations to secure UAS's deposits. Obligations pledged to secure deposits must be delivered to an institution other than the institution in which the deposit is made; however, the trust department of the same institution may hold them. Written custodial agreements are required that provide, among other things, that the collateral securities are held separate from the assets of the custodial institution. The pledge to secure deposits is administered by the California Superintendent of Banks. The fair value of pledged securities must equal 110 percent of all deposits not covered by federal deposit insurance if obligations of the United States

CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.
ANNA BING ARNOLD CHILDREN'S CENTER

Notes to Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2016

NOTE 3 – CASH (CONTINUED)

and its agencies, or obligations of the State or its municipalities, school districts, and district corporations are pledged. California law also allows financial institutions to secure an agency's deposits by pledging first trust deeds or first mortgages having a value of 150 percent of an agency's total deposits. All such collateral is considered to be held by the pledging financial institutions' trust departments or agents in the name of UAS. UAS utilizes an operating fund and contracts and grant accounts for all of their programs and activities, of which the Center is a program of UAS. At June 30, 2016, cash held by financial institutions for UAS was entirely insured and collateralized as described above. The book balance at June 30, 2016 for the Center was \$82,629.

NOTE 4 – GRANTS RECEIVABLE

At June 30, 2016, grants receivable consisted of a receivable from the State of California Department of Education – Child Development, Preschool Programs and Food Programs in the amount of \$5,910 and a receivable from the U.S. Department of Education – Child Care Access Means Parents in School in the amount of \$4,923.

NOTE 5 – CAPITAL ASSETS

The capital assets balance at June 30, 2016 consisted of the following activity:

	<u>Balance July 1, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2016</u>
Capital assets, depreciable:				
Improvements	\$ 99,921	\$ -	\$ -	\$ 99,921
Furniture, fixtures and equipment	36,549	-	13,892	22,657
Total depreciable capital assets	<u>136,470</u>	<u>-</u>	<u>13,892</u>	<u>122,578</u>
Less accumulated depreciation:				
Improvements	(30,631)	(8,152)	-	(38,783)
Furniture, fixtures and equipment	<u>(32,638)</u>	<u>(1,564)</u>	<u>(13,892)</u>	<u>(20,310)</u>
Total accumulated depreciation	<u>(63,269)</u>	<u>(9,716)</u>	<u>(13,892)</u>	<u>(59,093)</u>
Capital assets – net	<u>\$ 73,201</u>	<u>\$ (9,716)</u>	<u>\$ -</u>	<u>\$ 63,485</u>

Depreciation expense for the fiscal year ended June 30, 2016 is \$9,716.

NOTE 6 - RELATED PARTIES

The Center received \$167,650 from the University for general support of the childcare programs that benefit the faculty and staff of the University. Associated Students, Inc. (ASI) also provided \$125,211 in FY 2016 to the Center to support the operation of child care programs for University students.

CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.
ANNA BING ARNOLD CHILDREN'S CENTER

Notes to Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2016

NOTE 7 – RETIREMENT PLANS

The UAS Money Purchase Pension Plan (Plan) is a defined contribution plan covering all employees of the UAS who have a minimum of one year of service and are age twenty-one or older. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The Plan is administered by Prudential Retirement Insurance and Annuity Company (Prudential). Although UAS has not expressed any intent to do so, UAS has the right under the Plan to modify or discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants would become 100 percent vested in their employer contribution. The Plan contributes an amount equal to 6% of eligible employees' annual salaries. Total contributions to the Plan for the fiscal year ended June 30, 2016 were \$244,309, of which \$39,226 were contributed by UAS on behalf of the Center's employees.

UAS also has a tax-sheltered annuity plan whereby UAS will match up to 6% of eligible employees' gross salary contributed by the employees. Total contributions to this plan for the fiscal year ended June 30, 2016 were \$134,356, of which \$19,639 was contributed by UAS on behalf of the Center's employees.

NOTE 8 – OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS (OPEB) PLAN

Plan Description

UAS' Postemployment Healthcare Benefit Plan is a single-employer defined benefit healthcare plan administered by UAS. The postemployment healthcare plan provides lifetime postemployment medical coverage to its eligible employees and their spouses.

UAS employees hired prior to November 14, 2006 are eligible to receive UAS subsidized postemployment medical coverage for themselves and their spouse if they retire at age 55 or older with at least 10 years of service with UAS. Eligible retirees receive lifetime benefits from UAS as long as they remain enrolled in a medical plan sponsored by UAS. At age 65, retirees have the option of opting out of UAS sponsored coverage. In return UAS agrees to pay the Medicare Part B premium for these retirees and their spouses. UAS employees hired after November 14, 2006 are eligible to receive UAS subsidized postemployment medical coverage for themselves and their spouse if they retire at age 59.5 or older with at least 10 years of service with UAS. Eligible retirees receive lifetime benefits from UAS as long as they remain enrolled in a medical plan sponsored by UAS. Employees who retire with 10 through 19 years of service are eligible to receive 50% of the maximum UAS subsidy. Employees who retire with 20 or more years of service are eligible to receive 100% of the maximum UAS subsidy.

UAS currently sponsors Blue Cross and Kaiser HMOs and two Blue Cross PPOs. UAS contributes a significant portion of the cost of this coverage. Employees and retirees are required to contribute 10% of the monthly premium cost. The maximum UAS monthly contribution is "capped". The monthly cap in effect for 2016 is:

Employee only	\$ 655
Two party	1,246

CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.

ANNA BING ARNOLD CHILDREN'S CENTER

Notes to Financial Statements (Continued)

For the Fiscal Year Ended June 30, 2016

**NOTE 8 – OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS (OPEB) PLAN
(CONTINUED)**

Benefit provisions of the plan are established and may be amended by the UAS Board of Directors. The defined benefit postemployment plan does not issue a separate stand-alone financial report.

Funding Policy

The contribution requirements of plan members and UAS are established and may be amended by UAS' Board of Directors. Currently, UAS' policy is to contribute to the plan on a pay-as-you-go basis.

Annual OPEB Cost

UAS allocated a portion of its annual OPEB cost to the Center based upon number of employees working at the Center. The annual OPEB cost for the Center for the fiscal year ended June 30, 2016 was \$26,621.

Funding Status of the Plan

UAS issues a publicly available financial report that includes complete disclosures and required supplementary information on the funded status of the plan. The report may be obtained from UAS, 5151 State University Drive, Golden Eagle Building Room 314, Los Angeles, CA 90032.

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SUPPLEMENTARY INFORMATION

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CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.
ANNA BING ARNOLD CHILDREN'S CENTER
Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2016

<u>Federal or State agency/Program title</u>	<u>Catalog of Federal Domestic Assistance Number</u>	<u>Agency or Pass-through Grantor's Number</u>	<u>Total Awards</u>	<u>Total Expenditures</u>
Federal:				
U.S. Department of Agriculture Food and Nutrition Service				
Child and Adult Care Food Program	10.558	19-Q967-00-2	\$ 73,031	\$ 73,031
U.S. Department of Education Office of Postsecondary Education				
Child Care Access Means Parents in School	84.335	P335A100069	207,591	207,591
U.S. Department of Health and Human Services Administration for Children and Families				
Child Care and Development Block Grant	93.575	CCTR-5067	76,787	76,787
		CSPP-5144	39,717	39,717
			<u>116,504</u>	<u>116,504</u>
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	CCTR-5067	41,549	41,549
		CSPP-5144	16,591	16,591
			<u>58,140</u>	<u>58,140</u>
			<u>455,266</u>	<u>455,266</u>
State of California:				
Child Development Services:				
General Child Care Program and Development Program		CCTR-5067	172,364	172,364
State Preschool Program		CSPP-5144	206,580	206,580
			<u>378,944</u>	<u>378,944</u>
			<u>\$ 834,210</u>	<u>\$ 834,210</u>

See accompanying notes to supplementary information and independent auditor's report.

CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.
ANNA BING ARNOLD CHILDREN'S CENTER
 Schedule of Administrative Costs
 For the Fiscal Year Ended June 30, 2016

	State General Child Care Program (CCTR-5067) (CSPP-5144)
Contractual services	\$ 40,200
Classified salaries	5,504
Certified salaries – Teachers	3,741
Total	49,445
 Indirect costs:	
Other related child care costs,	
direct services at 8% maximum	38,822
Total administrative costs	\$ 88,267

See accompanying notes to supplementary information and independent auditor's report.

CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.

ANNA BING ARNOLD CHILDREN'S CENTER

Schedule of Expenses by State Categories

For the Fiscal Year Ended June 30, 2016

Expenses	State General Child Care Program (CTTR-5067) (CSPP-5144)	Total Reimbursable Expenses	Total Supplemental Expenses	Total
1000 Certified salaries:				
Teacher's salaries	\$ 594,687	\$ 475,896	\$ 118,791	\$ 594,687
2000 Classified salaries:				
Instructional aides' salaries	299,402	299,402	-	299,402
Clerical and other office:				
Personnel salaries	81,016	76,901	4,115	81,016
Food service personnel salaries	28,607	28,607	-	28,607
Subtotal	<u>409,025</u>	<u>404,910</u>	<u>4,115</u>	<u>409,025</u>
3000 Employee benefits:				
Public employees:				
Post-employment benefits	85,486	68,696	16,790	85,486
Old age, survivors, disability, and health insurance	53,601	43,074	10,527	53,601
Health and welfare benefits	153,483	123,338	30,145	153,483
Workers' compensation insurance	12,026	9,620	2,406	12,026
Other benefits	20,374	16,434	3,940	20,374
Subtotal	<u>324,970</u>	<u>261,162</u>	<u>63,808</u>	<u>324,970</u>
4000 Books, supplies, and equipment:				
Instructional materials and supplies	17,035	17,035	-	17,035
Subtotal	<u>17,035</u>	<u>17,035</u>	<u>-</u>	<u>17,035</u>
5000 Services and other operating expenses:				
Contracts for personnel services	131,726	121,682	10,044	131,726
Food	69,160	69,160	-	69,160
Utilities and housekeeping	14,561	14,561	-	14,561
Other operating expenses	2,986	2,986	-	2,986
Building supplies/repair and maintenance	86	86	-	86
Equipment purchase and maintenance	4,425	4,425	-	4,425
Subtotal	<u>222,944</u>	<u>212,900</u>	<u>10,044</u>	<u>222,944</u>
Depreciation expense	9,716	9,716	-	9,716
Indirect costs	55,634	38,823	16,811	55,634
Total	<u>\$ 1,634,011</u>	<u>\$ 1,420,442</u>	<u>\$ 213,569</u>	<u>\$ 1,634,011</u>

See accompanying notes to supplementary information and independent auditor's report.

CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.
ANNA BING ARNOLD CHILDREN'S CENTER
Schedule of Renovation and Repair Expenditures Utilizing Contract Funds
For the Fiscal Year Ended June 30, 2016

Expenses under \$10,000 unit cost		Expenses over \$10,000 unit cost with CDD approval		Expenses over \$10,000 unit cost without CDD approval	
Cost	Item	Cost	Item	Cost	Item
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

See accompanying notes to supplementary information and independent auditor's report.

CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.
ANNA BING ARNOLD CHILDREN'S CENTER
 Schedule of Equipment Expenditures Utilizing Contract Funds
 For the Fiscal Year Ended June 30, 2016

	State General Child Care Program (CCTR-5067) (CSPP-5144)
<u>Unit Cost Under \$7,500:</u>	
Item:	\$ -
Total:	- <hr/>
<u>Unit Cost Over \$7,500 With CDD Approval:</u>	
Item:	-
Total:	- <hr/>
<u>Unit Cost Over \$7,500 Without CDD Approval:</u>	
Item:	-
Total:	- <hr/>
Total Equipment Expenditures	<hr/> <hr/> \$ -

See accompanying notes to supplementary information and independent auditor's report.

AUDITED ATTENDANCE AND FISCAL REPORT

for General or Migrant Center-Based Programs

Agency Name: Cal State L.A. Auxiliary Services, Inc. Vendor No. Q967

Fiscal Year Ended: June 30, 2016 Contract No. CCTR - 5067

Independent Auditor's Name: Macias, Gini, & O'Connell LLP

SECTION I - CERTIFIED CHILDREN DAYS OF ENROLLMENT	COLUMN A CUMULATIVE FISCAL YEAR PER FORM CDFS 9500	COLUMN B AUDIT ADJUSTMENTS	COLUMN C CUMULATIVE FISCAL YEAR PER AUDIT	COLUMN D ADJUSTMENT FACTOR	COLUMN E ADJUSTED DAYS OF ENROLLMENT PER AUDIT
<i>Infants (up to 18 months)</i>					
Full-time-plus			-	2.006	-
Full-time	1,183		1,183	1.700	2,011.100
Three-quarters-time	250		250	1.275	318.750
One-half-time	16		16	0.935	14.960
<i>FCCH Infants (up to 18 months)</i>					
Full-time plus			-	1.652	-
Full-time			-	1.400	-
Three-quarters-time			-	1.050	-
One-half-time			-	0.770	-
<i>Toddlers (18 up to 36 months)</i>					
Full-time-plus			-	1.652	-
Full-time	2,450		2,450	1.400	3,430.000
Three-quarters-time	1,147		1,147	1.050	1,204.350
On-half-time	2		2	0.770	1.540
<i>Three Years and Older</i>					
Full-time-plus			-	1.180	-
Full-time	350		350	1.000	350.000
Three-quarters-time	170		170	0.750	127.500
One-half-time			-	0.550	-
<i>Exceptional Needs</i>					
Full-time-plus			-	1.416	-
Full-time			-	1.200	-
Three-quarters-time			-	0.900	-
One-half-time			-	0.660	-
<i>Limited and Non-English Proficient</i>					
Full-time-plus			-	1.298	-
Full-time			-	1.100	-
Three-quarters-time			-	0.825	-
One-half-time			-	0.605	-
<i>At Risk of Abuse or Neglect</i>					
Full-time-plus			-	1.298	-
Full-time			-	1.100	-
Three-quarters-time			-	0.825	-
One-half-time			-	0.605	-
<i>Severely Disabled</i>					
Full-time-plus			-	1.770	-
Full-time			-	1.500	-
Three-quarters-time			-	1.125	-
One-half-time			-	0.825	-
TOTAL DAYS OF ENROLLMENT	5,568	-	5,568		7,458.200
DAYS OF OPERATION	238		238		
DAYS OF ATTENDANCE	5,559		5,559		

NO NONCERTIFIED CHILDREN - Check box, omit page 2 & continue to Section III if no noncertified children were enrolled in the program.

Comments - If necessary, attach additional sheets to explain adjustments:

**AUDITED ATTENDANCE AND FISCAL REPORT
for General or Migrant Center-Based Programs**

Agency Name: Cal State L.A. Auxiliary Services, Inc. Vendor No. Q967

Fiscal Year Ended: June 30, 2016 Contract No. CCTR - 5067

SECTION II - NONCERTIFIED CHILDREN Report all children who were not certified, but who were served at the same sites as certified children. DAYS OF ENROLLMENT	COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
	CUMULATIVE FISCAL YEAR PER FORM CDFS 9500	AUDIT ADJUSTMENTS	CUMULATIVE FISCAL YEAR PER AUDIT	ADJUSTMENT FACTOR	ADJUSTED DAYS OF ENROLLMENT PER AUDIT
<i>Infants (up to 18 months)</i>					
Full-time-plus			-	2.006	-
Full-time	596		596	1.700	1,013.200
Three-quarters-time	94		94	1.275	119.850
One-half-time			-	0.935	-
<i>FCCH Infants (up to 18 months)</i>					
Full-time plus			-	1.652	-
Full-time			-	1.400	-
Three-quarters-time			-	1.050	-
One-half-time			-	0.770	-
<i>Toddlers (18 up to 36 months)</i>					
Full-time-plus			-	1.652	-
Full-time	1,512		1,512	1.400	2,116.800
Three-quarters-time	140		140	1.050	147.000
On-half-time			-	0.770	-
<i>Three Years and Older</i>					
Full-time-plus			-	1.180	-
Full-time	396		396	1.000	396.000
Three-quarters-time	24		24	0.750	18.000
One-half-time			-	0.550	-
<i>Exceptional Needs</i>					
Full-time-plus			-	1.416	-
Full-time			-	1.200	-
Three-quarters-time			-	0.900	-
One-half-time			-	0.660	-
<i>Limited and Non-English Proficient</i>					
Full-time-plus			-	1.298	-
Full-time			-	1.100	-
Three-quarters-time			-	0.825	-
One-half-time			-	0.605	-
<i>At Risk of Abuse or Neglect</i>					
Full-time-plus			-	1.298	-
Full-time			-	1.100	-
Three-quarters-time			-	0.825	-
One-half-time			-	0.605	-
<i>Severely Disabled</i>					
Full-time-plus			-	1.770	-
Full-time			-	1.500	-
Three-quarters-time			-	1.125	-
One-half-time			-	0.825	-
TOTAL DAYS OF ENROLLMENT	2,762	-	2,762		3,810.850

Comments - If necessary, attach additional sheets to explain adjustments:

**AUDITED ATTENDANCE AND FISCAL REPORT
for General or Migrant Center-Based Programs**

Agency Name: Cal State L.A. Auxiliary Services, Inc. Vendor No. Q967

Fiscal Year End: June 30, 2016 Contract No. CCTR - 5067

	COLUMN A	COLUMN B	COLUMN C
	CUMULATIVE FISCAL YEAR PER FORM CDFS 9500	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
SECTION III - REVENUE			
RESTRICTED INCOME			
Child Nutrition Programs	\$30,182	(\$69)	\$30,113
County Maintenance of Effort (EC § 8279)			0
Uncashed Checks to Providers			0
Other (Specify):			0
Subtotal	\$30,182	(\$69)	\$30,113
Transfer from Reserve			0
Family Fees for Certified Children	14,547		14,547
Interest Earned on Apportionments			0
UNRESTRICTED INCOME			
Family Fees for Noncertified Children	194,741		194,741
Head Start Program (EC § 8235(b))			0
Other (Specify): CSULA Supports, ASI, IRA, Lottery, & General Fund	128,806		128,806
TOTAL REVENUE	\$368,276	(\$69)	\$368,207

SECTION IV - REIMBURSABLE EXPENSES

<i>Direct Payments to Providers (FCCH Only)</i>			\$0
1000 Certificated Salaries	202,973		202,973
2000 Classified Salaries	176,681		176,681
3000 Employee Benefits	111,893		111,893
4000 Books and Supplies	7,417	0	7,417
5000 Services and Other Operating Expenses	91,406	(268)	91,138
6100/6200 Other Approved Capital Outlay			0
6400 New Equipment (<i>program-related</i>)			0
6500 Replacement Equipment (<i>program-related</i>)			0
Depreciation or Use Allowance	4,911	(791)	4,120
Start-Up Expenses (<i>service level exemption</i>)			0
Budget Impasse Credit			0
Indirect Costs Rate: 3.06% (Rate is Self-Calculating)	18,053		18,053
TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT	\$613,334	(\$1,059)	\$612,275
TOTAL ADMINISTRATIVE COSTS (<i>included in section IV above</i>)	\$38,111		\$38,111

FOR CDE-A&I USE ONLY:

Independent Auditor's Assurances on Agency's compliance with Contract Funding Terms and Conditions and Program Requirements of the California Department of Education, Early Education and Support Division:

Eligibility, enrollment, and attendance records are being maintained as required (check YES or NO):

- YES
 NO - Explain any discrepancies.

Reimbursable expenses claimed above are eligible for reimbursement, reasonable, necessary, and adequately supported (check YES or NO):

- YES
 NO - Explain any discrepancies.

COMMENTS - If necessary, attach additional sheets to explain adjustments:

Audit adjustments represent accruals recorded after the final attendance and fiscal year report was submitted in July 2016.

NO SUPPLEMENTAL REVENUES OR EXPENSES - Check box and omit page 4 if there are no supplemental revenues or expenses to report.

**AUDITED ATTENDANCE AND FISCAL REPORT
for General or Migrant Center-Based Programs**

Agency Name: Cal State L.A. Auxiliary Services, Inc. Vendor No. Q967

Fiscal Year End: June 30, 2016 Contract No. CCTR - 5067

SECTION V - SUPPLEMENTAL REVENUE	COLUMN A	COLUMN B	COLUMN C
	CUMULATIVE FISCAL YEAR PER FORM CDFS 9500	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
Enhancement Funding	\$87,847		\$87,847
Other (Specify):	1,010		1,010
Other (Specify):			0
Other (Specify):			0
TOTAL SUPPLEMENTAL REVENUE	\$88,857	\$0	\$88,857

SECTION VI - SUPPLEMENTAL EXPENSES

EXPENSES RELATED TO SUPPLEMENTAL REVENUE	COLUMN A	COLUMN B	COLUMN C
1000 Certificated Salaries	\$50,353		\$50,353
2000 Classified Salaries	1,564		1,564
3000 Employee Benefits	27,004		27,004
4000 Books and Supplies			0
5000 Services and Other Operating Expenses	2,420	1,953	4,373
6000 Equipment/Other Capital Outlay			0
Depreciation or Use Allowance			0
Indirect Costs	6,507	0	6,507
Other (Specify):	0		0
NONREIMBURSABLE EXPENSES			
6100-6500 Nonreimbursable Capital Outlay	1,010	(406)	604
Other: e.g., Entertainment Expenses			0
Other (Specify):			0
Other (Specify):			0
TOTAL SUPPLEMENTAL EXPENSES	\$88,858	\$1,547	\$90,405

COMMENTS - If necessary, attach additional sheets to explain adjustments:

AUDITED ATTENDANCE AND FISCAL REPORT

for California State Preschool Programs

Agency Name: Cal State L.A. Auxiliary Services, Inc. Vendor No. Q967

Fiscal Year Ended: June 30, 2016 Contract No. CSPP - 5144

Independent Auditor's Name: Macias, Gini & O'Connell, LLP

SECTION I - CERTIFIED CHILDREN DAYS OF ENROLLMENT	COLUMN A CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	COLUMN B AUDIT ADJUSTMENTS	COLUMN C CUMULATIVE FISCAL YEAR PER AUDIT	COLUMN D ADJUSTMENT FACTOR	COLUMN E ADJUSTED DAYS OF ENROLLMENT PER AUDIT
<i>Three and Four Year Olds</i>					
Full-time-plus			-	1.1800	-
Full-time	6,092		6,092	1.0000	6,092.000
Three-quarters-time	1,072		1,072	0.7500	804.000
One-half-time	1,852		1,852	0.6195	1,147.314
<i>Exceptional Needs</i>					
Full-time-plus			-	1.4160	-
Full-time	367		367	1.2000	440.400
Three-quarters-time	100		100	0.9000	90.000
One-half-time	16		16	0.6195	9.912
<i>Limited and Non-English Proficient</i>					
Full-time-plus			-	1.2980	-
Full-time			-	1.1000	-
Three-quarters-time			-	0.8250	-
One-half-time			-	0.6195	-
<i>At Risk of Abuse or Neglect</i>					
Full-time-plus			-	1.2980	-
Full-time			-	1.1000	-
Three-quarters-time			-	0.8250	-
One-half-time			-	0.6195	-
<i>Severely Disabled</i>					
Full-time-plus			-	1.7700	-
Full-time			-	1.5000	-
Three-quarters-time			-	1.1250	-
One-half-time			-	0.6195	-
TOTAL DAYS OF ENROLLMENT	9,499	-	9,499		8,583.626
DAYS OF OPERATION	238		238		
DAYS OF ATTENDANCE	9,426		9,426		

NO NONCERTIFIED CHILDREN - Check box, omit page 2 & continue to Section III if no noncertified children were enrolled in the program.

Comments - If necessary, attach additional sheets to explain adjustments:

**AUDITED ATTENDANCE AND FISCAL REPORT
for California State Preschool Programs**

Agency Name: Cal State L.A. Auxiliary Services, Inc. Vendor No. Q967

Fiscal Year Ended: June 30, 2016 Contract No. CSPP - 5144

SECTION II - NONCERTIFIED CHILDREN Report all children who were not certified, but who were served at the same sites as certified children.	COLUMN A CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	COLUMN B AUDIT ADJUSTMENTS	COLUMN C CUMULATIVE FISCAL YEAR PER AUDIT	COLUMN D ADJUSTMENT FACTOR	COLUMN E ADJUSTED DAYS OF ENROLLMENT PER AUDIT
DAYS OF ENROLLMENT					
<i>Toddlers (18 up to 36 months)</i>					
Full-time-plus			-	1.6520	-
Full-time			-	1.4000	-
Three-quarters-time			-	1.0500	-
One-half-time			-	0.7700	-
<i>Three and Four Year Olds</i>					
Full-time-plus			-	1.1800	-
Full-time	5,927		5,927	1.0000	5,927.000
Three-quarters-time	257		257	0.7500	192.750
One-half-time	60		60	0.6195	37.170
<i>Exceptional Needs</i>					
Full-time-plus			-	1.4160	-
Full-time			-	1.2000	-
Three-quarters-time			-	0.9000	-
One-half-time			-	0.6195	-
<i>Limited and Non-English Proficient</i>					
Full-time-plus			-	1.2980	-
Full-time			-	1.1000	-
Three-quarters-time			-	0.8250	-
One-half-time			-	0.6195	-
<i>At Risk of Abuse or Neglect</i>					
Full-time-plus			-	1.2980	-
Full-time			-	1.1000	-
Three-quarters-time			-	0.8250	-
One-half-time			-	0.6195	-
<i>Severely Disabled</i>					
Full-time-plus			-	1.7700	-
Full-time			-	1.5000	-
Three-quarters-time			-	1.1250	-
One-half-time			-	0.6195	-
TOTAL DAYS OF ENROLLMENT	6,244	-	6,244		6,156.920

Comments - If necessary, attach additional sheets to explain adjustments:

**AUDITED ATTENDANCE AND FISCAL REPORT
for California State Preschool Programs**

Agency Name: Cal State L.A. Auxiliary Services, Inc. Vendor No. Q967

Fiscal Year End: June 30, 2016 Contract No. CSPP - 5144

	COLUMN A	COLUMN B	COLUMN C
	CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
SECTION III - REVENUE			
RESTRICTED INCOME			
Child Nutrition Programs	\$40,630	(\$91)	\$40,539
County Maintenance of Effort (EC § 8279)			0
Uncashed Checks to Providers			0
Other (Specify):			0
Other (Specify):			0
Subtotal	\$40,630	(\$91)	\$40,539
Transfer from Reserve - General			0
Transfer from Reserve - Professional Development			0
Subtotal	\$0	\$0	\$0
Family Fees for Certified Children	29,451		29,451
Interest Earned on Apportionments			0
UNRESTRICTED INCOME			
Family Fees for Noncertified Children	263,101		263,101
Head Start Program (EC § 8235(b))			0
Other (Specify): CSULA supports, ASI, IRA, Lottery & General fund	165,556		165,556
Other (Specify):	0		0
TOTAL REVENUE	\$498,738	(\$91)	\$498,647

SECTION IV - REIMBURSABLE EXPENSES

<i>Direct Payments to Providers (FCCH Only)</i>			\$0
1000 Certificated Salaries	272,923		272,923
2000 Classified Salaries	228,229		228,229
3000 Employee Benefits	149,269		149,269
4000 Books and Supplies	9,618	0	9,618
5000 Services and Other Operating Expenses	122,117	(355)	121,762
6100/6200 Other Approved Capital Outlay			0
6400 New Equipment (program-related)			0
6500 Replacement Equipment (program-related)			0
Depreciation or Use Allowance	6,645	(1,049)	5,596
Start-Up Expenses (service level exemption)			0
Budget Impasse Credit			0
Indirect Costs Rate: 2.66% (Rate is Self-Calculating)	20,770		20,770
TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT	\$809,571	(\$1,404)	\$808,167
TOTAL ADMINISTRATIVE COSTS (included in section IV above)	\$50,156		\$50,156

FOR CDE-A&I USE ONLY:

Independent Auditor's Assurances on Agency's compliance with Contract Funding Terms and Conditions and Program Requirements of the California Department of Education, Early Education and Support Division:

Eligibility, enrollment, and attendance records are being maintained as required (check YES or NO):

YES

NO - Explain any discrepancies.

Reimbursable expenses claimed above are eligible for reimbursement, reasonable, necessary, and adequately supported (check YES or NO):

YES

NO - Explain any discrepancies.

COMMENTS - If necessary, attach additional sheets to explain adjustments:

Audit adjustment represent accruals recorded after the final attendance and fiscal year report was submitted in July 2016.

NO SUPPLEMENTAL REVENUES OR EXPENSES - Check box and omit page 4 if there are no supplemental revenues or expenses to report.

**AUDITED ATTENDANCE AND FISCAL REPORT
for California State Preschool Programs**

Agency Name: Cal State L.A. Auxiliary Services, Inc. Vendor No. Q967

Fiscal Year End: June 30, 2016 Contract No. CSPP - 5144

SECTION V - SUPPLEMENTAL REVENUE	COLUMN A	COLUMN B	COLUMN C
	CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
Enhancement Funding	\$119,744	(\$1)	\$119,743
Other (Specify): Food program	1,369		1,369
Other (Specify):			0
Other (Specify):			0
TOTAL SUPPLEMENTAL REVENUE	\$121,113	(\$1)	\$121,112

SECTION VI - SUPPLEMENTAL EXPENSES

EXPENSES RELATED TO SUPPLEMENTAL REVENUE	COLUMN A	COLUMN B	COLUMN C
1000 Certificated Salaries	\$68,438		\$68,438
2000 Classified Salaries	2,552		2,552
3000 Employee Benefits	36,804		36,804
4000 Books and Supplies			0
5000 Services and Other Operating Expenses	3,080	2,589	5,669
6000 Equipment/Other Capital Outlay			0
Depreciation or Use Allowance			0
Indirect Costs	8,870		8,870
NONREIMBURSABLE EXPENSES			
6100-6500 Nonreimbursable Capital Outlay	1,369	(538)	831
Other: e.g., Entertainment Expenses			0
Other (Specify):			0
Other (Specify):			0
TOTAL SUPPLEMENTAL EXPENSES	\$121,113	\$2,051	\$123,164

COMMENTS - If necessary, attach additional sheets to explain adjustments:

CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.

ANNA BING ARNOLD CHILDREN'S CENTER

Notes to Supplementary Information
For the Fiscal Year Ended June 30, 2016

NOTE 1 - GENERAL

The accompanying schedule of expenditures of federal and state awards presents the activity of all federal and state financial assistance programs of the Cal State L.A. University Auxiliary Services, Inc. (UAS) Anna Bing Arnold Children's Center's (Center).

NOTE 2 - BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal and state awards is presented using the accrual basis of accounting.

NOTE 3 – SUPPLEMENTARY SCHEDULES

All supplementary schedules are presented in accordance with the prescribed formats in the *California Department of Education's Audit Guide*.



**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
Cal State L.A. University Auxiliary Services, Inc.
City of Los Angeles, California

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 the Cal State L.A. University Auxiliary Services, Inc. (UAS) Anna Bing Arnold Children’s Center (Center), as of and for the year ended June 30, 2016, and the related notes to the financial statements, and have issued our report thereon dated October 31, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Center’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Center’s internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center’s 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 determination of financial statement amounts. Such provisions include those provisions of laws and regulations identified in the *Audit Guide for Audits of Child Development, Nutrition, and Adult Basic Education Programs* issued by the Department of Education. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Macias Gini & O'Connell LLP

Los Angeles, California
October 31, 2016

CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.
ANNA BING ARNOLD CHILDREN'S CENTER
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016

Section I Summary of Auditor's Results

FINANCIAL STATEMENTS

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America:

Unmodified

Internal control over financial reporting:

◆ Material weakness(es) identified?

No

◆ Significant deficiencies identified that are not considered to be material weaknesses?

None reported

Noncompliance material to the financial statements noted?

No

Section II Financial Statement Findings

None noted.

Section III State Compliance Findings and Questioned Costs

None noted.

**CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.
ANNA BING ARNOLD CHILDREN'S CENTER**

Status of Prior Year Findings
For the Fiscal Year Ended June 30, 2016

Finding 2015-001 – Noncompliance with State Requirements on Recordkeeping and Activities/Costs

Condition:

The Center made two payments to a vendor that were in excess of the amount owed. Our review of the invoices revealed that one invoice was erroneously paid twice for the same service in the amount of \$1,893.12 and the other involved a miscalculation of the total amount, resulting in an overpayment of \$100.00.

Recommendation:

We recommend that the Center perform a detailed review of the payment packages before approving payments to vendors. The detailed review should include a secondary verification to ensure the proper identification number was assigned to the transaction to avoid duplicating payments issued to the same vendors.

Views of Responsible Officials and Planned Corrective Actions:

The Center Director will take a detailed review of all payments before approving payments to vendors, and review the monthly department financial report for errors. In addition, the Disbursement division needs to tighten up their training to ensure the proper reference are used for each transaction.

Current Year Status:

Implemented.