

**Otter Student Union at California State University,  
Monterey Bay**

**Annual Report**

**For the Years Ended  
June 30, 2022 and 2021**

**Otter Student Union at California State University, Monterey Bay**  
**Annual Report**  
**For the Years Ended**  
**June 30, 2022 and 2021**

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## Independent Auditors' Report

Board of Directors  
Otter Student Union at California State University, Monterey Bay  
Seaside, California

### Opinions

We have audited the accompanying financial statements of net position of Otter Student Union at California State University, Monterey Bay (OSU), a component unit of California State University, Monterey Bay, as of June 30, 2022 and 2021, and the related statement of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the OSU's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Otter Student Union at California State University, Monterey Bay as of June 30, 2022 and 2021, and the change in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 the Otter Student Union at California State University, Monterey Bay, 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 Otter Student Union at California State University, Monterey Bay's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted 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 Otter Student Union at California State University, Monterey Bay'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 Otter Student Union at California State University, Monterey Bay'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.

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Otter Student Union at California State University, Monterey Bay's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

A handwritten signature in black ink that reads "GLENN BURDETTE ATTEST CORPORATION". The letters are in all caps and have a slightly cursive, hand-drawn appearance.

Glenn Burdette Attest Corporation  
San Luis Obispo, California

October 3, 2022

**Otter Student Union at California State University, Monterey Bay**  
**Management's Discussion and Analysis**  
**June 30, 2022 and 2021**

The Otter Student Union at California State University, Monterey Bay (OSU) began its operations in April 2018 as an auxiliary in good standing of California State University, Monterey Bay (CSUMB or University). The OSU is an IRC Section 501(c)(3) not-for-profit public benefit corporation and its mission is to support the University campus and provide opportunities and advocacy which reflects the founding vision of the University to the surrounding communities.

As management of the OSU, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the OSU for the fiscal years ended June 30, 2022 and 2021. We encourage readers to read the information presented here in conjunction with additional information that we have provided in the OSU's financial statements, which follow this narrative. The OSU's financial statements are presented here and are incorporated in the University's financial statements as a component unit.

***Financial Highlights***

- At June 30, 2022, the OSU had \$2.1 million in total assets and \$358 thousand in total liabilities for net position of \$1.8 million or a 32.6 percent increase.
- Student fees transferred from the University in 2021/22 decreased 14.1 percent or \$251 thousand to \$1.5 million from \$1.8 million.
- Other operating revenues increased 143,988.2 percent or \$207 thousand to \$207 thousand from \$144.
- Contract services increased 23.9 percent or \$176 thousand from \$735 thousand to \$911 thousand.
- Utilities increased 100.0 percent to \$171 thousand from zero.
- Insurance expense increased 4,339.1 percent or \$160 thousand in 2021/22 to \$163 thousand from \$4 thousand.
- Operating income decreased by 55.3 percent or \$523 thousand from \$946 thousand to \$423 thousand in 2021/22.

**Otter Student Union at California State University, Monterey Bay**  
**Management's Discussion and Analysis**  
**June 30, 2022 and 2021**

***Overview of the Financial Statements***

This annual report consists of a series of financial statements. The Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flow (on pages 11 through 14) all provide information about the OSU's activities and present a long-term view of its finances.

These statements are prepared using the accrual basis of accounting which recognizes expenses when incurred and revenue when earned rather than when payment is made or received and is widely used by most private sector companies. They also report the OSU's net position and change in net position. You can think of the OSU's net position – the difference between assets (plus deferred outflows of resources) and liabilities (plus deferred inflows of resources) – as one way to measure the OSU's financial health, or fiscal position. Over time, increases or decreases in the OSU's net position are one indicator of whether its financial health is improving or declining.

***Condensed Financial Information***

Net position in 2021/22 of \$1.8 million as well as net position in 2020/21 of \$1.3 million are both primarily a result of the net student union fees exceeding total operating expenses resulting in operating income.

The accompanying audited financial statements as of and for the years ended June 30, 2022 and 2021 are reported in accordance with standards and requirements of the GASB as are the following schedules.

**Otter Student Union at California State University, Monterey Bay**  
**Management's Discussion and Analysis**  
**June 30, 2022 and 2021**

**Table 1: Condensed Summary of Net Position as of June 30, 2022, 2021, and 2020**

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>Assets</b>			
Current assets	\$ 2,118,696	\$ 1,530,631	\$ 489,445
Total Assets	<u>2,118,696</u>	<u>1,530,631</u>	<u>489,445</u>
<b>Liabilities</b>			
Current liabilities	358,445	203,306	108,001
Total Liabilities	<u>358,445</u>	<u>203,306</u>	<u>108,001</u>
<b>Net Position</b>			
Unrestricted	1,760,251	1,327,325	381,444
Total Net Position	<u>\$ 1,760,251</u>	<u>\$ 1,327,325</u>	<u>\$ 381,444</u>

**Assets**

*Current assets*, or assets that can normally be converted to cash in less than one year, consist of Cash and cash equivalents and Receivables.

Cash and cash equivalents are held in checking accounts. In 2021/22, Cash and cash equivalents increased 24.9 percent or \$381 thousand from \$1.5 million to \$1.9 million. This increase can be attributed to a net increase in event revenues and other operating revenues in 2021/22. Cash and cash equivalents in 2020/21 increased 216.8 percent or \$1.0 million from \$482 thousand to \$1.5 million. This increase was attributed to a net increase in student fees and federal funding for lost revenue in 2020/21. More details on Cash and cash equivalents can be found in Note 1 to the financial statements.

Receivable from the Corporation increased in 2021/22 by 100.0 percent or \$201 thousand from \$0 to \$201 thousand. The increase is a result of the opening of the new OSU Student Union facility and consists of \$137 thousand for rental of space, \$44 thousand for utilities and \$19 thousand for waste services.



**Otter Student Union at California State University, Monterey Bay**  
**Management's Discussion and Analysis**  
**June 30, 2022 and 2021**

**Liabilities**

*Current liabilities*, amounts owed within one year, consist of Accounts payable, Payable to Corporation, Due to University, and Other liabilities.

In 2021/22, Accounts payable increased to \$69 thousand from \$16 thousand for a \$53 thousand or 321.4 percent change. This increase is due to the repopulation of the campus and resuming in-person activities as well as the opening of the new Otter Student Union facility. In 2020/21, Accounts payable increased by 16,625.5% or \$16 thousand from \$98 to \$16 thousand due to the 2019/20 year only having six months of activity as it was the first year for this Auxiliary.

In 2021/22 Payable to Corporation increased to \$249 thousand from \$163 thousand for a \$86 thousand or 53.0 percent increase. This increase is attributed to increased payroll costs as a result of the opening of the new Otter Student Union facility as well as additional invoices due related to payroll expenses. Payable to Corporation increased from \$107 thousand to \$163 thousand in 2020/21 for an increase of \$56 thousand or 53.2 percent. This increase was due to outstanding payroll and administrative fee invoices due at year-end.

**Otter Student Union at California State University, Monterey Bay**  
**Management's Discussion and Analysis**  
**June 30, 2022 and 2021**

***Results of Operations***

In fiscal year 2021/22, the OSU's net position increased 32.6 percent or \$433 thousand as a result of Operating revenues exceeding Operating expenses.

**Table 2: Condensed Summary of Changes in Net Position for  
Years Ended June 30, 2022, 2021 and 2020**

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>Operating Revenues</b>			
Student fees	\$ 1,527,817	\$ 1,779,234	\$ 1,292,954
Sales and services of auxiliary enterprises	72,107	3,930	22,916
Other operating revenues	207,487	144	1,251
Total Operating Revenues	<u>1,807,411</u>	<u>1,783,308</u>	<u>1,317,121</u>
<b>Operating Expenses</b>			
Contract services	911,270	735,592	808,354
Utilities	170,847	-	-
Insurance	163,314	3,679	3,334
Other operating expenses	139,269	98,156	160,174
Total Operating Expenses	<u>1,384,700</u>	<u>837,427</u>	<u>971,862</u>
Operating Income	<u>422,711</u>	<u>945,881</u>	<u>345,259</u>
<b>Increase in Net Position</b>	432,926	945,881	345,259
<b>Net Position</b>			
Net position — beginning of year	1,327,325	381,444	36,185
Net position — end of year	<u>\$ 1,760,251</u>	<u>\$ 1,327,325</u>	<u>\$ 381,444</u>

**Otter Student Union at California State University, Monterey Bay**  
**Management's Discussion and Analysis**  
**June 30, 2022 and 2021**

*Operating revenues* consist of Student fees, Sales and services of auxiliary enterprises, and Other operating revenues.

Student fees is a result of student union fees surplus for OSU operations. In 2021/22, Student fees decreased \$251 thousand or 14.1 percent from \$1.8 million to \$1.5 million. This decrease is a result of the absence of Higher Education Emergency Relief Funds being received in 2021/22. Student fees increased \$486 thousand or 37.6 percent from \$1.3 million to \$1.8 million in 2020/21. This increase was a result of additional surplus fees and qualifying lost revenue from the Higher Education Emergency Relief Fund.

Other operating revenues increased \$207 thousand in 2021/22, or 143,988.2 percent, from \$144 to \$207 thousand. This increase is due to the opening of the new Otter Student Union facility which generated revenue from the Corporation for space rental and usage fees. In 2020/21, Other operating revenues decreased from \$1 thousand to \$144 for a decrease of \$1 thousand or 88.5 percent due to the campus closure as a result of the COVID-19 pandemic.

*Operating expenses* include Contract services, Utilities, Insurance, and Other operating expenses.

In 2021/22, contract services increased 23.9 percent or \$176 thousand from \$735 thousand to \$911 thousand. This increase is due to the opening of the new Otter Student Union facility resulting in increases to contracted maintenance and custodial services as well as salaries and benefits expenses of Corporation personnel. Contract services in 2020/21 decreased 9 percent or \$73 thousand from \$808 thousand to \$735 thousand due to the campus closure resulting from COVID-19.

Utilities in 2021/22 increased to \$171 thousand from \$0 for a change of \$171 thousand or 100.0 percent. This increase is due to the opening of the new Otter Student Union facility.

Insurance expense consists of the purchase of insurance through California State University Risk Management Authority (CSURMA). In 2021/22, Insurance expense increased 4,339.1 percent or \$159 thousand from \$4 thousand to \$163 thousand as a result of the opening of the new Otter Student Union facility. In 2020/21, Insurance increased from \$3,444 to \$3,679 for a minimal change of \$235 dollars or 6.8 percent.

**Otter Student Union at California State University, Monterey Bay**  
**Management's Discussion and Analysis**  
**June 30, 2022 and 2021**

***Currently Known Facts, Decisions and Conditions***

The OSU's management believes the following will impact future reporting periods:

**Construction Loan repayment**

The Otter Student Union facility opened successfully in August 2021. It is a CSUMB-owned property that is operated by the Otter Student Union, a student-centered 501c3 nonprofit organization. In the construction of the new building there were significant cost overruns including two loans to help fund tenant improvements and the addition of the ballroom. These loans are currently held by University Corporation and have a current total of \$12 million. Currently the university has put a hold on these payments, but will likely require that payments begin in Fall 2024.

**COVID-19 Impact**

With the reopening of the campus in August 2021 and the completion of the OSU facility, the total anticipated future increase in income will be attributed to the increase in Student Fees from returning students and resuming student activities to be held in the new OSU facility. While fiscal year 2020/21 had a significant decrease in operations, including revenues, earnings and cash flow due to the campus closure, we have seen all activities increase in 2021/22 and expect to continue that pattern into the future.

**Otter Student Union at California State University, Monterey Bay  
Management's Discussion and Analysis  
June 30, 2022 and 2021**

***Requests for Information***

This report is designed to provide an overview of the OSU's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to:

Controller  
University Corporation at Monterey Bay  
100 Campus Center  
Building 201, Suite 101B  
Seaside, CA 93955

**Otter Student Union at California State University, Monterey Bay**  
**Financial Statements**  
**For the Years Ended June 30, 2022 and 2021**

**Otter Student Union at California State University, Monterey Bay**  
**Statement of Net Position**  
**June 30, 2022 and 2021**

	<b>2022</b>	<b>2021</b>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 1,909,941	\$ 1,528,687
Receivables:		
Corporation	201,096	-
University	7,659	1,944
Total Current Assets	2,118,696	1,530,631
Total Assets	2,118,696	1,530,631
<b>Liabilities</b>		
<b>Current Liabilities:</b>		
Accounts payable	69,070	16,391
Payable to Corporation	249,699	163,237
Due to University	39,366	23,368
Other liabilities	310	310
Total Current Liabilities	358,445	203,306
Total Liabilities	358,445	203,306
<b>Net Position</b>		
<b>Net Position:</b>		
Unrestricted	1,760,251	1,327,325
Total Net Position	\$ 1,760,251	\$ 1,327,325

The accompanying notes are an integral part of these financial statements.

**Otter Student Union at California State University, Monterey Bay**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Years Ended June 30, 2022 and 2021**

	<b>2022</b>	<b>2021</b>
<b>Operating Revenues:</b>		
Student fees	\$ 1,527,817	\$ 1,779,234
Sales and services of auxiliary enterprises	72,107	3,930
Other operating revenues	207,487	144
Total Operating Revenues	1,807,411	1,783,308
<b>Operating Expenses:</b>		
Contract services	911,270	735,592
Utilities	170,847	-
Supplies and services	14,944	9,255
Travel	7,382	-
Professional services	11,050	12,990
Administrative Expenses	59,669	59,669
Equipment	16,893	8,494
Insurance	163,314	-
Other operating expenses	29,331	11,427
Total Operating Expenses	1,384,700	837,427
<b>Operating Income</b>	422,711	945,881
<b>Nonoperating Revenues (Expenses):</b>		
Gifts and donations, noncapital	10,215	-
Net Nonoperating Revenues	10,215	-
<b>Increase in Net Position</b>	432,926	945,881
<b>Net Position:</b>		
Net position - beginning of year	1,327,325	381,444
Net position - end of year	\$ 1,760,251	\$ 1,327,325

The accompanying notes are an integral part of these financial statements.



**Otter Student Union at California State University, Monterey Bay**  
**Statement of Cash Flows**  
**Years Ended June 30, 2022 and 2021**

	<b>2022</b>	<b>2021</b>
<b>Cash Flows from Operating Activities:</b>		
Receipts from sales and services of auxiliary enterprises	\$ 66,392	\$ 2,661
Payments to suppliers	(377,601)	(40,360)
Payments to Corporation	(658,874)	(646,586)
Receipts from University	1,362,698	1,801,142
Other receipts	7,755	144
Other payments	(29,331)	(70,786)
Net Cash Provided by Operating Activities	371,039	1,046,215
<b>Cash Flows from Noncapital Financing Activities:</b>		
Gifts and donations	10,215	-
Net Cash Provided by Noncapital Financing Activities	10,215	-
Net Increase in Cash	381,254	1,046,215
<b>Cash and Cash Equivalents - Beginning of year</b>	<b>1,528,687</b>	<b>482,472</b>
<b>Cash and Cash Equivalents - End of year</b>	<b>\$ 1,909,941</b>	<b>\$1,528,687</b>

The accompanying notes are an integral part of these financial statements

**Otter Student Union at California State University, Monterey Bay**  
**Statement of Cash Flows (Continued)**  
**Years Ended June 30, 2022 and 2021**

	<b>2022</b>	<b>2021</b>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>		
Operating income	\$ 422,711	\$ 945,881
Adjustments to reconcile operating income to net cash provided by operating activities:		
Change in assets and liabilities:		
Receivables	(206,811)	5,029
Accounts payable	52,679	16,293
Payable to Corporation	86,462	56,654
Due to University	15,998	22,048
Other liabilities	-	310
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 371,039</b>	<b>\$1,046,215</b>

The accompanying notes are an integral part of these financial statements

**Otter Student Union at California State University, Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2022 and 2021**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Description of Reporting Entity***

The Otter Student Union at California State University, Monterey Bay (OSU), a nonprofit 501(c)(3) public benefit corporation, began operations in April 2018. The OSU is an auxiliary organization of the University and is presented in the University's financial statements as a component unit.

The mission of the OSU is to be the heartbeat of the campus and a bridge to surrounding communities providing spaces, opportunities, and advocacy that cultivate belonging reflective of CSUMB's founding vision. OSU's core values are fostering communities, valuing voice, cultivating social justice, and rooted in care.

The OSU began operating as a separate business unit, with financial services provided by the University Corporation at Monterey Bay, on January 1, 2019. The OSU engages in the following authorized functions per its agreement with the Office of the Chancellor: student union programs, operation of a student union facility; and acquisition, development, sale, and transfer of real and personal property including financing transactions related to these activities.

The OSU is governed by a Board of Directors, which is comprised of students, an alumni member, community members, a faculty member, and administrators.

***Basis of Presentation*** – The financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants, gifts, and similar items are recognized as soon as all eligibility requirements have been met.

***Other Accounting Policies***

***Cash and Cash Equivalents*** – Cash and cash equivalents include all highly liquid investments purchased with original maturities of three months or less. The OSU considers all balances in demand deposit and money market accounts to be cash equivalents for the purposes of the Statements of Net Position and Statements of Cash Flows.

**Otter Student Union at California State University, Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2022 and 2021**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Receivables*** – Receivables consist of monies due from the Corporation and the University. No allowance for doubtful accounts is deemed necessary.

***Net Position*** – The OSU’s net position is required to be classified for accounting and reporting purposes into the following net position categories:

***Net investment in capital assets*** includes capital assets, net of accumulated depreciation and amortization, and deferred outflows of resources, less the outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets. The OSU does not have any assets in this category.

***Restricted, nonexpendable*** consists of net position subject to externally imposed restrictions that they must be retained in perpetuity. Net position in this category does not apply to OSU.

***Restricted, expendable*** consists of net position subject to externally imposed restrictions that can be fulfilled by the actions of the OSU pursuant to those restrictions or that expire by the passage of time. Net position in this category does not apply to OSU.

***Unrestricted*** consists of all other categories of net position. Unrestricted may be designated for use by management of the OSU. These designations limit the area of operations for which expenditures of net position may be made and require that unrestricted net position be used to support future operations in these areas.

***Classification of Current and Noncurrent Assets and Liabilities*** – The OSU considers assets to be current that can reasonably be expected, as part of its normal business operations, to be converted to cash and be available for liquidation of current liabilities within twelve months of the Statements of Net Position date. Liabilities that can reasonably be expected, as part of normal business operations, to be liquidated within twelve months of the Statements of Net Position date are considered to be current. All other assets and liabilities are considered to be noncurrent.

***Classification of Revenues and Expenses*** – The OSU considers operating revenues and expenses in the Statements of Revenues, Expenses and Changes in Net Position to be those revenues and expenses that result from exchange transactions or from other activities that are connected directly to the OSU’s primary functions. Exchange transactions include charges for services rendered and the acquisition of goods and services.

**Otter Student Union at California State University, Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2022 and 2021**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Use of Estimates* – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*Income Taxes* – The OSU is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the OSU's tax-exempt purpose is subject to taxation as unrelated business income. No liability for income taxes has been recorded since the amount is not expected to be significant. In addition, the OSU qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(viii) and has been classified as an organization that is not a private foundation under Section 509(a)(3).

The OSU follows accounting standards generally accepted in the United States of America, which requires, among other things, the recognition and measurement of tax positions based on a "more likely than not" (likelihood greater than 50%) approach. As of June 30, 2022, management has considered its tax positions and believes that the Organization did not maintain any tax positions that did not meet the "more likely than not" threshold. The Organization does not expect any material changes through June 30, 2023. However, tax returns remain subject to examination by the Internal Revenue Service for fiscal years ending on or after June 30, 2019 and by the California Franchise Tax Board for fiscal years ending on or after June 30, 2018.

*Recent Pronouncements* – In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments. Activities meeting the criteria should be reported in a fiduciary fund in the basic financial statements. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the entity to disburse fiduciary resources. The provisions of Statement No. 84 are effective for fiscal years beginning after December 15, 2019. Implementation of this Statement did not have a material impact on the Organization's financial statements.

**Otter Student Union at California State University, Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2022 and 2021**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

In June 2017, GASB issued Statement No. 87, *Leases*. Statement No. 87 increases the usefulness of entities' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The provisions of Statement No. 87 are effective for fiscal years beginning after June 15, 2021. Implementation of this Statement did not have a material impact on the Organization's financial statements.

In June 2018, GASB issued Statement No 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. Statement No. 89 enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. The provisions of Statement No. 89 are effective for fiscal years beginning after December 15, 2020. Implementation of this Statement did not have a material impact on the Organization's financial statements.

In August 2018, GASB issued Statement No 90, *Majority Equity Interests*. Statement No. 90 improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. The provisions of Statement No. 90 are effective for fiscal years beginning after December 15, 2019 with earlier application encouraged. Implementation of this Statement did not have a material impact on the Organization's financial statements.

In May 2019, GASB issued Statement No 91, *Conduit Debt Obligations*. Statement No. 91 provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The provisions of Statement No. 91 are effective for fiscal years beginning after December 15, 2021 with earlier application encouraged. Management has not yet determined the impact of this Statement on its financial statements.

In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. Statement No. 92 enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The provisions of Statement No. 92 are effective for fiscal years beginning after June 15, 2022 with earlier application encouraged. Management has not yet determined the impact of this Statement on its financial statements.

**Otter Student Union at California State University, Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2022 and 2021**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. Statement No. 93 addresses accounting and financial reporting implications that result from the replacement of the interbank offered rate. The provisions of Statement No. 93 are effective for fiscal years beginning after June 15, 2021 with earlier application encouraged. Implementation of this Statement did not have a material impact on the Organization's financial statements.

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. Statement No. 94 improves financial reporting by addressing issues related to public-private and public-public partnership arrangements. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022 with earlier application encouraged. Management has not yet determined the impact of this Statement on its financial statements.

In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. Statement No. 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, or later. The requirements of this Statement are effective immediately and the effective dates of the Statements affected have been updated in this footnote. Implementation of this Statement did not have a material impact on the Organization's financial statements.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. The provisions of Statement 96 are effective for fiscal years beginning after June 15, 2022 with earlier application encouraged. Management has not yet determined the impact of this Statement on its financial statements.

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. Statement No. 97 will result in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The provisions of Statement 96 are effective for fiscal years beginning after June 15, 2021 with earlier application encouraged. Implementation of this Statement did not have a material impact on the Organization's financial statements.

**Otter Student Union at California State University, Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2022 and 2021**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

In November 2021, GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The requirements of this Statement are effective for fiscal years ending after December 15, 2021. Earlier application is encouraged. Management has not yet determined the impact of this Statement on its financial statements.

In April 2022, GASB issued Statement No. 99 *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements of this Statement are effective as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.
- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

Earlier application is encouraged and is permitted by topic. Management has not yet determined the impact of this Statement on its financial statements.

In June 2022, GASB issued Statement No. 100 *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. Management has not yet determined the impact of this Statement on its financial statements.



**Otter Student Union at California State University, Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2022 and 2021**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

In June 2022, GASB issued Statement No. 101 *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. Management has not yet determined the impact of this Statement on its financial statements.

***Subsequent Events*** – Events subsequent to June 30, 2022 have been evaluated through October 3, 2022, which is the date the financial statements were available to be issued. Management did not identify any subsequent events that required disclosure.

**Otter Student Union at California State University, Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2022 and 2021**

**NOTE 2. DEPOSITS**

*Deposits* – The OSU maintains cash for operating needs in checking accounts with Federal Deposit Insurance Corporation (FDIC) insured financial institutions.

At June 30, 2022 and 2021, the OSU’s checking account was insured by the FDIC up to \$250,000. At June 30, 2022 and 2021, the OSU had \$1,666,716 and \$1,279,695 respectively, in uninsured cash deposits.

**NOTE 3. OPERATING AGREEMENTS**

**CSU**

The OSU entered into a new operating agreement with the Trustees of the CSU on July 1, 2017 with a term end date of June 30, 2027. It describes the terms and conditions under which the OSU may operate as an auxiliary organization within the CSU. No amounts are paid to the Trustees of the CSU under this agreement.

**Corporation**

On July 1, 2017 the OSU entered into an agreement with the Corporation for accounting and financial reporting services. This agreement will renew automatically in 12-month increments unless terminated by choice by either party. The Corporation charges the OSU \$59,669 annually and receives these payments semi-annually. Cost for services may be reviewed and adjusted annually during the budget process.

**NOTE 4. RISK MANAGEMENT**

Otter Student Union manages its risk through the purchase of insurance through California State University Risk Management Authority (CSURMA)/Auxiliaries Organization Risk Management Alliance (AORMA), a joint powers public entity risk pool, for coverage of workers’ compensation, general liability, professional liability, property, and general organizational risk exposures. The Auxiliary Organization Risk Management Alliance (AORMA) Self Insured Retention (SIR) liability fund provides coverage for the first \$5,000,000 of each General Liability, Automobile Liability, Products and Completed Operations, Professional Liability including Directors & Officers Liability and Employment Practices Liability claim. Reinsurance insurance for AORMA’s \$5,000,000 layer is purchased from Great American Insurance (AM Best Rating: A, XV Rating; A+ XV) in the amount of \$4,500,000 each occurrence. AORMA also purchases \$5,000,000 excess of

**Otter Student Union at California State University, Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2022 and 2021**

**NOTE 4. RISK MANAGEMENT (Continued)**

\$5,000,000 from Continental Indemnity (AM Best Rating: A, XV Rating), Upland (AM Best Rating: A-, VIII), and Sirius Bermuda (AM Best Rating: A+, XV) and \$5,000,000 excess of \$10,000,000 from Everest Re (AM Best Rating: A+, XV Rating).

AORMA’s “All Risk” property insurance program coverage is through the Alliant Property Insurance Program (APIP). This program, including Flood, Boiler and Machinery, Cyber Liability, & Pollution Liability coverage, provides replacement cost coverage for all buildings and contents, subject to a limit of liability per occurrence of \$1 billion. Members’ deductibles are \$5,000 for business personal property and business interruption / loss of rents.

The member deductible for real property is based on the Total Insurance Value (TIV) of the building as shown below:

TIV \$10,000,000 or less.....	\$5,000
TIV between \$10,000,001 and \$25,000,000 .....	\$10,000
TIV between \$25,000,001 and \$50,000,000 .....	\$25,000
TIV \$50,000,001 or more.....	\$50,000

For information regarding losses or claims paid, or for a description and amount of any claim pending, or any settlement made, or any litigation entered during the policy year, please contact the following:

Carl Warren & Company (Liability Program)  
 Attn: Shari Huff  
 PO Box 2411  
 Tustin, CA 92781  
 Tel: 818-265-6765

Otter Student Union Insurance coverages meet the requirement of the CSURMA and, as such, present no significant inadequacies in coverage. The California State University Board of Trustees has been named as an additional insured as respects the activities of the Auxiliary Organization. CSURMA/AORMA provides self-insured risk with purchase of excess insurance. OSU maintains general liability insurance coverage for individual claims up to \$20,000,000 per occurrence. Errors and omission claims under \$25,000 are self-insured. OSU also maintains excess property insurance coverage to limits of \$1,000,000,000. There have been no settlements in the past three years that have exceeded insurance limits. There are no self-insurance claims liabilities recorded in the accompanying financial statements because any amounts at June 30, 2022 are expected to be minimal. Likewise, no amounts have been paid to CSURMA/AORMA by June 30, 2022, related to OSU’s estimated future funding for claims liability.

**Otter Student Union at California State University, Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2022 and 2021**

**NOTE 5. RELATED PARTY TRANSACTIONS**

The OSU is involved in transactions with the Corporation and the University. Amounts at June 30 and transactions for the years then ended are summarized below:

	<u>2022</u>	<u>2021</u>
<b>University:</b>		
Otter Student Union receivable from the University	\$ 7,659	\$ 1,944
Otter Student Union payable to the University	39,366	23,368
Payments for other than salaries of University personnel	147,754	1,820
<b>Corporation:</b>		
Otter Student Union receivable from the Corporation	\$ 201,096	\$ -
Otter Student Union payable to the Corporation	249,699	163,237
Expense reimbursements to Corporation	653,970	699,693

## **Supplemental Information**

**Otter Student Union at CSU Monterey Bay**  
Schedule of Net Position  
June 30, 2022  
(for inclusion in the California State University Financial Statements)

**Assets:**

**Current assets:**

Cash and cash equivalents	1,909,941
Short-term investments	-
Accounts receivable, net	208,755
Lease receivables, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	-
Prepaid expenses and other current assets	-
<b>Total current assets</b>	<b>2,118,696</b>

**Noncurrent assets:**

Restricted cash and cash equivalents	-
Accounts receivable, net	-
Lease receivables, 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	-
Other assets	-
<b>Total noncurrent assets</b>	<b>-</b>
<b>Total assets</b>	<b>2,118,696</b>

**Deferred outflows of resources:**

Unamortized loss on debt refunding	-
Net pension liability	-
Net OPEB liability	-
Leases	-
Others	-
<b>Total deferred outflows of resources</b>	<b>-</b>

**Liabilities:**

**Current liabilities:**

Accounts payable	358,135
Accrued salaries and benefits	-
Accrued compensated absences, current portion	-
Unearned revenues	-
Lease liabilities, current portion	-
Long-term debt obligations, current portion	-
Claims liability for losses and loss adjustment expenses, current portion	-
Depository accounts	-
Other liabilities	310
<b>Total current liabilities</b>	<b>358,445</b>

**Noncurrent liabilities:**

Accrued compensated absences, net of current portion	-
Unearned revenues	-
Grants refundable	-
Lease 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	-
Net pension liability	-
Other liabilities	-
<b>Total noncurrent liabilities</b>	<b>-</b>
<b>Total liabilities</b>	<b>358,445</b>

**Deferred inflows of resources:**

Service concession arrangements	-
Net pension liability	-
Net OPEB liability	-

Unamortized gain on debt refunding	-
Nonexchange transactions	-
Lease	-
Others	-
<b>Total deferred inflows of resources</b>	<u>-</u>
<b>Net position:</b>	
Net investment in capital assets	-
Restricted for:	
Nonexpendable – endowments	-
Expendable:	
Scholarships and fellowships	-
Research	-
Loans	-
Capital projects	-
Debt service	-
Others	-
Unrestricted	1,760,251
<b>total net position</b>	<u><u>1,760,251</u></u>

**Otter Student Union at CSU Monterey Bay**  
Schedule of Revenues, Expenses, and Changes in Net Position  
Year ended June 30, 2022  
(for inclusion in the California State University Financial Statements)

<b>Revenues:</b>	
<b>Operating revenues:</b>	
Student tuition and fees, gross	-
Scholarship allowances (enter as negative)	-
<b>Grants and contracts, noncapital:</b>	
Federal	-
State	-
Local	-
Nongovernmental	-
Sales and services of educational activities	-
Sales and services of auxiliary enterprises, gross	72,107
Scholarship allowances (enter as negative)	-
Other operating revenues	1,735,304
<b>Total operating revenues</b>	<b>1,807,411</b>
<b>Expenses:</b>	
<b>Operating expenses:</b>	
Instruction	-
Research	-
Public service	-
Academic support	-
Student services	-
Institutional support	732,563
Operation and maintenance of plant	509,776
Student grants and scholarships	-
Auxiliary enterprise expenses	142,361
Depreciation and amortization	-
<b>Total operating expenses</b>	<b>1,384,700</b>
<b>Operating income (loss)</b>	<b>422,711</b>
<b>Nonoperating revenues (expenses):</b>	
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	10,215
Investment income (loss), net	-
Endowment income (loss), net	-
Interest expense	-
Other nonoperating revenues (expenses)	-
<b>Net nonoperating revenues (expenses)</b>	<b>10,215</b>
<b>Income (loss) before other revenues (expenses)</b>	<b>432,926</b>
State appropriations, capital	-
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	-
<b>Increase (decrease) in net position</b>	<b>432,926</b>
<b>Net position:</b>	
Net position at beginning of year, as previously reported	1,327,325
Restatements	-
<b>Net position at beginning of year, as restated</b>	<b>1,327,325</b>
<b>Net position at end of year</b>	<b>1,760,251</b>







**Otter Student Union at CSU Monterey Bay**  
**Other Information**  
**June 30, 2022**  
**(for inclusion in the California State University Financial Statements)**

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	147,754
Payments received from University for services, space, and programs	
Gifts-in-kind to the University from discretely presented component units	
Gifts (cash or assets) to the University from discretely presented component units	
Accounts (payable to) University	(39,366)
Other amounts (payable to) University	
Accounts receivable from University	7,659
Other amounts receivable from University	

**8 Restatements: N/A**

Provide a detailed breakdown of the journal entries (at the financial statement line items level) booked to record each restatement:

		Debit/(Credit)
Restatement #1	Enter transaction description	
Restatement #2	Enter transaction description	
-		

**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	-	-	-	-	-	-	-	
Institutional support	-	-	-	-	-	732,563	-	732,563
Operation and maintenance of plant	-	-	-	-	-	509,776	-	509,776
Student grants and scholarships	-	-	-	-	-	-	-	
Auxiliary enterprise expenses	-	-	-	-	-	142,361	-	142,361
Depreciation and amortization	-	-	-	-	-	-	-	
<b>Total operating expenses</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,384,700</b>	<b>-</b>	<b>1,384,700</b>

**10 Deferred outflows/inflows of resources: N/A**

**1. Deferred Outflows of Resources**

- Deferred outflows - unamortized loss on refunding(s)
- Deferred outflows - net pension liability
- Deferred outflows - net OPEB liability
- Deferred outflows - leases
- Deferred outflows - others:
  - Sales/intra-entity transfers of future revenues
  - Gain/loss on sale leaseback
  - Loan origination fees and costs
  - Change in fair value of hedging derivative instrument
  - Irrevocable split-interest agreements

Total deferred outflows - others -  
**Total deferred outflows of resources** \$ -

**2. Deferred Inflows of Resources**

- Deferred inflows - service concession arrangements
- Deferred inflows - net pension liability
- Deferred inflows - net OPEB liability
- Deferred inflows - unamortized gain on debt refunding(s)
- Deferred inflows - nonexchange transactions
- Deferred inflows - leases
- Deferred inflows - others:
  - Sales/intra-entity transfers of future revenues
  - Gain/loss on sale leaseback
  - Loan origination fees and costs
  - Change in fair value of hedging derivative instrument
  - Irrevocable split-interest agreements

Total deferred inflows - others -  
**Total deferred inflows of resources** \$ -

**11 Other nonoperating revenues (expenses): N/A**

- Other nonoperating revenues
- Other nonoperating (expenses)

**Total other nonoperating revenues (expenses)** \$ -

**Independent Auditors' 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  
Otter Student Union at California State University, Monterey Bay  
Seaside, 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 statement of net position and related statement of revenues, expenses and changes in net position and cash flows of Otter Student Union at California State University, Monterey Bay (OSU), a component unit of California State University, Monterey Bay, as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the OSU's basic financial statements, and have issued our report thereon dated October 3, 2022.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the OSU'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 the OSU's internal control. Accordingly, we do not express an opinion on the effectiveness of the OSU'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.

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Board of Directors  
Otter Student Union at California State University, Monterey Bay  
Seaside, California  
Page 2

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.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the OSU’s financial statements are free of 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.



Glenn Burdette Attest Corporation  
San Luis Obispo, California

October 3, 2022