

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

**Independent Auditor's Reports,  
Financial Statements and  
Supplementary Information**

**For the Fiscal Year Ended June 30, 2014**



**Certified Public Accountants.**

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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, 2014**

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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, 2014**

**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 - 3070

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

California State Preschool Program: CSPP - 3146

**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**

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

**6. Telephone Number**

(323) 343-3602

**CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.  
ANNA BING ARNOLD CHILDREN'S CENTER (Continued)  
For the Fiscal Year Ended June 30, 2014**

**General Information**

**7. Period Covered by Audit**

July 1, 2013 to June 30, 2014

**8. Number of Days of Agency Operation**

General Child Care and Development Program – 236 days

California State Preschool Program – 236 days

**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.  
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 fiscal year ended June 30, 2014, 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 the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Cal State L.A. University Auxiliary Services, Inc., Anna Bing Arnold Children's Center, as of June 30, 2014, and the changes in financial position and cash flows thereof for the fiscal 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, 2014, 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 is presented for purposes of additional analysis as required by the *California Department of Education Audit Guide* issued by the California Department of Education, and 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 November 12, 2014, on our consideration of the Center's internal control over financial reporting and 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 the 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.



Los Angeles, California  
November 12, 2014

**CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.**  
**ANNA BING ARNOLD CHILDREN'S CENTER**  
**Statement of Net Position**  
**June 30, 2014**

	<b>State General Child Care Program (CCTR-3070) (CSPP-3146)</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 48,073
Grants receivable	38,494
Capital assets, net	82,917
Total assets	169,484
<b>Liabilities</b>	
Accounts payable	3,496
Accrued expenses	39,417
Due to other funds of Cal State L.A. University Auxiliary Services, Inc.	126,571
Total liabilities	169,484
<b>Net Position</b>	
Unrestricted	\$ -

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, 2014**

	<u>State General Child Care Program (CCTR-3070) (CSPP-3146)</u>
<b>Operating revenues:</b>	
Grants and contracts:	
State assistance	
Child Development Programs (CCTR-3070)	\$ 234,423
State Preschool Program (CSPP-3146)	244,788
Federal government assistance	
Child Care Access Means Parents in School (P335A100069)	246,867
Child Care Food Program (19-Q967-00-2)	69,005
Other revenue:	
Associated students fees	125,211
Parent fees	
Certified children (CCTR-3070)	23,536
Certified children (CSPP-3146)	29,537
Non certified children	439,321
Total revenues	<u>1,412,688</u>
<b>Operating expenses:</b>	
Certified salaries – teachers	557,212
Classified salaries:	
Instructional aides	248,902
Clerical	92,806
Food service	18,435
Employee benefits	282,681
Contractual services	85,694
Building supplies/repairs and maintenance	24,505
Other supplies	81,108
Food services	71,725
Indirect costs	52,157
Travel	512
Utilities	11,249
Equipment purchase and maintenance	8,999
Depreciation expense	8,612
Classroom supplies	33,821
Other expense	4,918
Total expenses	<u>1,583,336</u>
Operating loss	<u>(170,648)</u>
<b>Nonoperating revenues:</b>	
California State University allocation	<u>167,650</u>
Change in net position before transfers	(2,998)
Transfer from Cal State L.A. University Auxiliary Services, Inc.	2,998
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, 2014**

<b>Cash flows from operating activities:</b>	
Federal grants and contracts	\$ 306,974
State and local grants and contracts	484,992
Payments to suppliers	(400,165)
Payments to employees	(1,197,639)
Other receipts	617,605
Net cash used for operating activities	<u>(188,233)</u>
 <b>Cash flows from capital and related financing activities:</b>	
Acquisition of capital assets	<u>(81,519)</u>
Net cash used for capital and related financing activities	<u>(81,519)</u>
 <b>Cash flows from noncapital financing activities:</b>	
Transfer from Cal State L.A. University Auxiliary Services, Inc.	2,998
California State University Allocation	<u>167,650</u>
Net cash provided by noncapital financing activities	<u>170,648</u>
 Net decrease in cash and cash equivalents	 (99,104)
Cash and cash equivalents - beginning of year	147,177
Cash and cash equivalents - end of year	<u>\$ 48,073</u>
 <b>Reconciliation of operating loss to net cash</b>	
used for operating activities:	
Operating loss	\$ (170,648)
Adjustments to reconcile operating loss to net cash	
used for operating activities:	
Depreciation	8,612
Changes in assets and liabilities:	
Increase in grants receivable	(3,117)
Decrease in accounts payable	(15,993)
Increase in accrued expenses	2,397
Decrease in due to Cal State L.A. University Auxiliary Services, Inc.	<u>(9,484)</u>
Net cash used for operating activities	<u>\$ (188,233)</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, 2014**

**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.

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.

**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, 2014**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Capital Assets

Improvements and furniture, fixtures and equipment are stated at cost at date of acquisition. 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. 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, 2014, the amount due back to UAS is \$126,571.

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 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, 2014, cash held by financial institutions for UAS was entirely insured and collateralized as described above. The book balance at June 30, 2014 for the Center was \$48,073.

**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, 2014**

**NOTE 4 – GRANTS RECEIVABLE**

At June 30, 2014, 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 \$20,527 and a receivable from the U.S. Department of Education – Child Care Access Means Parents in School in the amount of \$17,967.

**NOTE 5 – CAPITAL ASSETS**

The capital assets balance at June 30, 2014 consisted of the following activity:

	<u>Balance</u> <u>July 1, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2014</u>
Capital assets, depreciable:				
Improvements	\$ 18,402	\$ 81,519	\$ -	\$ 99,921
Furniture, fixtures and equipment	36,549	-	-	36,549
Total depreciable capital assets	<u>54,951</u>	<u>81,519</u>	<u>-</u>	<u>136,470</u>
Less accumulated depreciation:				
Improvements	(15,430)	(7,049)	-	(22,479)
Furniture, fixtures and equipment	<u>(29,511)</u>	<u>(1,563)</u>	-	<u>(31,074)</u>
Total accumulated depreciation	<u>(44,941)</u>	<u>(8,612)</u>	<u>-</u>	<u>(53,553)</u>
Capital assets – net	<u>\$ 10,010</u>	<u>\$ 72,907</u>	<u>\$ -</u>	<u>\$ 82,917</u>

Depreciation expense for the fiscal year ended June 30, 2014 is \$8,612.

**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 2014 to the Center to support the operation of child care programs for University student parents and other student users.

**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, 2014 were \$248,889, of which \$34,361 were contributed by UAS on behalf of the Center's employees.

**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, 2014**

**NOTE 7 – RETIREMENT PLANS (CONTINUED)**

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, 2014 were \$130,626, of which \$15,106 was contributed by UAS on behalf of the Center's employees.

Both plans include eligible grants and contracts personnel.

**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 2014 is:

Employee only	\$ 642
Two party	1,218
Family	1,559

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, 2014 was \$14,074.

**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, 2014**

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

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, 2014**

<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 Child and Adult Care Food Program	10.558	19-Q967-00-2	\$ 69,005	\$ 69,005
U.S. Department of Education Child Care Access Means Parents in School	84.335	P335A100069	246,867	246,867
Total expenditures of federal awards			<u>315,872</u>	<u>315,872</u>
State of California:				
Child Development Services:				
General Child Care Program and Development Program		CCTR-3070	234,423	234,423
State Preschool Program		CSPP-3146	244,788	244,788
Total expenditures of state awards			<u>479,211</u>	<u>479,211</u>
Total expenditures of federal and state awards			<u>\$ 795,083</u>	<u>\$ 795,083</u>

See accompanying notes to supplementary information.

**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, 2014**

	<b>State General Child Care Program (CCTR-3070) (CSPP-3146)</b>
Contractual services	\$ 40,200
Classified salaries	5,090
Certified salaries – teachers	<u>3,490</u>
Total	<u>48,780</u>
 Indirect Costs:	
Other related child care costs,	
Direct services at 8% maximum	<u>32,676</u>
Total administrative costs	<u><u>\$ 81,456</u></u>

See accompanying notes to supplementary information.

**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, 2014**

<u>Expenses</u>	<u>State General Child Care Program (CCTR-3070) (CSPP-3146)</u>	<u>Total Reimbursable Expenses</u>	<u>Non- Reimbursable Expenses</u>	<u>Total</u>
1000 Certified salaries:				
Teacher's salaries	\$ 557,212	\$ 557,212	\$ -	\$ 557,212
2000 Classified salaries:				
Instructional aides' salaries	248,902	248,902	-	248,902
Clerical and other office:				
Personnel salaries	92,806	92,806	-	92,806
Food service personnel salaries	18,435	18,435	-	18,435
Subtotal	<u>360,143</u>	<u>360,143</u>	<u>-</u>	<u>360,143</u>
3000 Employee benefits:				
Public employees:				
Postemployment benefits	63,541	63,541	-	63,541
Old age, survivors, disability, and health insurance	47,502	47,502	-	47,502
Health and welfare benefits	122,300	122,300	-	122,300
Workers' compensation insurance	17,558	17,558	-	17,558
Other benefits	31,780	31,780	-	31,780
Subtotal	<u>282,681</u>	<u>282,681</u>	<u>-</u>	<u>282,681</u>
4000 Books, supplies, and equipment:				
Instructional materials and supplies	114,929	114,929	-	114,929
Subtotal	<u>114,929</u>	<u>114,929</u>	<u>-</u>	<u>114,929</u>
5000 Services and other operating expenses:				
Contracts for personnel services	85,694	85,694	-	85,694
Travel, conferences, and other	512	512	-	512
Food	71,725	71,725	-	71,725
Utilities and housekeeping	11,249	11,249	-	11,249
Other operating expenses	4,918	4,918	-	4,918
Building supplies/repairs and maintenance	24,505	24,505	-	24,505
Equipment purchase and maintenance	8,999	8,999	-	8,999
Subtotal	<u>207,602</u>	<u>207,602</u>	<u>-</u>	<u>207,602</u>
Depreciation expense	8,612	8,612	-	8,612
Indirect costs	52,157	50,485	1,672	52,157
Total	<u>\$ 1,583,336</u>	<u>\$ 1,581,664</u>	<u>\$ 1,672</u>	<u>\$ 1,583,336</u>

See accompanying notes to supplementary information.

**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, 2014**

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

See accompanying notes to supplementary information.

**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, 2014**

	<u>State General Child Care Program (CCTR-3070) (CSPP-3146)</u>
<b><u>Unit Cost Under \$7,500:</u></b>	
<b>Item:</b>	\$ -
<b>Total:</b>	-
 <b><u>Unit Cost Over \$7,500 With CDD Approval:</u></b>	
<b>Item:</b>	-
<b>Total:</b>	<hr style="width: 100%; border: 0.5px solid black;"/> -
 <b><u>Unit Cost Over \$7,500 Without CDD Approval:</u></b>	
<b>Item:</b>	-
<b>Total:</b>	<hr style="width: 100%; border: 0.5px solid black;"/> -
<b>Total Equipment Expenditures</b>	<hr style="width: 100%; border: 0.5px solid black;"/> <b>\$ -</b> <hr style="width: 100%; border: 0.5px solid black;"/>

See accompanying notes to supplementary information.

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

Agency Name: Cal State LA University Auxiliary Services, Inc. Vendor No. 19-Q967

Fiscal Year Ended: June 30, 2014 Contract No. CSPP - 3146

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

SECTION I - CERTIFIED CHILDREN DAYS OF ENROLLMENT	COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
	CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	AUDIT ADJUSTMENTS	CUMULATIVE FISCAL YEAR PER AUDIT	ADJUSTMENT FACTOR	ADJUSTED DAYS OF ENROLLMENT PER AUDIT
<i>Three and Four Year Olds</i>					
Full-time-plus	-	-	-	1.1800	-
Full-time	5,661	-	5,661	1.0000	5,661.000
Three-quarters-time	93	-	93	0.7500	69.750
One-half-time	-	-	-	0.6172	-
<i>Exceptional Needs</i>					
Full-time-plus	-	-	-	1.4160	-
Full-time	-	-	-	1.2000	-
Three-quarters-time	-	-	-	0.9000	-
One-half-time	-	-	-	0.6172	-
<i>Limited and Non-English Proficient</i>					
Full-time-plus	-	-	-	1.2980	-
Full-time	-	-	-	1.1000	-
Three-quarters-time	-	-	-	0.8250	-
One-half-time	-	-	-	0.6172	-
<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	-	-	-	0.6172	-
<i>Severely Disabled</i>					
Full-time-plus	-	-	-	1.7700	-
Full-time	-	-	-	1.5000	-
Three-quarters-time	-	-	-	1.1250	-
One-half-time	-	-	-	0.6172	-
<b>TOTAL DAYS OF ENROLLMENT</b>	<b>5,754</b>	<b>-</b>	<b>5,754</b>		<b>5,730.750</b>
<b>DAYS OF OPERATION</b>	<b>-</b>	<b>-</b>	<b>-</b>		
<b>DAYS OF ATTENDANCE</b>	<b>-</b>	<b>-</b>	<b>-</b>		

NO NONCERTIFIED CHILDREN - Check this box, omit page 2, and 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 LA University Auxiliary Services, Inc. Vendor No. 19-Q967

Fiscal Year End: June 30, 2014 Contract No. CSPP - 3146

	COLUMN A	COLUMN B	COLUMN C
	CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
<b>SECTION III - REVENUE</b>			
<b>RESTRICTED INCOME</b>			
Child Nutrition Programs	\$63,486	\$3,847	\$67,333
County Maintenance of Effort (EC § 8279)			0
Other (Specify):			0
Other (Specify):			0
<b>Subtotal</b>	\$63,486	\$3,847	\$67,333
Transfer from Reserve			0
Family Fees for Certified Children Full-Day Prc CCTR - 3070	23,536		23,536
Family Fees for Certified Children Part-Day Pr CSPP - 3146	29,537		29,537
Interest Earned on Apportionments			0
<b>UNRESTRICTED INCOME</b>			
Family Fees for Noncertified Children	438,967	354	439,321
Head Start Program (EC § 8235(b))			0
Other: CSULA Supports, ASI, IRA Lottery, & General Fund	293,215	(354)	292,861
Other (Specify):			0
<b>TOTAL REVENUE</b>	\$848,741	\$3,847	\$852,588

**SECTION IV - REIMBURSABLE EXPENSES**

1000 Certificated Salaries	\$467,617	\$0	\$467,617
2000 Classified Salaries	301,561		301,561
3000 Employee Benefits	234,721		234,721
4000 Books and Supplies	18,891	81,109	100,000
5000 Services and Other Operating Expenses	265,911	(76,301)	189,610
6100/6200 Other Approved Capital Outlay			0
6400 New Equipment (program-related)			0
6500 Replacement Equipment (program-related)			0
Depreciation or Use Allowance	7,350	1,262	8,612
Start-Up Expenses (service level exemption)			0
Budget Impasse Credit			0
Indirect Costs. Rate: 2.53% (Rate is Self-Calculating)	34,254	(1,578)	32,676
<b>TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT</b>	\$1,330,305	\$4,492	\$1,334,797
<b>TOTAL ADMINISTRATIVE COSTS</b> (included in section IV above)	\$83,034	(\$1,578)	\$81,456

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:

Combined financial information for both CCTR-3070 & CSPP-3146. Audit adjustments represent accruals recorded after the final attendance and fiscal report was submitted in July 2014.

NO SUPPLEMENTAL REVENUES OR EXPENSES - Check this 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 LA University Auxiliary Services, Inc. Vendor No. 19-Q967

Fiscal Year End: June 30, 2014 Contract No. CSPP - 3146

	COLUMN A	COLUMN B	COLUMN C
	CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
<b>SECTION V - SUPPLEMENTAL REVENUE</b>			
Enhancement Funding	\$246,867	\$0	\$246,867
Other: Child Nutrition Program	1,672		1,672
Other (Specify):			0
Other (Specify):			0
<b>TOTAL SUPPLEMENTAL REVENUE</b>	<b>\$248,539</b>	<b>\$0</b>	<b>\$248,539</b>

**SECTION VI - SUPPLEMENTAL EXPENSES**

<b>EXPENSES RELATED TO SUPPLEMENTAL REVENUE</b>			
1000 Certificated Salaries	\$89,595	\$0	\$89,595
2000 Classified Salaries	58,582		58,582
3000 Employee Benefits	47,960		47,960
4000 Books and Supplies	14,929		14,929
5000 Services and Other Operating Expenses	17,991	1	17,992
6000 Equipment/Other Capital Outlay		0	0
Depreciation or Use Allowance			0
Indirect Costs	17,809		17,809
<b>NONREIMBURSABLE EXPENSES</b>			
6100-6500 Nonreimbursable Capital Outlay	1,672		1,672
Other: e.g., Entertainment Expenses			0
Other (Specify):			0
Other (Specify):			0
<b>TOTAL SUPPLEMENTAL EXPENSES</b>	<b>\$248,538</b>	<b>\$1</b>	<b>\$248,539</b>

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

## AUDITED ATTENDANCE AND FISCAL REPORT

### for Child Development Programs

Agency Name: Cal State LA University Auxiliary Services, Inc. Vendor No. 19-Q967

Fiscal Year Ended: June 30, 2014 Contract No. CCTR - 3070

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

SECTION I - 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	643	-	643	1.700	1,093.100
Three-quarters-time	34	-	34	1.275	43.350
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	1,740	-	1,740	1.400	2,436.000
Three-quarters-time	116	-	116	1.050	121.800
On-half-time	-	-	-	0.770	-
<i>Three Years and Older</i>					
Full-time-plus	-	-	-	1.180	-
Full-time	828	-	828	1.000	828.000
Three-quarters-time	-	-	-	0.750	-
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	-
<b>TOTAL DAYS OF ENROLLMENT</b>	<b>3,361</b>	<b>-</b>	<b>3,361</b>		<b>4,522.250</b>
<b>DAYS OF OPERATION</b>	<b>-</b>	<b>-</b>	<b>-</b>		
<b>DAYS OF ATTENDANCE</b>	<b>-</b>	<b>-</b>	<b>-</b>		

NO NONCERTIFIED CHILDREN - Check this box, omit page 2, and 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 Child Development Programs**

Agency Name: Cal State LA University Auxiliary Services, Inc. Vendor No. 19-Q967

Fiscal Year Ended: June 30, 2014 Contract No. CCTR - 3070

<b>SECTION II - NONCERTIFIED CHILDREN</b> Report all children who were not certified, but who were served at the same sites as certified children.	<b>COLUMN A</b>	<b>COLUMN B</b>	<b>COLUMN C</b>	<b>COLUMN D</b>	<b>COLUMN E</b>
<b>DAYS OF ENROLLMENT</b>	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	1,294	-	1,294	1.700	2,199.800
Three-quarters-time	534	-	534	1.275	680.850
One-half-time	72	-	72	0.935	67.320
<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	2,128	-	2,128	1.400	2,979.200
Three-quarters-time	735	-	735	1.050	771.750
On-half-time	251	-	251	0.770	193.270
<i>Three Years and Older</i>					
Full-time-plus	-	-	-	1.180	-
Full-time	559	-	559	1.000	559.000
Three-quarters-time	60	-	60	0.750	45.000
One-half-time	80	-	80	0.550	44.000
<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	-
<b>TOTAL DAYS OF ENROLLMENT</b>	<b>5,713</b>	<b>-</b>	<b>5,713</b>		<b>7,540.190</b>

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, 2014**

**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*.

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**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***

Board of Directors  
Cal State L.A. University Auxiliary  
Services, Inc.  
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 fiscal year ended June 30, 2014, and the related notes to the financial statements, and have issued our report thereon dated November 12, 2014.

**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 opinion 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. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

Macias Gini & O'Connell LLP

Los Angeles, California  
November 12, 2014

**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, 2014**

**Section I      Summary of Auditor's Results**

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**FINANCIAL STATEMENTS**

Type of auditor's report issued on the basic financial statements of the Center:	Unmodified
Internal control over financial reporting:	
◆ Material weakness (es) identified?	No
◆ Significant deficiencies identified that are not considered to be material weaknesses?	None noted
Noncompliance material to the financial statements noted?	No

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**Section II      Financial Statement Findings**

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None noted.

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**Section III      State Compliance Findings and Questioned Costs**

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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, 2014**

None noted.