

Associated Students of California State University, Chico

Financial Statements and Supplemental Information

Year Ended June 30, 2023



ASSOCIATED STUDENTS OF CALIFORNIA STATE UNIVERSITY, CHICO

Financial Statements and Supplemental Information

Year Ended June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Associated Students of California State University, Chico

Report on the Audit of the Financial Statements

Opinion

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

In our opinion, the financial statements present fairly, in all material respects, the financial position of Associated Students of California State University, Chico as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Associated Students of California State University, Chico and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITOR'S REPORT, CONTINUED

Auditor's Responsibilities for the Audit of the Financial Statements, continued

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Associated Students of California State University, Chico's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Associated Students of California State University, Chico's ability to continue as a going concern for a reasonable period of time.

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

Report on Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information included on pages 21-36 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2023, on our consideration of Associated Students of California State University, Chico's June 30, 2023 internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Associated Students of California State University, Chico's 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 Associated Students of California State University, Chico's internal control over financial reporting and compliance.

Aldrich CPAs + Advisors LLP

San Diego, California
September 22, 2023

ASSOCIATED STUDENTS OF CALIFORNIA STATE UNIVERSITY, CHICO

Statement of Financial Position

June 30, 2023

	General (Activity Fee) Fund	Plant Fund	Board Designated Fund	Auxiliary Activities Fund	Sponsored Programs Fund	Student Union Operating Fund	Total All Funds
ASSETS							
Cash and cash equivalents:							
Cash on hand and in banks	\$ 226,588	\$ -	\$ 2,670	\$ 871,754	\$ -	\$ 126,149	\$ 1,227,161
Cash in investments	5,078,024	-	1,114,149	7,884,637	-	10,120,853	24,197,663
Total Cash and Cash Equivalents	5,304,612	-	1,116,819	8,756,391	-	10,247,002	25,424,824
Accounts and other receivables	37,022	-	8,574	320,693	-	72,313	438,602
Accounts receivable - related parties	218,483	-	-	1,010,952	-	1,503	1,230,938
Sponsored programs receivable	-	-	-	-	1,200	-	1,200
Interfund receivables (payables)	116,386	-	-	(353,707)	125,969	111,352	-
Inventories	-	-	-	105,692	-	-	105,692
Prepaid expenses	9,263	-	-	18,218	-	29,207	56,688
Buildings and equipment - net of accumulated depreciation	-	21,402	-	300,646	-	1,806,367	2,128,415
Long-term deposits	-	-	-	-	-	20,000	20,000
Total Assets	<u>\$ 5,685,766</u>	<u>\$ 21,402</u>	<u>\$ 1,125,393</u>	<u>\$ 10,158,885</u>	<u>\$ 127,169</u>	<u>\$ 12,287,744</u>	<u>\$ 29,406,359</u>
LIABILITIES AND NET ASSETS							
Liabilities:							
Accounts payable	\$ 36,242	\$ -	\$ -	\$ 124,017	\$ 42,693	\$ 90,901	\$ 293,853
Accounts payable - related parties	41,576	-	-	130,342	6,003	53,405	231,326
Accrued expenses	278,880	-	-	569,511	-	687,334	1,535,725
Deferred revenue	47,183	-	-	9,960	78,473	585	136,201
Pension obligation	263,325	-	-	188,347	-	550,706	1,002,378
Postretirement benefit obligation	60,997	-	-	70,484	-	120,529	252,010
Total Liabilities	728,203	-	-	1,092,661	127,169	1,503,460	3,451,493
Net assets:							
Without donor restrictions	4,957,563	21,402	1,125,393	9,066,224	-	10,784,284	25,954,866
Total Liabilities and Net Assets	<u>\$ 5,685,766</u>	<u>\$ 21,402</u>	<u>\$ 1,125,393</u>	<u>\$ 10,158,885</u>	<u>\$ 127,169</u>	<u>\$ 12,287,744</u>	<u>\$ 29,406,359</u>

See accompanying notes to financial statements.

ASSOCIATED STUDENTS OF CALIFORNIA STATE UNIVERSITY, CHICO

Statement of Activities

Year Ended June 30, 2023

	General (Activity Fee) Fund	Plant Fund	Board Designated Fund	Auxiliary Activities Fund	Sponsored Programs Fund	Student Union Operating Fund	Total All Funds
Revenues and Other Support Without Donor Restrictions:							
Wildcat Store, dining services, and other sales	\$ -	\$ -	\$ -	\$ 9,978,492	\$ -	\$ -	\$ 9,978,492
Allocation of revenue funds from campus	1,771,545	-	-	-	-	7,664,031	9,435,576
Grants	-	-	-	-	968,207	-	968,207
Interest income	112,223	-	25,342	173,884	-	216,212	527,661
Other income	34,162	-	130	102,504	-	172,641	309,437
Student and campus programs	23,028	-	-	-	-	245,515	268,543
Campus support	-	-	-	180,000	-	-	180,000
Indirect income	60,358	-	-	-	-	-	60,358
Gifts	1,139	-	-	-	-	-	1,139
Total Revenues and Other Support Without Donor Restrictions	2,002,455	-	25,472	10,434,880	968,207	8,298,399	21,729,413
Expenses:							
Program services:							
Auxiliary activities	-	-	-	8,943,206	-	-	8,943,206
Student union and recreation center building operations	-	-	-	-	-	5,048,915	5,048,915
Student and campus programs	1,654,430	-	-	-	-	2,017,518	3,671,948
Sponsored programs	-	-	-	-	968,207	-	968,207
Supporting services:							
Management and general	332,469	-	-	688,734	-	1,100,338	2,121,541
Total Program and Supporting Services Expenses	1,986,899	-	-	9,631,940	968,207	8,166,771	20,753,817
Other Expenses:							
Pension and postretirement benefit cost amortization	124,026	-	-	128,514	-	254,340	506,880
Total Expenses	\$ 2,110,925	\$ -	\$ -	\$ 9,760,454	\$ 968,207	\$ 8,421,111	\$ 21,260,697

See accompanying notes to financial statements.

ASSOCIATED STUDENTS OF CALIFORNIA STATE UNIVERSITY, CHICO

Statement of Activities, continued

Year Ended June 30, 2023

	General (Activity Fee) Fund	Plant Fund	Board Designated Fund	Auxiliary Activities Fund	Sponsored Programs Fund	Student Union Operating Fund	Total All Funds
Change in Net Assets Before Transfers and Other	\$ (108,470)	\$ -	\$ 25,472	\$ 674,426	\$ -	\$ (122,712)	\$ 468,716
Transfers:							
Other fund transfers	12,955	(12,955)	-	(564,703)	-	564,703	-
Other:							
Postretirement benefit changes other than net periodic benefit cost	(12,129)	-	-	(19,216)	-	(21,743)	(53,088)
Pension changes other than net periodic benefit cost	(127,170)	-	-	(40,617)	-	(274,623)	(442,410)
Change in Net Assets	(234,814)	(12,955)	25,472	49,890	-	145,625	(26,782)
Net Assets Without Donor Restrictions - Beginning of Year	5,192,377	34,357	1,099,921	9,016,334	-	10,638,659	25,981,648
Net Assets Without Donor Restrictions - End of Year	<u>\$ 4,957,563</u>	<u>\$ 21,402</u>	<u>\$ 1,125,393</u>	<u>\$ 9,066,224</u>	<u>\$ -</u>	<u>\$ 10,784,284</u>	<u>\$ 25,954,866</u>

ASSOCIATED STUDENTS OF CALIFORNIA STATE UNIVERSITY, CHICO

Statement of Functional Expenses

Year Ended June 30, 2023

	Program Services					Supporting Services	Total Expenses
	Auxiliary Activities	Student Union and Recreation Center Building Operations	Student and Campus Programs	Sponsored Programs	Total Program Services	Management and General	
Salaries and wages	\$ 3,876,149	\$ 2,268,765	\$ 1,868,346	\$ 586,265	\$ 8,599,525	\$ 1,175,484	\$ 9,775,009
Cost of sales	2,953,716	-	-	-	2,953,716	-	2,953,716
Employee benefits	856,590	815,347	420,565	229,359	2,321,861	427,969	2,749,830
Programs	-	47,487	950,659	14,529	1,012,675	-	1,012,675
Utilities	191,390	646,485	9,208	-	847,083	10,616	857,699
Supplies and small equipment	191,984	293,781	95,689	29,838	611,292	23,662	634,954
Professional services	58,168	109,832	89,234	8,325	265,559	329,753	595,312
Repairs and maintenance	304,507	210,411	26,464	36,426	577,808	9,326	587,134
Depreciation	81,098	388,397	12,106	-	481,601	63,678	545,279
Insurance	65,670	193,091	41,999	-	300,760	9,991	310,751
Miscellaneous	91,389	9,627	37,460	-	138,476	27,910	166,386
Professional development and travel	16,920	19,133	66,871	2,612	105,536	18,866	124,402
Contributions to campus mission	123,645	-	-	-	123,645	-	123,645
Communications	25,973	37,780	31,364	-	95,117	22,791	117,908
Wildcat and credit card charges	79,170	-	-	-	79,170	-	79,170
Sponsored programs indirect costs	-	-	-	60,359	60,359	-	60,359
Advertising and printing	6,608	8,779	21,983	494	37,864	1,495	39,359
Rent	20,229	-	-	-	20,229	-	20,229
Total Program and Supporting Services Expense	8,943,206	5,048,915	3,671,948	968,207	18,632,276	2,121,541	20,753,817
Pension and postretirement benefit cost amortization	128,514	203,472	174,894	-	506,880	-	506,880
Total Expenses	\$ 9,071,720	\$ 5,252,387	\$ 3,846,842	\$ 968,207	\$ 19,139,156	\$ 2,121,541	\$ 21,260,697

See accompanying notes to financial statements.

ASSOCIATED STUDENTS OF CALIFORNIA STATE UNIVERSITY, CHICO

Statement of Cash Flows

Year Ended June 30, 2023

	General (Activity Fee) Fund	Plant Fund	Board Designated Fund	Auxiliary Activities Fund	Sponsored Programs Fund	Student Union Operating Fund	Total All Funds
Cash and Cash Equivalents - Beginning of Year	\$ 4,860,648	\$ -	\$ 993,345	\$ 9,220,525	\$ -	\$ 9,585,561	\$ 24,660,079
Cash Flows from Operating Activities:							
Change in net assets	(234,814)	(12,955)	25,472	49,890	-	145,625	(26,782)
Adjustments to reconcile changes in net assets to net cash and cash equivalents provided (used) by operating activities:							
Depreciation	-	20,186	-	106,235	-	418,858	545,279
(Gain) loss on sale or disposal of equipment	-	143	-	219	-	(2,661)	(2,299)
Change in operating assets and liabilities:							
Receivables - net	304,529	-	(1,998)	(924,533)	43,349	(57,936)	(636,589)
Interfund receivables (payables)	(17,611)	-	-	(80,042)	(91,553)	189,206	-
Inventories	-	-	-	(19,751)	-	-	(19,751)
Prepaid expenses	2,707	-	-	10,572	-	21,490	34,769
Accounts payable	13,311	-	-	(94,992)	(22,024)	(152,499)	(256,204)
Accrued expenses	91,852	-	-	225,029	-	63,677	380,558
Deferred revenue	16,329	-	-	(1,422)	70,228	(3,890)	81,245
Pension obligation	263,325	-	-	188,347	-	550,706	1,002,378
Postretirement benefit obligation	4,336	-	-	8,330	-	10,101	22,767
Net Cash and Cash Equivalents Provided (Used) by Operating Activities	443,964	7,374	23,474	(532,118)	-	1,182,677	1,125,371
Cash Flows from Investing Activities:							
Redemption of investments	-	-	100,000	100,000	-	-	200,000
Purchases of equipment	-	(7,374)	-	(32,016)	-	(524,306)	(563,696)
Proceeds from sale of equipment	-	-	-	-	-	3,070	3,070
Net Cash and Cash Equivalents Provided (Used) by Investing Activities	-	(7,374)	100,000	67,984	-	(521,236)	(360,626)
Increase (Decrease) in Cash and Cash Equivalents	443,964	-	123,474	(464,134)	-	661,441	764,745
Cash and Cash Equivalents - End of Year	\$ 5,304,612	\$ -	\$ 1,116,819	\$ 8,756,391	\$ -	\$ 10,247,002	\$ 25,424,824

See accompanying notes to financial statements.

ASSOCIATED STUDENTS OF CALIFORNIA STATE UNIVERSITY, CHICO

Notes to Financial Statements

Year Ended June 30, 2023

Note 1 - Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

The Associated Students of California State University, Chico (the Organization), a not-for-profit organization of the students at California State University, Chico (CSU, Chico), operates various auxiliary enterprises, including a student store (Wildcat Store) and campus dining services; receives an allocation of student union and activity fees to support student-related programs; and acquires assets for the benefit of the student body and the campus community. The Organization also administers sponsored programs for the benefit of the student body and the campus community. The accompanying financial statements combine the accounts and the results of operations of the General Fund, Plant Fund, Board Designated Fund, Auxiliary Activities Fund, Sponsored Programs Fund, and Student Union Operating Fund in accordance with reporting instructions received from the Office of the Chancellor of the California State University.

Financial Statement Presentation

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities. The Organization did not have any donor restrictions that were perpetual or temporary in nature for the year ended June 30, 2023.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include office and occupancy, which is allocated on a square footage basis, as well as salaries and benefits, which are allocated on the basis of estimates of time and effort.

Use of Estimates

The preparation of financial statements in conformity with US GAAP includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

Fund Accounting

The accounts of the Organization are maintained in accordance with the principles of fund accounting. Under fund accounting, resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund. The funds are organized into seven categories as follows:

ASSOCIATED STUDENTS OF CALIFORNIA STATE UNIVERSITY, CHICO

Notes to Financial Statements

Year Ended June 30, 2023

Note 1 - Nature of Activities and Summary of Significant Accounting Policies, continued

Fund Accounting, continued

1. *General (Activity Fee) Fund*: This fund is used to account for activity fee funds and all financial resources except those required to be accounted for in another fund.
2. *Plant Fund*: This fund is used to account for acquisition of physical properties and funds expended and invested in physical properties for the General Fund.
3. *Board Designated Fund*: This fund is used to account for all amounts specifically allocated by the Board of Directors to certain programs. These funds have been used for Board of Director approved programs, which primarily benefit students. The Board of Directors designated funds with the intent to allow the funds to grow to a principal balance of \$1 million when the earnings can be used to support student programs and services.
4. *Auxiliary Activities Fund*: This fund is used to account for the operations of ongoing revenue-producing activities. Included in this fund are the operations of the Wildcat Store and dining services.

The Organization has an agreement with Follett Higher Education Group, Inc. (Follett), in which Follett operates the Wildcat Store. The agreement is through June 30, 2024, and provides for a commission to be paid on gross revenues as defined. The commission is calculated as 14.6% of the first \$8 million in gross revenues, plus 16.6% on gross revenues in excess of \$8 million.

5. *Sponsored Programs Fund*: This fund reflects the activity of sponsored grants and contracts for instruction, research, and community service programs. These programs are funded by external agencies.
6. *Student Union Operating Fund*: This fund accounts for the programs and operations of the Bell Memorial Union and the Wildcat Recreation Center buildings.

Cash and Cash Equivalents

The Organization considers cash and cash equivalents to include cash on hand and commercial checking and savings accounts, time certificates of deposit with initial maturities of 3 months or less, and other short-term deposits in the Local Agency Investment Fund (LAIF). At times, such investments may be in excess of the Federal Deposit Insurance Corporation insurance limits of \$250,000.

The Organization has a contract for deposit of monies with Tri Counties Bank whereby deposits up to \$2.5 million will be subject to the security provided to local public agencies.

The Organization has a significant concentration of cash invested in LAIF. The LAIF pool is managed by the State of California Treasurer's Office with oversight provided by the Local Investment Advisory Board (LIAB).

Fair Value Measurements

Fair Value Measurements and Disclosures defines fair value and establishes a framework for measuring fair value under generally accepted accounting principles.

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

ASSOCIATED STUDENTS OF CALIFORNIA STATE UNIVERSITY, CHICO

Notes to Financial Statements

Year Ended June 30, 2023

Note 1 - Nature of Activities and Summary of Significant Accounting Policies, continued

Fair Value Measurements, continued

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

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

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

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

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

Accounts Receivable

Accounts receivable primarily consists of related-party receivables and amounts due from grants. The Organization utilizes the allowance method where uncollectible accounts are determined based on past payment history. The Organization reviews all balances older than 12 months and writes off amounts determined to be uncollectible. At June 30, 2023, no price concession for uncollectible amounts was deemed necessary.

Interfund Receivables and Payables

The Organization records direct interfund receivables and payables as they occur.

Inventories

Food and supplies inventories are stated at the lower of cost or net realizable value on a first-in, first-out basis.

Investments

Investments are carried at fair value in the statements of financial position. Realized and unrealized gains and losses are reflected in the changes in net assets in the statement of activities. Certificates of deposit are valued at cost plus accrued interest, which approximates fair value. The value of each participating LAIF dollar equals the fair value divided by the amortized cost.

Buildings and Equipment

Buildings and equipment are stated at cost or at fair market value if donated. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method. Planned major maintenance is accounted for using the direct-expense method. Expenditures for new construction, major renewals and replacements, and equipment costing over \$5,000, are capitalized.

Revenue Recognition

Allocation of revenue funds from campus – Each semester, CSU, Chico collects an activity fee and a student union fee from each matriculated student that has been determined by CSU, Chico to be subject to the fee. The activity fee was \$76 per semester for the year ended June 30, 2023. The student union fee was \$455 per semester for the year ended June 30, 2023. Revenues are transferred from CSU, Chico to the Organization during the fiscal year to provide programs and services to the students of CSU, Chico.

ASSOCIATED STUDENTS OF CALIFORNIA STATE UNIVERSITY, CHICO

Notes to Financial Statements

Year Ended June 30, 2023

Note 1 – Nature of Activities and Summary of Significant Accounting Policies, continued

Revenue Recognition, continued

Activity fees - The activity fee provides for the student governance for CSU, Chico, as well as a variety of other student-related programs and services. The allocation of revenue funds from campus for activity fee programs are recognized as revenue by the Organization as program-related expenses are incurred and funds are transferred by CSU, Chico to the Organization.

Student union fees – A portion of the student union fee provides for the programs and operations of the Bell Memorial Union and the Wildcat Recreation Center buildings. The allocation of revenue funds from campus for the student union are determined through a budgetary process approved by the Organization's governing board and University President. Revenue is recognized when transferred by CSU, Chico to the Organization.

Wildcat Store sales commission revenue - The Organization receives sales commission revenue from Follett Higher Education Group, Inc. from the operation of the student store. The commissions are based on gross sales as defined in the contract (refer to Note 1, Fund Accounting, Auxiliary Activities Fund section). Revenue is recognized by the Organization as sales are generated by the store.

Dining services and other sales - The Organization operates all dining facilities on the CSU, Chico campus, including several retail locations and the Sutter Hall residential dining program. Revenue for the dining services retail locations is recognized as goods are sold. Sutter Hall residential dining program revenue is based on a contract with CSU, Chico and is recognized on a ratable basis over the fiscal year. Revenue for other sales are recorded as goods are sold or services are provided.

Grants - Grants and contracts are received from federal and state governmental agencies and various other organizations. The Organization receives an administration fee for indirect overhead costs and recognizes this fee as income over the life of the grant or contract as a percentage of total expenditures or salaries and wages as specified in the grant or contract. Sponsored programs' revenue from grants and contracts is recognized as funds are expended.

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Grants - that are, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

Shipping and Handling Costs

Shipping and handling costs are included in cost of sales in the statements of functional expenses.

Advertising

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

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the *Internal Revenue Code* and Section 23701(d) of the *California Revenue and Taxation Code*. The Organization functionally supports CSU, Chico, and has been classified in accordance with Section 509(a)(3), Type III. The Organization has not entered into any activities that would jeopardize its tax-exempt status. Income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. However, expenses associated with the unrelated business income exceed the income or are insignificant. Accordingly, no provision for income taxes is required.

ASSOCIATED STUDENTS OF CALIFORNIA STATE UNIVERSITY, CHICO

Notes to Financial Statements

Year Ended June 30, 2023

Note 1 - Nature of Activities and Summary of Significant Accounting Policies, continued

Income Taxes, continued

The Organization accounts for income taxes in accordance with FASB ASC 740, *Income Taxes*, which clarifies the accounting for uncertainty in income taxes recognized in the Organization's financial statements and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FASB ASC 740, *Income Taxes*, also provides guidance on recognition and measurement of a tax position taken or expected to be taken in a tax return. Based on this analysis, a liability is recorded if uncertain tax benefits have been received. The Organization's practice is to recognize interest and penalties, if any, related to uncertain tax positions in the tax expense. There were no uncertain tax positions identified or related interest and penalties recorded as of June 30, 2023, and the Organization does not expect this to change significantly over the next 12 months.

Subsequent Events

Management has evaluated subsequent events through September 22, 2023, the date on which the report was available to be issued.

Note 2 – Fair Value Measurements

The following is a schedule of investments at fair value, by level within the fair value hierarchy at June 30, 2023.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>NAV</u>	<u>Total</u>
LAIF	\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>	\$ <u>24,197,663</u>	\$ <u>24,197,663</u>

Note 3 – Buildings and Equipment

Buildings and equipment consist of the following at June 30, 2023:

Building improvements	\$	3,148,610
Equipment and furnishings		5,579,695
Vehicles		<u>162,965</u>
Subtotals		8,891,270
Less: accumulated depreciation		<u>6,762,855</u>
Buildings and Equipment - Net	\$	<u>2,128,415</u>

Note 4 - Postretirement Benefit Obligation

The Organization sponsors a defined benefit postretirement plan that covers both salaried and non-salaried career employees. The postretirement plan provides an extension of medical and dental benefits after an employee retires. The postretirement plan is contributory with retiree contributions adjusted annually. To be eligible for the postretirement plan, the employees have a vesting period to 10 years of credited service and attainment of age 60 with the Organization.

The accumulated postretirement benefit obligation is a standardized measure of the present value of postretirement benefits estimated to be payable in the future as a result of employee service to date. The postretirement benefit obligation at June 30, 2023, was computed based on an actuarial valuation performed as of July 1, 2019, with estimates for costs and amortization through June 30, 2023, including consideration of the 2011 and 2020 postretirement plan amendments.

ASSOCIATED STUDENTS OF CALIFORNIA STATE UNIVERSITY, CHICO

Notes to Financial Statements

Year Ended June 30, 2023

Note 4 - Postretirement Benefit Obligation, continued

As of the June 30, 2011 plan amendment, the postretirement plan provides a monthly fixed participant benefit of \$200. Retirees previously enrolled in the postretirement plan will continue to receive benefits of \$200 or \$400 for a participant or a participant and spouse, respectively. As of the January 1, 2020, plan amendment, the postretirement plan provides a monthly fixed participant benefit of \$300 until the participant reaches age 65. The postretirement plan will be funded on the pay-as-you-go basis.

The following table sets forth the changes in the postretirement benefit obligation and the funded status of the postretirement plan at June 30, 2023:

Change in Postretirement Benefit Obligation:

Postretirement Benefit Obligation - Beginning of Year	\$	229,243
Service cost		21,624
Interest cost		6,409
Benefits paid		<u>(5,266)</u>
Postretirement Benefit Obligation - End of Year	\$	<u><u>252,010</u></u>

Funded Status:

Unamortized prior service cost		184,404
Unrecognized net actuarial gain (loss)		<u>531,414</u>
Items Not Yet Recognized as a Component of Net Periodic Benefit Cost		715,818
Accrued Benefit Cost	\$	<u>967,828</u>
Funded Status - End of Year	\$	<u><u>(252,010)</u></u>

The components of net periodic benefit cost are as follows:

Net Periodic Benefit Cost:

Service cost	\$	21,624
Interest cost		6,409
Amortization of prior service costs		(14,917)
Amortization of net actuarial (gain) loss		<u>(38,171)</u>
Net Periodic Benefit Cost	\$	<u><u>(25,055)</u></u>

ASSOCIATED STUDENTS OF CALIFORNIA STATE UNIVERSITY, CHICO

Notes to Financial Statements

Year Ended June 30, 2023

Note 4 - Postretirement Benefit Obligation, continued

The expected amortization to be recognized next year is as follows:

Amounts included in net assets that are expected to be recognized as net periodic benefit cost during the fiscal year ended June 30, 2023:

Amortization of prior service cost	\$	(14,917)
Amortization of net actuarial gain		<u>(38,171)</u>

Total Amortization Expected to be Included in Net Periodic Benefit Cost - June 30, 2023	\$	<u><u>(53,088)</u></u>
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The expected benefits to be paid over the next ten years are as follows:

Years Ending June 30:

2024	\$	5,359
2025		9,183
2026		19,083
2027		19,083
2028		19,083
Thereafter		<u>38,168</u>
Total	\$	<u><u>109,959</u></u>

The assumptions used to determine the postretirement benefit obligation are as follows:

	2023	
	Pre-65	Post-65
Discount rate	2.96%	-
Health care cost trend rate assumed for next year	7.85%	-
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	4.25%	-
Year that the rate reaches the ultimate trend rate	2035	-

ASSOCIATED STUDENTS OF CALIFORNIA STATE UNIVERSITY, CHICO

Notes to Financial Statements

Year Ended June 30, 2023

Note 5 - Net Asset Reserves

The Board of Directors of the Organization, under guidelines established by the Chancellor's Office, developed reserve policies for net assets. Future increases in net assets will also be reserved by these policies. Net asset reserves are as follows as of June 30, 2023:

	General (Activity Fee) Fund	Plant Fund	Board Designated Fund	Auxiliary Activities Fund	Student Union Operating Fund	Total
Investments in buildings and equipment	\$ -	\$ 21,402	\$ -	\$ 300,646	\$ 1,806,367	\$ 2,128,415
Reserve for facilities upgrade	-	-	-	1,200,000	-	1,200,000
Operating reserve	400,723	-	-	146,106	1,761,018	2,307,847
Contingency reserve	240,386	-	-	24,202	100,000	364,588
Capital replacement reserve	21,110	-	-	75,000	250,000	346,110
Reserve for allocated funds	-	-	1,125,393	-	-	1,125,393
Future operations reserve	-	-	-	2,500,000	-	2,500,000
Sustainability fund reserve	-	-	-	-	737,459	737,459
Total Net Asset Reserves	662,219	21,402	1,125,393	4,245,954	4,654,844	10,709,812
Available for general purposes	4,295,344	-	-	4,820,270	6,129,440	15,245,054
Total Net Assets Without Donor Restrictions	\$ 4,957,563	\$ 21,402	\$ 1,125,393	\$ 9,066,224	\$ 10,784,284	\$ 25,954,866

Investments in Buildings and Equipment

The investments in buildings and equipment reserve is a non-liquid reserve that represents the cost of buildings and equipment held by the Organization, less accumulated depreciation and related debt.

Reserve for Facilities Upgrade

The reserve for facilities upgrade sets aside resources to perform future facility upgrades. The facilities upgrade reserve represents a fixed value as determined by the Board of Directors.

ASSOCIATED STUDENTS OF CALIFORNIA STATE UNIVERSITY, CHICO

Notes to Financial Statements

Year Ended June 30, 2023

Note 5 - Net Asset Reserves, continued

Operating Reserve

The operating reserve sets aside resources to maintain the daily operations of the Organization during predictable periods of reduced cash flow. The operating reserve is determined as a percentage of the prior fiscal year's expenditures.

Contingency Reserve

The contingency reserve sets aside resources for unexpected or non-recurring expenses and increases to student programming. The contingency reserve is determined as a percentage of the prior fiscal year's expenditures, up to a maximum fixed value as determined by the Board of Directors.

Capital Replacement Reserve

The capital replacement reserve sets aside resources to purchase future buildings and equipment needed for the operations of the Organization. The capital replacement reserve is determined as a percentage of the prior fiscal year's expenditures, up to a maximum fixed value as determined by the Board of Directors.

Reserve for Allocated Funds

The reserve for allocated funds represents resources specifically allocated by the Board of Directors to certain programs that primarily benefit students. The amount in the Board Designated fund, in excess of the \$1,000,000 minimum restricted principal balance, may be allocated to approved programs and projects.

Future Operations Reserve

The future operations reserve sets aside resources to establish a self-operated student store, should the need arise. The future operations reserve represents a fixed value as determined by the Board of Directors.

Sustainability Fund Reserve

The sustainability fund reserve sets aside resources to fund the Organization's future sustainability efforts. The sustainability fund reserve is determined based on the cumulative unallocated or unspent sustainability funding from prior years.

Note 6 - Revenue Recognition

Contract Balances

Accounts receivable from contracts with customers were as follows at June 30, 2023:

Beginning of year	\$	941,888
End of year	\$	1,500,593

Significant Judgments

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

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

ASSOCIATED STUDENTS OF CALIFORNIA STATE UNIVERSITY, CHICO

Notes to Financial Statements

Year Ended June 30, 2023

Note 7 - Student Union Operating Fund

Construction of the Bell Memorial Union (BMU) was authorized by a student vote in 1964, and the original building was completed in 1969. Legal title to the building is retained by the California State University Trustees (the Trustees). Of the \$1,500,000 in original building construction costs, \$1,100,000 was financed with the original debt fully repaid in 2006.

In spring 1996, a referendum was approved by the students at CSU, Chico, to increase the Student Union fee for funding to expand and remodel the BMU. Additionally, the Organization's Board of Directors approved a project to provide space in the remodeled Student Union for the Wildcat Store. Construction of the projects began in December 1998, with final completion in July 2001, for a total of \$33,433,639 in building construction and financing costs. Of the total costs, \$23,370,000 was financed by the issuance of revenue bonds. In August 2007, the revenue bonds were refinanced with system-wide revenue bonds in the amount of \$18,525,000, which bear interest at an average coupon rate of 5.0%. The system-wide revenue bonds are payable in annual principal and interest installments of approximately \$1,421,000 until the entire debt is repaid in 2029. This refinancing decentralized the Student Union fees so they can be used for operations in the year collected. The decentralized bonds do not require reserves. The system-wide revenue bonds are not a liability of the state of California, but are a special obligation of the Trustees payable from, and secured by, the mandatory Student Body Center fee.

In spring 2005, a referendum was approved by the students at CSU, Chico, to increase the Student Union fee by \$175 per semester beginning when the Wildcat Recreation Center (the WREC) opened. This fee was approved to provide debt service for the construction costs and operating expenses for the WREC. Construction began in July 2007, with completion in August 2009. Construction costs for the WREC were approximately \$68,665,000. Funds for construction were provided by the sale of system-wide revenue bonds in the amount of \$66,425,000, interest earned during construction and capitalized interest earnings of \$562,000, net bond premium of \$930,000, and student fees of \$748,000. These bonds are not a liability of the state of California, but are a special obligation of the Trustees payable from, and secured by, the mandatory Student Body Center fee.

The students at CSU, Chico, voted to require that students pay Student Union fees to service the above described debt, through the mandatory Student Body Center fee, and to operate the Student Union and the WREC. Student Union fees totaled \$12,272,715 for the year ended June 30, 2023. CSU, Chico, collects Student Union fees and transfers to the Trustees the amount necessary to fund the annual debt service requirement. The remaining student fees are available for transfer to the Organization after the reserve requirements of the Chancellor's Office Executive Order No. 994 have been met and any outstanding liabilities to CSU, Chico, have been paid. The Auxiliary Activities Fund reimburses the Student Union for the space it occupies in proportion to the Trustees' annual debt service.

CSU, Chico held reserves as follows at June 30, 2023:

Revenue fund reserve	\$	12,420,586
Repair and replacement reserve		8,192,584
Capital improvements reserve		<u>6,409,261</u>
Total Reserves Held by CSU, Chico	\$	<u><u>27,022,431</u></u>

ASSOCIATED STUDENTS OF CALIFORNIA STATE UNIVERSITY, CHICO

Notes to Financial Statements

Year Ended June 30, 2023

Note 8 - Retirement Plans

Plan Description

The Organization contributes to multiple-employer public employee retirement system defined benefit pension plans administered by CalPERS. The Organization has two CalPERS plans, one for those hired prior to 2013 (Classic) and one for those hired in 2013 or later (PEPRA). The plans provide retirement, disability benefits, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statute, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues a publicly available *Comprehensive Annual Financial Report* (CAFR) that includes financial statements and required supplementary information. Copies of the CAFR may be obtained from CalPERS, 400 Q Street, Sacramento, California, 95811, and from www.calpers.ca.gov.

The risks of participating in multiple-employer plans is different from single-employer plans in the following aspects:

- Assets contributed to multiple-employer plans by one employer may be used to provide benefits to employees of other participating employers.
- If a participating employer stops contributing to the plan, the unfunded obligations of the plans may be borne by the remaining participating employers.
- If the Organization chooses to stop participating in the multiple-employer plans, it may be required to pay those plans an amount based on the underfunded status of the plans, referred to as a withdrawal liability.

The following schedule reflects information for the CalPERS plans, in accordance with the most recently available CAFR for the fiscal year ended June 30, 2022:

	Classic	PEPRA
Plan identification number	2178631467	2178631467
Rate plan number	8323	26216
Accumulated benefit obligation	\$ 17,022,143	\$ 3,157,101
Total plan assets	\$ 16,243,477	\$ 2,933,389
Unfunded accrued liability	\$ 778,666	\$ 223,712
Funded status	95.4%	92.9%
Organization's contributions represent less than 5% of total contributions to the plan	Yes	Yes
Funding improvement plan or rehabilitation plan	N/A	N/A
Surcharge imposed	No	No

Funding Policy

Annually, CalPERS determines the required employer contribution rates for each participating agency. The required employer contribution rate for the Classic plan was 8.63% for the year ended June 30, 2023. To participate in the CalPERS plan, Classic plan employees are required to contribute 7.00% of their earnings to which the Board of Directors agreed to contribute 2.00% of the employees' required contribution, bringing the total employer contribution rate to 10.63%. The required employer contribution rate for the PEPRA plan was 7.47% for the year ended June 30, 2023. PEPRA plan employees are required to contribute 6.750% of their earnings to participate in the CalPERS plan. Expenses recognized for the CalPERS plans amounted to \$592,739 for the year ended June 30, 2023.

ASSOCIATED STUDENTS OF CALIFORNIA STATE UNIVERSITY, CHICO

Notes to Financial Statements

Year Ended June 30, 2023

Note 9 - Related-Party Transactions

Campus Food Service Agreement

Under contract with CSU, Chico, the Organization provides residential dining services, in the state-owned residence halls, for the students of the six campus residence halls. The contract for the 2022-23 fiscal year through the 2023-24 fiscal year was negotiated and signed by both parties on June 30, 2022, and provides reimbursement for actual costs, not to exceed \$5,995,962.

Operating Lease and Facility Use Agreements

The Organization operates as an auxiliary organization to CSU, Chico, under an operating lease agreement. An operating lease agreement, ending December 31, 2026, was negotiated and signed by both parties on December 30, 2015, whereby \$300,000 plus 2.25% of Wildcat Store and dining services cash operations net sales are payable at the end of each fiscal year. Due to decreased enrollment, an amendment to the agreement for fiscal years 2022-23 and 2023-24 was approved temporarily removing the \$300,000 payment. As required by the operating lease agreement, CSU, Chico, directs the operating lease payments to Chico State Enterprises.

The Organization uses certain CSU, Chico, facilities under lease agreements requiring rental payments or space trade. These facilities include the BMU (nominal), residence dining, certain warehouse space, and Creekside Coffee. CSU, Chico, provides facilities for the Child Development Laboratory at no cost.

The following is a schedule of transactions with related parties for the year ended June 30, 2023:

Transactions with CSU, Chico:

Payments to University for other than salaries of University personnel	\$	1,666,389
Payments received from University for services, space, and programs	\$	16,413,335
Gifts (cash or assets) to the University from recognized Auxiliary Organization	\$	99,020
Accounts payable to University	\$	(101,678)
Accounts receivable from University	\$	1,218,109

Transactions with the Chico State Enterprises:

Accounts receivable from Chico State Enterprises	\$	5,780
Accounts payable to Chico State Enterprises	\$	(129,648)

Transactions with the University Foundation CSU, Chico:

Accounts receivable from the University Foundation CSU, Chico	\$	7,049
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ASSOCIATED STUDENTS OF CALIFORNIA STATE UNIVERSITY, CHICO

Notes to Financial Statements

Year Ended June 30, 2023

Note 10 - Availability and Liquidity of Assets

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

Financial assets at year end:	
Cash and cash equivalents	\$ 25,424,824
Accounts and other receivables	438,601
Sponsored programs receivable	<u>1,200</u>
Total financial assets	25,864,625
Less amounts not available to be used within one year for general purposes:	
Board Designated Reserve Funds (Note 5)	<u>(8,581,397)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u><u>17,283,228</u></u>

The Organization's financial assets are included in the qualitative analysis above. Those assets available to meet cash needs for general expenditures within one year of the statement of financial position date are not subject to donor or other contractual restrictions that would make them unavailable. The amounts considered not available to be used within one year for general expenditures are long-term brokered certificates of deposit and certain board designated reserve funds, including investments in buildings and equipment. The board designated reserve funds could be made available, if necessary, and are fully described in Note 5.

SUPPLEMENTAL INFORMATION

ASSOCIATED STUDENTS OF CALIFORNIA STATE UNIVERSITY, CHICO

Schedule of Activities of the Auxiliary Activities Fund

Year Ended June 30, 2023

	Wildcat Store	Dining Services		Total	Total All Funds
		Cash Operations	Residence Dining Halls		
Sales	\$ -	\$ 2,875,768	\$ 6,432,209	\$ 9,307,977	\$ 9,307,977
Less: cost of sales	-	1,263,360	1,690,356	2,953,716	2,953,716
Sales commissions	430,039	240,476	-	240,476	670,515
Gross Profit	430,039	1,852,884	4,741,853	6,594,737	7,024,776
Operating Expenses:					
Salaries and wages	11,932	1,240,527	2,623,690	3,864,217	3,876,149
Employee benefits	3,694	279,781	573,115	852,896	856,590
Accounting, human resources and administration services	48,507	219,355	261,334	480,689	529,196
Repairs and maintenance	27,097	195,354	82,056	277,410	304,507
Supplies and small equipment	-	78,858	113,126	191,984	191,984
Utilities	49,784	141,606	-	141,606	191,390
Information technology services	-	63,365	71,036	134,401	134,401
Contributions to campus mission	58,960	64,685	-	64,685	123,645
Depreciation	8,670	97,565	-	97,565	106,235
Miscellaneous	826	64,622	16,287	80,909	81,735
Wildcat and credit card charges	-	72,858	6,312	79,170	79,170
Insurance	12,498	29,102	24,070	53,172	65,670
Professional services	-	15,931	42,237	58,168	58,168
Communications	7,740	13,871	4,362	18,233	25,973
Rent	-	20,229	-	20,229	20,229
Professional development and travel	-	1,286	15,634	16,920	16,920
Advertising and printing	-	3,529	3,079	6,608	6,608
Total Operating Expenses	229,708	2,602,524	3,836,338	6,438,862	6,668,570
Income (Loss) From Operations	200,331	(749,640)	905,515	155,875	356,206
Interest income, realized gains and other income	181,169	70,939	24,280	95,219	276,388
Campus support	180,000	-	-	-	180,000
Other expenses	-	(7,117)	(2,537)	(9,654)	(9,654)
Pension and postretirement benefit cost-other	-	(59,833)	-	(59,833)	(59,833)
Pension and postretirement benefit cost-amortization	-	(128,514)	-	(128,514)	(128,514)
Other fund transfers	(400,212)	(164,491)	-	(164,491)	(564,703)
Change in Net Assets Without Donor Restrictions	\$ 161,288	\$ (1,038,656)	\$ 927,258	\$ (111,398)	\$ 49,890

See independent auditor's report.

ASSOCIATED STUDENTS OF CALIFORNIA STATE UNIVERSITY, CHICO

Schedule of Activity Fee Program Operations

Year Ended June 30, 2023

Revenue and Other Support:	
Allocation of revenue funds from campus	\$ 1,771,545
Interest income	112,223
Other income	34,162
Student and campus programs	23,028
Campus support	-
Indirect income	60,358
Gifts	1,139
	<hr/>
Total Revenue and Other Support	2,002,455
	<hr/>
Expenses:	
Programs	648,045
Salaries and wages	621,092
Accounting, human resources and administration services	268,365
Employee benefits	199,868
Information technology services	54,471
Miscellaneous	32,352
Professional services	31,217
Insurance	29,933
Professional development and travel	23,799
Depreciation	20,186
Communications	16,428
Repairs and maintenance	15,589
Supplies and small equipment	12,425
Utilities	9,208
Advertising and printing	3,921
Rent	-
	<hr/>
Total Expenses	1,986,899
	<hr/>
Excess Revenues From Operations	15,556
Other fund transfers	12,955
Pension and postretirement benefit cost-amortization	(124,026)
Pension and postretirement benefit cost-other	(139,299)
	<hr/>
Increase in Net Assets Without Donor Restrictions	\$ (234,814)
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ASSOCIATED STUDENTS OF CALIFORNIA STATE UNIVERSITY, CHICO

Schedule of Student Union Operating Fund Operations

Year Ended June 30, 2023

Revenue and Other Support:	
Allocation of revenue funds from campus	\$ 7,664,031
Interest income	216,212
Other income	172,641
Recreation programming	131,862
Conference services	113,653
	<hr/>
Total Revenue and Other Support	8,298,399
	<hr/>
Expenses:	
Salaries and wages	3,516,019
Employee benefits	1,036,044
Accounting, human resources and administration services	838,242
Utilities	646,485
Depreciation	418,858
Supplies and small equipment	377,045
Program	350,101
Information technology services	233,188
Repairs and maintenance	221,286
Insurance	205,157
Professional services	167,849
Professional development and travel	62,205
Communications	52,716
Advertising and printing	26,841
Miscellaneous	14,735
Rent	-
	<hr/>
Total Expenses	8,166,771
	<hr/>
Excess (Deficiency) Revenues From Operations	131,628
	<hr/>
Other fund transfers	564,703
Pension and postretirement benefit cost-amortization	(254,340)
Pension and postretirement benefit cost-other	(296,366)
	<hr/>
Increase in Net Assets Without Donor Restrictions	\$ 145,625
	<hr/> <hr/>

ASSOCIATED STUDENTS OF CALIFORNIA STATE UNIVERSITY, CHICO

Schedule of Source of Funding and Expenses for Sponsored Programs

Year Ended June 30, 2023

Source of Funding (Direct):	
State of California	\$ 670,885
Federal funds	<u>236,963</u>
Total Direct Sources	<u>907,848</u>
Source of Indirect Cost Reimbursements:	
State of California and local governments	53,487
Federal government	<u>6,872</u>
Total Indirect Cost Reimbursements	<u>60,359</u>
Total Funding	<u>968,207</u>
Direct Expenses:	
Personnel services:	
Salaries and wages	564,269
Employee benefits	217,504
Operating expenses	<u>145,343</u>
Total Direct Expenses	<u>927,116</u>
Indirect Expenses:	
Personnel services:	
Salaries and wages	21,996
Employee benefits	11,855
Operating expenses	<u>7,240</u>
Total Indirect Expenses	<u>41,091</u>
Total Expenses	<u>\$ 968,207</u>

ASSOCIATED STUDENTS OF CALIFORNIA STATE UNIVERSITY, CHICO

Schedule of Investments and Savings

Year Ended June 30, 2023

The following is a schedule of investments and savings:

	<u>Cost</u>	<u>Market Value</u>	<u>Date of Purchase</u>	<u>Maturity Date</u>	<u>Interest Rate</u>
Short-Term Investment Pools:					
Local Agency Investment Fund - State Pool	\$ 24,197,663	\$ 24,197,663	Various	On demand	2.33%

ASSOCIATED STUDENTS OF CALIFORNIA STATE UNIVERSITY, CHICO

Schedule of Net Position

June 30, 2023

(for inclusion in the California State University)

Assets:

Current assets:

Cash and cash equivalents	1,227,161
Short-term investments	24,197,663
Accounts receivable, net	1,670,740
Lease receivable, current portion	-
P3 receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	-
Prepaid expenses and other current assets	162,380
Total current assets	27,257,944

Noncurrent assets:

Restricted cash and cash equivalents	-
Accounts receivable, net	-
Lease receivable, net of current portion	-
P3 receivable, net of current portion	-
Notes receivable, net of current portion	-
Student loans receivable, net	-
Pledges receivable, net	-
Endowment investments	-
Other long-term investments	-
Capital assets, net	2,128,415
Other assets	20,000
Total noncurrent assets	2,148,415
Total assets	29,406,359

Deferred outflows of resources:

Unamortized loss on debt refunding	-
Net pension liability	447,267
Net OPEB liability	-
Leases	-
P3	-
Others	-
Total deferred outflows of resources	447,267

Liabilities:

Current liabilities:

Accounts payable	525,179
Accrued salaries and benefits	979,657
Accrued compensated absences, current portion	331,468
Unearned revenues	-
Lease liabilities, current portion	-
SBITA liabilities - current portion	-
P3 liabilities - current portion	-
Long-term debt obligations, current portion	-
Claims liability for losses and loss adjustment expenses, current portion	-
Depository accounts	-
Other liabilities	6,221
Total current liabilities	1,842,525

ASSOCIATED STUDENTS OF CALIFORNIA STATE UNIVERSITY, CHICO

Schedule of Net Position, continued

June 30, 2023

(for inclusion in the California State University)

Noncurrent liabilities:	
Accrued compensated absences, net of current portion	218,379
Unearned revenues	136,201
Grants refundable	-
Lease liabilities, net of current portion	-
SBITA liabilities, net of current portion	-
P3 liabilities, net of current portion	-
Long-term debt obligations, net of current portion	-
Claims liability for losses and loss adjustment expenses, net of current portion	-
Depository accounts	-
Net other postemployment benefits liability	252,010
Net pension liability	1,002,378
Other liabilities	-
Total noncurrent liabilities	<u>1,608,968</u>
Total liabilities	<u>3,451,493</u>
Deferred inflows of resources:	
P3 service concession arrangements	-
Net pension liability	-
Net OPEB liability	680,912
Unamortized gain on debt refunding	-
Nonexchange transactions	-
Lease	-
P3	-
Others	-
Total deferred inflows of resources	<u>680,912</u>
Net position:	
Net investment in capital assets	2,128,415
Restricted for:	
Nonexpendable – endowments	-
Expendable:	
Scholarships and fellowships	-
Research	-
Loans	-
Capital projects	-
Debt service	-
Others	-
Unrestricted	23,592,806
Total net position	<u><u>25,721,221</u></u>

ASSOCIATED STUDENTS OF CALIFORNIA STATE UNIVERSITY, CHICO

Schedule of Revenues, Expenses, and Changes in Net Position

June 30, 2023

(for inclusion in the California State University)

Revenues:	
Operating revenues:	
Student tuition and fees, gross	-
Scholarship allowances (enter as negative)	-
Grants and contracts, noncapital:	
Federal	243,835
State	724,372
Local	-
Nongovernmental	-
Sales and services of educational activities	-
Sales and services of auxiliary enterprises, gross	10,080,996
Scholarship allowances (enter as negative)	-
Other operating revenues	9,971,410
Total operating revenues	21,020,613
Expenses:	
Operating expenses:	
Instruction	-
Research	-
Public service	-
Academic support	-
Student services	5,176,409
Institutional support	2,057,863
Operation and maintenance of plant	5,304,555
Student grants and scholarships	-
Auxiliary enterprise expenses	9,178,969
Depreciation and amortization	545,279
Total operating expenses	22,263,075
Operating income (loss)	(1,242,462)
Nonoperating revenues (expenses):	
State appropriations, noncapital	-
Federal financial aid grants, noncapital	-
State financial aid grants, noncapital	-
Local financial aid grants, noncapital	-
Nongovernmental and other financial aid grants, noncapital	-
Other federal nonoperating grants, noncapital	-
Gifts, noncapital	1,139
Investment income (loss), net	527,661
Endowment income (loss), net	-
Interest expense	-
Other nonoperating revenues (expenses)	180,000
Net nonoperating revenues (expenses)	708,800
Income (loss) before other revenues (expenses)	(533,662)
State appropriations, capital	-
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	-
Increase (decrease) in net position	(533,662)
Net position:	
Net position at beginning of year, as previously reported	26,254,883
Restatements	-
Net position at beginning of year, as restated	26,254,883
Net position at end of year	25,721,221

ASSOCIATED STUDENTS OF CALIFORNIA STATE UNIVERSITY, CHICO

Other Information

June 30, 2023

(for inclusion in the California State University)

1 Cash and cash equivalents:

Portion of restricted cash and cash equivalents related to endowments	\$	-
All other restricted cash and cash equivalents		-
Noncurrent restricted cash and cash equivalents		-
Current cash and cash equivalents		1,227,161
Total	\$	1,227,161

2.1 Composition of investments:

Investment Type	Current	Noncurrent	Total
Money market funds	\$ -	\$ -	\$ -
Repurchase agreements	-	-	-
Certificates of deposit	-	-	-
U.S. agency securities	-	-	-
U.S. treasury securities	-	-	-
Municipal bonds	-	-	-
Corporate bonds	-	-	-
Asset-backed securities	-	-	-
Mortgage-backed securities	-	-	-
Commercial paper	-	-	-
Supranational	-	-	-
Mutual funds	-	-	-
Exchange-traded funds	-	-	-
Equity securities	-	-	-
Alternative investments:	-	-	-
Private equity (including limited partnerships)	-	-	-
Hedge funds	-	-	-
Managed futures	-	-	-
Real estate investments (including REITs)	-	-	-
Commodities	-	-	-
Derivatives	-	-	-
Other alternative investments	-	-	-
Other external investment pools	-	-	-
CSU Consolidated Investment Pool (formerly SWIFT)	-	-	-
State of California Local Agency Investment Fund (LAIF)	24,197,663	-	24,197,663
State of California Surplus Money Investment Fund (SMIF)	-	-	-
Other investments	-	-	-
Total investments	24,197,663	-	24,197,663
Less endowment investments (enter as negative number)	-	-	-
Total investments, net of endowments	\$ 24,197,663	\$ -	\$ 24,197,663

ASSOCIATED STUDENTS OF CALIFORNIA STATE UNIVERSITY, CHICO

Other Information

June 30, 2023

(for inclusion in the California State University)

2.2 Fair value hierarchy in investments:

Investment Type	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value (NAV)
Money market funds	\$ -	\$ -	\$ -	\$ -	\$ -
Repurchase agreements	-	-	-	-	-
Certificates of deposit	-	-	-	-	-
U.S. agency securities	-	-	-	-	-
U.S. treasury securities	-	-	-	-	-
Municipal bonds	-	-	-	-	-
Corporate bonds	-	-	-	-	-
Asset-backed securities	-	-	-	-	-
Mortgage-backed securities	-	-	-	-	-
Commercial paper	-	-	-	-	-
Supranational	-	-	-	-	-
Mutual funds	-	-	-	-	-
Exchange-traded funds	-	-	-	-	-
Equity securities	-	-	-	-	-
Alternative investments:	-	-	-	-	-
Private equity (including limited partnerships)	-	-	-	-	-
Hedge funds	-	-	-	-	-
Managed futures	-	-	-	-	-
Real estate investments (including REITs)	-	-	-	-	-
Commodities	-	-	-	-	-
Derivatives	-	-	-	-	-
Other alternative investments	-	-	-	-	-
Other external investment pools	-	-	-	-	-
CSU Consolidated Investment Pool (formerly SWIFT)	-	-	-	-	-
State of California Local Agency Investment Fund (LAIF)	24,197,663	-	-	-	24,197,663
State of California Surplus Money Investment Fund (SMIF)	-	-	-	-	-
Other investments	-	-	-	-	-
Total investments	\$ 24,197,663	\$ -	\$ -	\$ -	\$ 24,197,663

ASSOCIATED STUDENTS OF CALIFORNIA STATE UNIVERSITY, CHICO

Other Information

June 30, 2023

(for inclusion in the California State University)

3.1 Capital Assets, excluding ROU assets:

<u>Composition of capital assets, excluding ROU assets:</u>	Balance June 30, 2022	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2022 (Restated)	Additions	Retirements	Transfer of completed CWIP/PWIP	Balance June 30, 2023
Non-depreciable/Non-amortizable capital assets:									
Land and land improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Works of art and historical treasures	-	-	-	-	-	-	-	-	-
Construction work in progress (CWIP)	-	-	-	-	-	-	-	-	-
Intangible assets:									
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Intangible assets in progress (PWIP)	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets	-	-	-	-	-	-	-	-	-
Total non-depreciable/non-amortizable capital assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Depreciable/Amortizable capital assets:									
Buildings and building improvements	\$ 3,149,735	\$ -	\$ -	\$ -	\$ 3,149,735	\$ -	\$ (1,125)	\$ -	\$ 3,148,610
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	5,279,770	-	-	-	5,279,770	563,696	(100,806)	-	5,742,660
Library books and materials	-	-	-	-	-	-	-	-	-
Intangible assets:									
Software and websites	-	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets	-	-	-	-	-	-	-	-	-
Total depreciable/amortizable capital assets	8,429,505	-	-	-	8,429,505	563,696	(101,931)	-	8,891,270
Total capital assets	\$ 8,429,505	\$ -	\$ -	\$ -	\$ 8,429,505	\$ 563,696	\$ (101,931)	\$ -	\$ 8,891,270

ASSOCIATED STUDENTS OF CALIFORNIA STATE UNIVERSITY, CHICO

Other Information

June 30, 2023

(for inclusion in the California State University)

Composition of capital assets, continued:	Balance June 30, 2022	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2022 (Restated)	Additions	Retirements	Transfer of completed CWIP/PWIP	Balance June 30, 2023
3.1 Less accumulated depreciation/amortization:									
Buildings and building improvements	\$ (2,107,957)	\$ -	\$ -	\$ -	\$ (2,107,957)	\$ (177,563)	\$ 1,125	\$ -	\$ (2,284,395)
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	(4,210,779)	-	-	-	(4,210,779)	(367,716)	100,035	-	(4,478,460)
Library books and materials	-	-	-	-	-	-	-	-	-
Intangible assets:									
Software and websites	-	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets	-	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	(6,318,736)	-	-	-	(6,318,736)	(545,279)	101,160	-	(6,762,855)
Total capital assets, net excluding ROU assets	\$ 2,110,769	\$ -	\$ -	\$ -	\$ 2,110,769	\$ 18,417	\$ (771)	\$ -	\$ 2,128,415
Total capital assets, net including ROU assets									\$ 2,128,415

3.2 Detail of depreciation and amortization expense:

Depreciation and amortization expense - capital assets, excluding ROU assets	\$ 545,279
Amortization expense - Leases ROU	-
Amortization expense - SBITA ROU	-
Amortization expense - P3 ROU	-
Depreciation and Amortization expense - Others	-
Total depreciation and amortization	\$ 545,279

ASSOCIATED STUDENTS OF CALIFORNIA STATE UNIVERSITY, CHICO

Other Information

June 30, 2023

(for inclusion in the California State University)

4 Long-term liabilities:

	Balance June 30, 2022	Prior Period Adjustments/Recla ssifications	Balance June 30, 2022 (Restated)	Additions	Reductions	Balance June 30, 2023	Current Portion	Noncurrent Portion
1. Accrued compensated absences	\$ 489,248	\$ -	\$ 489,248	\$ 227,119	\$ (166,520)	\$ 549,847	\$ 331,468	\$ 218,379
2. Claims liability for losses and loss adjustment expenses	-	-	-	-	-	-	-	-
3. Capital lease obligations (pre-ASC 842):								
Gross balance	-	-	-	-	-	-	-	-
Unamortized net premium/(discount)	-	-	-	-	-	-	-	-
Total capital lease obligations (pre ASC 842)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4. Long-term debt obligations:								
4.1 Auxiliary revenue bonds (non-SRB related)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4.2 Commercial paper	-	-	-	-	-	-	-	-
4.3 Notes payable (SRB related)	-	-	-	-	-	-	-	-
4.4 Finance purchase of capital assets	-	-	-	-	-	-	-	-
4.5 Others	-	-	-	-	-	-	-	-
Sub-total long-term debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4.6 Unamortized net bond premium/(discount)	-	-	-	-	-	-	-	-
Total long-term debt obligations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

5. Lease, SBITA, P3 liabilities:

	Balance June 30, 2022	Prior Period Adjustments/Recla ssifications	Additions	Remeasurements	Reductions	Balance June 30, 2023	Current Portion	Noncurrent Portion
Lease liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SBITA liabilities	-	-	-	-	-	-	-	-
P3 liabilities - SCA	-	-	-	-	-	-	-	-
P3 liabilities - non-SCA	-	-	-	-	-	-	-	-
Sub-total P3 liabilities	-	-	-	-	-	-	-	-
Total Lease, SBITA, P3 liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Total long-term liabilities

\$ 549,847 \$ 331,468 \$ 218,379

ASSOCIATED STUDENTS OF CALIFORNIA STATE UNIVERSITY, CHICO

Other Information

June 30, 2023

(for inclusion in the California State University)

7 Transactions with related entities:

Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$	-
Payments to University for other than salaries of University personnel	\$	1,666,389
Payments received from University for services, space, and programs	\$	16,413,335
Gifts-in-kind to the University from discretely presented component units	\$	-
Gifts (cash or assets) to the University from discretely presented component units	\$	99,020
Accounts payable to University	\$	(101,678)
Other amounts payable to University	\$	-
Accounts receivable from University	\$	1,218,109
Other amounts receivable from University	\$	-

ASSOCIATED STUDENTS OF CALIFORNIA STATE UNIVERSITY, CHICO

Other Information

June 30, 2023

(for inclusion in the California State University)

9 Natural classifications of operating expenses:

	Salaries	Benefits - Other	Benefits - Pension	Benefits - OPEB	Scholarships and fellowships	Supplies and other services	Depreciation and amortization	Total operating expenses
Instruction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Research	-	-	-	-	-	-	-	-
Public service	-	-	-	-	-	-	-	-
Academic support	-	-	-	-	-	-	-	-
Student services	2,454,611	496,957	711,997	(10,670)	-	1,523,514	-	5,176,409
Institutional support	1,175,484	299,183	125,310	3,476	-	454,410	-	2,057,863
Operation and maintenance of plant	2,268,765	628,753	840,796	(10,165)	-	1,576,406	-	5,304,555
Student grants and scholarships	-	-	-	-	-	-	-	-
Auxiliary enterprise expenses	3,876,149	712,130	472,981	(11,660)	-	4,129,369	-	9,178,969
Depreciation and amortization	-	-	-	-	-	-	545,279	545,279
Total operating expenses	\$ 9,775,009	\$ 2,137,023	\$ 2,151,084	\$ (29,019)	\$ -	\$ 7,683,699	\$ 545,279	\$ 22,263,075

ASSOCIATED STUDENTS OF CALIFORNIA STATE UNIVERSITY, CHICO

Other Information

June 30, 2023

(for inclusion in the California State University)

10 Deferred outflows/inflows of resources:

1. Deferred Outflows of Resources

Deferred outflows - unamortized loss on refunding(s)	\$	-
Deferred outflows - net pension liability		447,267
Deferred outflows - net OPEB liability		-
Deferred outflows - leases		-
Deferred outflows - P3		-
Deferred outflows - others		-
Total deferred outflows of resources	\$	447,267

2. Deferred Inflows of Resources

Deferred inflows - P3 service concession arrangements	\$	-
Deferred inflows - net pension liability		-
Deferred inflows - net OPEB liability		680,912
Deferred inflows - unamortized gain on debt refunding(s)		-
Deferred inflows - nonexchange transactions		-
Deferred inflows - leases		-
Deferred inflows - P3		-
Deferred inflows - others		-
Total deferred inflows of resources	\$	680,912

11 Other nonoperating revenues (expenses)

Other nonoperating revenues	\$	180,000
Other nonoperating (expenses)		-
Total other nonoperating revenues (expenses)	\$	180,000

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
Associated Students of California State University, Chico

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 Associated Students of California State University, Chico (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 22, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Associated Students of California State University, Chico's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Associated Students of California State University, Chico's internal control. Accordingly, we do not express an opinion on the effectiveness of Associated Students of California State University, Chico'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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Associated Students of California State University, Chico'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Aldrich CPAs + Advisors LLP

San Diego, California
September 22, 2023