



ASI Audit Committee - Special Meeting

Thu Jul 24, 2025 2:00 PM - 3:30 PM PDT

1. Call to Order

Chair Okan called the meeting to order at 2:06 p.m.

2. Roll Call

Members Present: Benson, Mallareddygar, Okan, Salazar, Suzer

Members Absent: Lopez, Merida

Liaisons Present: Edwards, Postal

Liaisons Absent: None

According to the ASI Policy Concerning Board of Directors Operations, attendance is defined as being present prior to the announcement of Unfinished Business and remaining until the scheduled end of the meeting.

* Indicates that the member was in attendance prior to the start of Unfinished Business but left before the scheduled end of the meeting.


** Indicates that the member was in attendance for a portion of the meeting, but not in attendance prior to the announcement of Unfinished Business.

3. Approval of Agenda

 (Mallareddygar-m/Suzer-s) The agenda was approved by unanimous consent.

4. Approval of Minutes

a. 9/17/2024 Audit Committee Meeting Minutes

 (Mallareddygar-m/Suzer-s) The 9/17/2024 Audit Committee meeting minutes were approved by unanimous consent.

5. Public Speakers

Members of the public may address the Audit Committee members on any item appearing on this posted agenda

There were no public speakers.

6. Reports

a. Chair

Chair Okan welcomed members and guests, urging attentiveness in preparation for the final order report review. She noted the next Audit Committee team meeting is expected in early September and encouraged members to reach out with any questions or concerns.

Chair Okan yielded to Dr. Edwards. He introduced the audit process with colleagues from Aldrich, and shared that an additional meeting will be needed due to a financial transaction incident under investigation. While stressing it's not cause for alarm, he noted it is serious enough to report to the Audit Committee and Board. He expects the next meeting around September to close the audit, with a possible earlier session depending on timing.

7. Unfinished Business

a. None

8. New Business

a. Information: Review the Purpose of the Audit Committee

The Committee will receive an overview of the purpose of the Audit Committee and fiduciary responsibility from Dr. Edwards, Executive Director.

Chair Okan yielded to Dr. Dave Edwards. He explained that the audit Committee's main role is to receive, review, and approve audits of the organization's financial statements, ensuring proper use of assets and student fees with strong controls in place. He emphasized that the external audit firm reports directly to the Committee and Board for transparency, not through management. He reminded members of their fiduciary duty to make informed decisions, encouraged them to ask questions regardless of their background and assured them that both leadership and auditors are there to support their understanding.

Chair Okan opened the floor to questions.

There were no questions.

b. Information: Overview of Corporate Audit and Introduction of Audit Firm

The Committee will receive an overview of the corporate audit and an introduction of the Aldrich CPAs & Advisors LLP representatives from Kathleen Postal, CFO.

Chair Okan yielded to Kathleen Postal, ASI Chief Financial Officer. She explained that an independent audit is conducted annually from July 1 to June 30 to ensure the financial statements are accurate, credible, and compliant with state, campus, and Chancellor's

office requirements. Aldrich, the current auditor, is in the final year of its three-year term, after which a new bid will be issued. ASI's Finance and Accounting department gathers data in July and August for the auditors' review, with final reports completed in September. The audit covers financial position, activities, functional expenses, and cash flow, along with required supplemental information. She noted that the Audit Committee appoints auditors, reviews reports, asks questions, accepts findings, and presents recommendations to the Board.

c. Discussion: ASI Engagement Letter and Audit Process

The Committee will receive an overview of the audit engagement letter and process from Aldrich CPAs & Advisors LLP.

Chair Okan yielded to Andy Maffia, Aldrich's lead auditor, who explained the audit process using last year's report as an example, he described how auditors review key financial statements and test major accounts, including \$22 million in investments, by confirming records with external sources. The audit emphasizes material balances, begins after the June 30 year-end, and must be submitted to the Chancellor's Office by September 19. He noted Aldrich is itself reviewed every three years, most recently earning the highest rating. Maffia assured the Committee that his team collaborates closely with management to deliver another timely, successful audit.

Chair Okan opened the floor to questions. She asked for details on the investments made.

Maffia explained that the organization manages and invests its funds, reviewing financial statement notes on \$22 million in investments as of June 30, 2024, including fixed income, bonds, and equities. He noted that auditors compare 2023 and 2024 data to check consistency, with about \$17 million held in the secure Local Agency Investment Fund. For the 2025 audit, similar reviews will verify accurate reporting of transactions and investments.

Dr. Edwards clarified the distinction between the committees: the Audit Committee's role is to review Aldrich's report and the testing of the financial information, while the Investment Committee focuses on how funds are invested, the returns on those investments, and works with investment bankers to make related decisions. He noted that some members may serve on both committees, but their purposes are different.

Postal explained that one of the items in the financial statements is reserves, which have been specifically set aside. The LAIF account usually represents retained earnings and working capital, which is why its balance tends to be larger. Another account mentioned is tied strictly to required reserves that the organization must maintain.

Chair Okan opened the floor to discussion. There was none.

9. Announcements/Member's Privilege

Rebecca Hesgard shared that Board members will have student government training on Wednesday and Thursday, August 6th and 7th, and also the opportunity to attend the CSU

Community event from August 16th through 18th. She thanked those who had already filled out the attendance form and mentioned that she will follow up with everyone who submitted it.

10. Adjournment

Chair Okan adjourned the meeting at 2:42 PM.

Chair

Erika Perret-Martinez (Recording Secretary)

Reviewed and approved by the ASI Board of Directors 9/23/2024:



Luca Romero, Board Secretary



Erika Perret-Martinez, Recording Secretary

Roll Call 2025-2026

07/24/2025 ASI Audit Committee-Special Meeting Roll Call

Attendance		COMMITTEE MEMBERS		
			Present	Absent
CHAIR	OKAN	PINAR	1	
CAMPUS REP	BENSON	OLIVIA	1	
ARTS	LOPEZ	JOSHUA		1
ECS	MALLAREDDYGARI	YASHWANTH	1	
CAMPUS REP	MERIDA	CINDY		1
ECS	SALAZAR	ARMANDO	1	
HHD	SUZER	DENIZ	1	
			Present	Absent
			5	2

Attendance	Liaisons			
			Present	Absent
EXECUTIVE DIR	EDWARDS	DAVE	1	
CFO	POSTAL	KATHLEEN	1	
			Present	Absent
			2	0

QUORUM: 5

Absences:

*Recording Secretary: Erika Perret-Martinez

Guests: Aldrich Associates LLC
 Andy Maffia, Managing Partner
 Kenton Popovich, Audit Manager



Audit Committee
July 24, 2024
Audit Introduction



CALIFORNIA STATE UNIVERSITY
FULLERTON™

The Independent Audit

- Why have an audit?
 - Provides credibility to a set of financial statements and gives the board and management confidence that the accounts are true and fair.
 - Provides assurance to investors and creditors that company funds are handled appropriately
- ASI Auditor Selection
 - Aldrich was selected, through a bid process. They are in their 2 year of a 3-year term of service

Results of the Audit

- Produce the Financial Statements
- Provide an Audit Opinion on how the organization is doing
- Identify and or report on any internal control issue or management issue that needs correction. If something is identified, it is called the Management Letter
- Provide Report to CSUF for it to be included in the campus report to the Chancellor

Financial Statements

- Auditor's Report
- Financial Statements
 - Financial Position (Balance Sheet)
 - Activities (Income Statement)
 - Functional Expenses
 - Cash Flows
- Supplemental Information (CSUF Report)

Audit Committee Role

- Appoint and Confirm the Auditors each year
- Review the Audit Report and Auditor Presentation
- Ask questions regarding operations or the audit report
- Accept the report
- Present the recommendation of the Audit Committee to the Board

April 20, 2023

To Board of Directors and Management
Associated Students, Inc.
California State University, Fullerton

We are pleased to confirm our understanding of the services we are to provide for Associated Students, Inc. California State University, Fullerton (the Organization) for the years ending June 30, 2023, 2024, and 2025.

AUDIT SCOPE AND OBJECTIVES

We will audit the financial statements of Associated Students, Inc. California State University, Fullerton, which are comprised of the statements of financial position as of June 30, 2023, 2024, and 2025, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Also, the following supplemental information accompanying the financial statements will be subjected to the auditing procedures applied in our 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 (GAAS), and we will provide an opinion on it in relation to the financial statements as a whole in a report combined with our auditor's report on the financial statements:

- 1) Schedule of Financial Position by Unit
- 2) Schedule of Activities by Unit
- 3) Schedule of Net Position (for inclusion in California State University)
- 4) Schedule of Revenues, Expenses, and Changes in Net Position (for inclusion in California State University)
- 5) Other Information (for inclusion in California State University)

We will also prepare the Organization's federal and state information returns for the years ending June 30, 2023, 2024, and 2025.

The objectives of our audit 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 issue an auditor's report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

The objectives also include reporting on internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

We will conduct our audit in accordance with GAAS and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of your accounting records and other procedures we consider necessary to enable us to express such an opinion. As part of an audit in accordance GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the Organization or to acts by management or employees acting on behalf of the Organization. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

Our procedures may include tests of documentary evidence supporting the transactions recorded in the accounts, tests of physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We may also request written representation from your attorneys as part of the engagement.

We have identified the following significant risks of material misstatement as part of our audit planning.

- 1) Reporting, valuing, and disclosing transactions with related parties
- 2) Estimating functional allocation of expenses
- 3) Revenue recognition

AUDIT PROCEDURES- INTERNAL CONTROL

We will obtain an understanding of the Organization and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinion. Tests of controls may be performed to test the effective of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statement and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion

will be expressed in our report on internal control pursuant to *Government Auditing Standards*. 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, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to you and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

AUDIT PROCEDURES- COMPLIANCE

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Organization's compliance with provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance, and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

OTHER SERVICES

We will prepare the Organization's federal and state information returns for the years ending June 30, 2023, 2024, and 2025, based on information provided by you. We will also assist in preparing the financial statements, and related notes of the Organization in conformity with accounting principles generally accepted in the United States of America based on information provided by you.

We may also provide the following bookkeeping or consulting services:

- a. Preparation of proposed journal entries.
- b. Consulting on accounting matters.
- c. Assist with the reconciliations or calculations of various balance sheet accounts.
- d. Assistance with the implementation with ASC 842 Leases

These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards, including the Statements on Standards for Tax Services issued by the American Institute of Certified Public Accountants. The other services are limited to the financial statement and tax services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities. We will advise management with regard to tax positions taken in the preparation of the returns, but management must make all decisions with regard to those matters.

RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including monitoring ongoing activities to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly recorded. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements and all accompanying information in conformity with accounting principles generally accepted in the United States of America, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

You are also responsible for making drafts of financial statements, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as

records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the Organization from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by GAAS and *Government Auditing Standards*. Such written representations are a material part of the audit that we will perform, and we are unable to finalize our engagement or report and express our opinion without them.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known, suspected or alleged fraud affecting the Organization involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Organization received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the Organization complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we report.

You are responsible for the preparation of the supplemental information, which we have been engaged to report on, in conformity with accounting principles generally accepted in the United States of America. You agree to include our report on the supplemental information in any document that contains, and indicates that we have reported on, the supplemental information. You also agree to include the audited financial statements with any presentation of the supplemental information that includes our report thereon.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Scope and Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. The Organization is also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities for the tax services, financial statements, and related notes, and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter the tax services provided and our assistance with preparation of the financial statements, and related notes and that you have evaluated the adequacy of our services and have reviewed and approved the results of the services, the financial statements, and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

You are responsible for notifying us in advance of your intent to publish, distribute or reproduce, in any form, including electronic and on the Organization's website, our report for any reason, in whole or in part; and to give us the opportunity to review any material containing our report. Notifying us of your intent to publish, distribute or

reproduce our report does not constitute our acknowledgement of any third party's reliance on the financial statements.

ENGAGEMENT PERSONNEL, FEES, AND OTHER

We understand that your employees will prepare all cash, accounts receivable, and other confirmations we request and will locate any documents selected by us for testing.

We will provide copies of our reports to the Organization, however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

Andy Maffia is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

The audit documentation for this engagement is the property of Aldrich CPAs + Advisors, LLP and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to granting agencies or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Aldrich CPAs + Advisors, LLP's personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the granting agencies. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

Our approach will be to perform our audit planning and other procedures based on our judgment prior to year-end, at a time that is convenient to both our staffs. These procedures may include examination of internal control and accounting procedures, assessment of risk, and preliminary audit planning. We will then schedule our year-end audit procedures at a time that is convenient for both of our staffs, while meeting your deadlines.

Billings for these services will be invoiced in accordance with our attached Aldrich CPAs + Advisors LLP General Business Terms & Conditions. We estimate that our fees for the financial statement audit and assistance with preparation of the financial statements and notes for the years ending June 30 are:

	<u>2023</u>	<u>2024</u>	<u>2025</u>
Financial Statement Audit	\$45,000	\$46,800	\$48,700
990 Information Return Preparation	\$ 4,000	\$ 4,160	\$ 4,325

Our fees are not contingent on the results of our services. In addition, our fee estimate is based on the assumptions and management responsibilities contained in this letter. Accordingly, if significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

REPORTING

We will issue a written report upon completion of our audit of Associated Students, Inc. California State University, Fullerton financial statements. Our report will be addressed to the Audit Committee of Associated Students, Inc. California State University, Fullerton. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinion or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinion is other than unmodified, we will discuss the reasons

with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or withdraw from this engagement.

We will also provide a report (which does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will include a paragraph that states that (1) the purpose of the report is solely to describe the scope of 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 and (2) the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The report will also state that the report is not suitable for any other purpose. If during our audit we become aware that the Organization is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.


We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter and the attached Aldrich CPAs + Advisors LLP General Business Terms & Conditions, please sign the enclosed copy and return it to us.

Very truly yours,

Aldrich CPAs + Advisors LLP

ACCEPTED:

This letter correctly sets forth the understanding of Associated Students, Inc. California State University, Fullerton:


Dave Edwards (May 19, 2023 13:14 PDT)

Management

Executive Director

Title

05/19/2023

Date



ALDRICH CPAS + ADVISORS LLP GENERAL BUSINESS TERMS & CONDITIONS ASSURANCE & FINANCIAL STATEMENT PREPARATION SERVICES

This document describes certain customary practices and general terms, conditions, and limitations ("Terms") relating to the delivery of audit, review, compilation, agreed upon procedure and financial statement preparation services ("Services" or "Engagement") by Aldrich CPAs + Advisors LLP ("we" or "our"). All Services Aldrich CPAs + Advisors provides to its clients or a third party ("you" or "your") are subject to these Terms, and the terms and conditions contained in the accompanying Engagement Letter.

1. **Scope of Services.** Our services will be limited to the Services specifically described in our Engagement Letter. Services do not include presentation to or representation before any third party, regulator or other authorities. If services beyond those specifically described in our Engagement Letter are requested by you or required, these additional services will be provided either under a separate engagement or a modification of an existing Engagement at an additional cost. We presume requests for additional services by your personnel or agents are authorized by you. Our agreement to provide Services under the current Engagement does not obligate us to accept any other engagement.

2. **Invoices.** Our fees and expenses are billed on a regular basis. We may send you progress invoices for Services that take more than 3 months to complete. Unless otherwise indicated, fees and expenses quoted in our Engagement Letter are estimates, are not contingent on the results of the Services, and each invoice is payable in full on receipt. If you believe any invoice is incorrect or unacceptable, you will notify us in writing within 30 days of receipt. Aldrich CPAs + Advisors may suspend or terminate Services and charge interest on amounts due if any invoice remains unpaid more than 60 days after date of invoice.

3. **Confidentiality** | Aldrich CPAs + Advisors and its employees will maintain the confidentiality of your Confidential Information, as defined below. We may disclose Confidential Information if compelled by a court or governmental agency, but we will use reasonable efforts to inform you prior to such disclosure.

Aldrich CPAs + Advisors will use reasonable precautions to protect your Confidential Information, but we have no obligation to use any measures not regularly employed by us in protecting our own Confidential Information.

Except as provided below, "Confidential Information" means (i) information contained in your internal financial and business records, (ii) information reported on your tax returns, and (iii) other information concerning you or your business that is marked confidential" or otherwise identified as "confidential" in writing at the time of disclosure. Confidential Information does not include information (i) that is or becomes publicly known or available without breach of our obligations under this section, (ii) is disclosed by you to another party without confidentiality restrictions, (iii) is received by us on a non-confidential basis from another party reasonably presumed to be authorized to make such disclosure, or (iv) previously known or subsequently independently developed by us.

4. **Data Security.** Aldrich CPAs + Advisors regularly communicates via email and stores and processes your information, including Confidential Information, on private networks and secured provider networks, computer servers and applications (the "Cloud"). Emails and other electronically stored and transmitted information may be diverted, intercepted, altered, read, disclosed or otherwise used or communicated by unauthorized third parties. While we will use resources and select suppliers of computer services that we determine provide highly secure environments, the security and protection of email and other electronically stored or transmitted data cannot be guaranteed or warranted. Accordingly, we will not be responsible for and specifically disclaim any liability for any information security breaches whatsoever, unless such breach is the result of our gross negligence or intentional misconduct, subject to the limitations set forth in Section 12.

5. **Deliverables, Documents & Files.** We will deliver to you the opinions, reports, financial statements or other documents or information expressly identified in the Engagement Letter ("Deliverables"). Unless otherwise provided by applicable laws or regulations and except for the Deliverables, our work product, work papers and files will remain our property; and we retain all related intellectual property rights. We, in our sole discretion, may provide you with access to or copies of our work product, work papers and files, but you agree to pay all costs associated with such access or copies. At the conclusion of our Engagement, we will promptly return to you your original records and documents. We will retain Engagement documentation for a period of 7 years. Thereafter, we will destroy our Engagement files in accordance with our document retention policy.

6. **Document Production & Testimony.** If, during the Engagement or thereafter, we are requested or authorized by you, or if we are required by law or regulation, subpoena or other authorities or legal process, to produce any documents or files, or to make our personnel available in connection with our Engagement, you will reimburse us for our professional time and expenses, as well as the fees and expenses of our legal counsel or other advisors, incurred in responding to such requests.

In certain circumstances, information, particularly Confidential Information, may be protected by an accountant/client privilege; which you are responsible for recognizing, asserting and maintaining. You must notify us if you wish to claim any privilege, and we will cooperate with your reasonable instructions relating to the privilege. Any questions concerning the availability, maintenance, waiver, and process for asserting a privilege should be directed to your legal counsel. In some jurisdictions the accountant/client privilege may belong to the accountant and not the client.

7. **Third Parties, Independent Contractors.** In performing the Services, we may use the services of domestic and foreign (as permitted by applicable law and regulation) independent contractors, other third party personnel, and part-time or seasonal employees. By engaging us, you authorize us to allow employees of such third parties to access to your files, financial information and other Confidential Information as necessary to provide the Services. We require third parties to protect the confidentiality of Confidential Information disclosed to them; and may also require you to execute documents authorizing such disclosure. Our use of any third party does not affect our obligations to you under our Engagement Letter.

8. **Reliance.** Our Services, including our opinions, reports, compilations or financial statements, are provided for your benefit, and not for the benefit of any third party. You agree to indemnify and hold Aldrich harmless, in accordance with Section 13, from claims based on a third party's use of or reliance on our Services.

9. **Changes in Laws, Regulations & Standards.** Changes to applicable law, regulations, and accounting, auditing or professional standards could materially affect the performance of the Services, including our opinions, reports, and presentation of financial statements. Such changes may also impact the time required to complete the Services and our professional fees.

10. *Independence & Conflicting Engagements.* If at any time, we determine in our sole discretion that our independence or objectivity is potentially impaired or a conflict of interest exists which prevents us from providing the Services in accordance with the applicable professional and ethical standards, we will notify you of the potential impairment or conflict, and we may withdraw from the engagement, unless the impairment or conflict can be removed to the extent permitted by applicable professional and ethical standards. You agree to advise us of other actual or potential engagements involving Aldrich CPAs + Advisors.

11. *Termination.* You may terminate the Engagement Letter at any time by written notice to us. Subject to any restrictions imposed by applicable professions and ethical standards, we may terminate the Engagement Letter at any time upon written notice to you. Termination for any reason will not affect your obligation to pay us for fees and expenses incurred prior to termination, or our obligation to transfer files to and otherwise cooperating with successor auditors or accountants. If you terminate any Engagement Letter after we have commenced performing services under a fixed fee arrangement, you are obligated to pay us the entire fixed fee upon termination. All provisions of these Terms and the Engagement Letter will survive the termination of the Engagement Letter; except our obligation to perform Services and your obligation to pay invoices for Services not performed.

12. *Warranties & Limitations.* The Services performed under the Engagement Letter and Terms are professional in nature. Aldrich CPAs + Advisors warrants that it will perform the Services in good faith, with due care and in accordance with any applicable professional standards. Aldrich CPAs + Advisors specifically disclaims all other warranties, either express or implied, and makes no guarantee regarding the results of the Services and/or the use or implementation by you or any permitted third party. As your exclusive remedy for any breach of this warranty, Aldrich CPAs + Advisors will, on receipt of written notice within a reasonable time following the discovery of the breach, use diligent efforts to cure the breach.

If Aldrich CPAs + Advisors fails to provide an acceptable cure in a reasonable period of time, Aldrich CPAs + Advisors will return the professional fees paid to Aldrich CPAs + Advisors with respect to the Services giving rise to the breach, not to exceed the amount of actual and direct damages resulting from our failure to meet our obligations. This will be your sole and exclusive remedy. In no event will our liability for any claim arising out of or relating to our failure to meet our obligations under the Engagement Letter or these Terms exceed the amount of the fees actually paid to us under the Engagement Letter or extend to any indirect consequential, special, exemplary or punitive damages.

Any claim or action by either party, regardless of its nature, arising out of or relating to any matter under the Engagement Letter or these Terms must be brought within 24 months after the party first knows or has reason to know that the claim or cause of action exists, unless otherwise provided by applicable law.

13. *Indemnification.* You will indemnify and hold harmless, Aldrich CPAs + Advisors, its subcontractors and their personnel from any and all costs, expenses, settlements or penalties ("Liability") related to any proceeding initiated by a third party, and to the extent that such Liability results directly or indirectly from your knowing, intentional or negligent misrepresentations, the provision of inaccurate or incomplete information by you, material errors, irregularities, fraud, embezzlements or other defalcation not detected by us, or the unauthorized disclosure of our Deliverables to a third party; provided that the Liability is not the result of our failure to comply with professional standards, these Terms or the Engagement Letter.

14. *Dispute Resolution.* Aldrich CPAs + Advisors and you agree that any dispute regarding the Services will be finally resolved first through mediation, and, if unsuccessful, through arbitration. Following a good faith attempt by the parties' representatives to resolve the dispute, non-binding mediation may be initiated by either party; and the parties will select a mediator acceptable to both and will share the cost of mediation equally. Failing resolution through mediation, the parties will submit the dispute to binding arbitration before a single arbitrator with accounting industry experience reasonably acceptable to the parties. The arbitration will be subject to the rules established by the parties or the arbitrator, if the parties cannot agree. Arbitration will take place in Clackamas County, Oregon, or such other place as the parties may agree. The findings of the arbitrator will be final and binding, and enforceable in any court with appropriate jurisdiction. Each party shall bear its own costs related to the arbitration; provided, however, the parties shall share the fees and expenses of the arbitrator equally.

You acknowledge and agree that no affiliated or related entity of Aldrich CPAs + Advisors will have any liability to you or any other person; and you will not bring any action against any such affiliated or related entity of Aldrich CPAs + Advisors in connection with the Engagement.

15. *General.* These Terms and the Engagement Letter represent our entire agreement and understanding concerning the Services described in the Engagement Letter, and supersede all prior negotiations, commitments or agreements. These Terms and the Engagement Letter may only be amended by our written agreement. In the event of a conflict between these Terms and the Engagement Letter, these Terms will prevail.

If either party is delayed in performance or has the inability to perform due to any breach of this agreement by the other party, act of God, labor dispute or strike, or civil disturbance, significant cyber security incident perpetrated by an external third party, or any other cause beyond that party's control and not due to that party's fault or negligence, then the failure to perform is excused. The other party shall have the right to terminate this agreement if such failure continues for an unreasonable period of time, and neither party shall be liable to the other party on such termination.

No waiver of any breach of these Terms or the Engagement Letter will be effective unless the waiver is in writing and signed by the applicable party. No waiver of one breach will be a waiver of any other or subsequent breach.

You may not assign the Engagement Letter to any other party without our prior written consent, except that you may assign the Engagement Letter to any party that acquires substantially all of your assets and goodwill. These Terms and the Engagement Letter is binding on Aldrich CPAs + Advisors' and your successors and assigns.

Except as expressly provided in the Engagement Letter, there are no third party beneficiaries to the Engagement Letter.

The Engagement Letter, including these Terms, and all matters relating to the Services will be governed by the laws of the State of Oregon. Any legal action related to the Services not subject to arbitration as described in Section 14 will be brought exclusively in the appropriate court located in Clackamas County, Oregon.

If any provision of these Terms or the Engagement Letter is found to be unenforceable, such finding will not affect the enforceability of other provisions; and such unenforceable provision will be deemed modified to the extent necessary to render it enforceable, preserving to the fullest extent permissible the intent of the parties.








CSU Fullerton Assoc Students Inc Engagement Letter - Aldrich

Final Audit Report

2023-05-19

Created:	2023-05-18
By:	Deserita Ohtomo (dohtomo@fullerton.edu)
Status:	Signed
Transaction ID:	CBJCHBCAABAAWhHjJRYwmZ5kQIAZgb3Miufh_fA5gZQX

"CSU Fullerton Assoc Students Inc Engagement Letter - Aldrich" History

-  Document created by Deserita Ohtomo (dohtomo@fullerton.edu)
2023-05-18 - 11:01:32 PM GMT- IP address: 137.151.113.58
-  Document emailed to Dave Edwards (daveedwards@fullerton.edu) for signature
2023-05-18 - 11:03:02 PM GMT
-  Email viewed by Dave Edwards (daveedwards@fullerton.edu)
2023-05-18 - 11:23:33 PM GMT- IP address: 104.28.85.130
-  Email viewed by Dave Edwards (daveedwards@fullerton.edu)
2023-05-19 - 8:14:33 PM GMT- IP address: 104.47.70.126
-  Dave Edwards (daveedwards@fullerton.edu) has agreed to the terms of use and to do business electronically with California State University, Fullerton
2023-05-19 - 8:14:44 PM GMT- IP address: 137.151.175.128
-  Document e-signed by Dave Edwards (daveedwards@fullerton.edu)
Signature Date: 2023-05-19 - 8:14:44 PM GMT - Time Source: server- IP address: 137.151.175.128
-  Agreement completed.
2023-05-19 - 8:14:44 PM GMT

April 20, 2023

To the Board of Directors and Management
Associated Students, Inc. Children's Center
California State University, Fullerton

We are pleased to confirm our understanding of the services we are to provide for Associated Students, Inc. Children's Center, California State University, Fullerton (the Children's Center) for the years ending June 30, 2023, 2024, and 2025.

AUDIT SCOPE AND OBJECTIVES

We will audit the financial statements of the Children's Center, which comprise the statement of financial position as of June 30, 2023, 2024, and 2025, the related statements of activities, functional expenses, and cash flows for the years then ended, and the disclosures (collectively, the "financial statements").

Also, the following supplemental information accompanying the financial statements will be subjected to the auditing procedures applied in our 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 (GAAS), and we will provide an opinion on it in relation to the financial statements as a whole in a report combined with our auditor's report on the financial statements:

- 1) Supplemental information required by the California Department of Education contracts in accordance with audit guides issued by the California Department of Education.

The objectives of our audit 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 issue an auditor's report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

The objectives also include reporting on internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

We will conduct our audit in accordance with GAAS and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of your accounting records and other procedures we consider necessary to enable us to express such an opinion. As part of an audit in accordance GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the Children's Center or to acts by management or employees acting on behalf of the Children's Center. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Children's Center's ability to continue as a going concern for a reasonable period of time.

Our procedures may include tests of documentary evidence supporting the transactions recorded in the accounts, tests of physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We may also request written representation from your attorneys as part of the engagement.

We have identified the following significant risks of material misstatement as part of our audit planning.

- 1) Related party transactions and disclosures
- 2) CDE compliance and reporting

AUDIT PROCEDURES- INTERNAL CONTROL

We will obtain an understanding of the Children's Center and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinion. Tests of controls may be performed to test the effective of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statement and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control pursuant to *Government Auditing Standards*. 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, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to you and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

AUDIT PROCEDURES- COMPLIANCE

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Children's Center's compliance with provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance, and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

OTHER SERVICES

We will also prepare the financial statements, and related notes of the Children's Center in conformity with accounting principles generally accepted in the United States of America based on information provided by you.

We may also provide the following bookkeeping or consulting services:

- a. Preparation of proposed journal entries.
- b. Assist with the reconciliations or calculations of statement of financial position.
- c. Preparing the financial statements, schedule of expenditures of federal awards, and related notes of the Children's Center in conformity with U.S. generally accepted accounting principles and the Uniform Guidance based on information provided by you.

These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards, including the Statements on Standards for Tax Services issued by the American Institute of Certified Public Accountants. The other services are limited to the financial statement and tax services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities. We will advise management with regard to tax positions taken in the preparation of the returns, but management must make all decisions with regard to those matters.

RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including monitoring ongoing activities to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly recorded. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements and all accompanying information in conformity with accounting principles generally accepted in the United States of America, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

You are also responsible for making drafts of financial statements, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the Children's Center from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by GAAS and *Government Auditing Standards*. Such written representations are a material part of the audit that we will perform, and we are unable to finalize our engagement or report and express our opinion without them.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known, suspected or alleged fraud affecting the Children's Center involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Children's Center received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the Children's Center complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we report.

You are responsible for the preparation of the supplemental information, which we have been engaged to report on, in conformity with accounting principles generally accepted in the United States of America. You agree to include our report on the supplemental information in any document that contains, and indicates that we have reported on, the supplemental information. You also agree to include the audited financial statements with any presentation of the supplemental information that includes our report thereon.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Scope and Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. The Children's Center is also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities for the tax services, financial statements, and related notes, and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter the tax services provided and our assistance with preparation of the financial statements, and related notes and that you have evaluated the adequacy of our services and have reviewed and approved the results of the services, the financial statements, and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

You are responsible for notifying us in advance of your intent to publish, distribute or reproduce, in any form, including electronic and on the Children's Center's website, our report for any reason, in whole or in part; and to give us the opportunity to review any material containing our report. Notifying us of your intent to publish, distribute or reproduce our report does not constitute our acknowledgement of any third party's reliance on the financial statements.

ENGAGEMENT PERSONNEL, FEES, AND OTHER

We understand that your employees will prepare all cash, accounts receivable, and other confirmations we request and will locate any documents selected by us for testing.

We will provide copies of our reports to the Children's Center, however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

Andy Maffia is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

The audit documentation for this engagement is the property of Aldrich CPAs + Advisors, LLP and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to regulators or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Aldrich CPAs + Advisors, LLP's personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by oversight agencies. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

Our approach will be to perform our audit planning and other procedures based on our judgment prior to year-end, at a time that is convenient to both our staffs. These procedures may include examination of internal control and accounting procedures, assessment of risk, and preliminary audit planning. We will then schedule our year-end audit procedures at a time that is convenient for both of our staffs, while meeting your deadlines.

Billings for these services will be invoiced in accordance with our attached Aldrich CPAs + Advisors LLP General Business Terms & Conditions. We estimate that our fees for the financial statement audit for the years ending June 30 are:

	<u>2023</u>	<u>2024</u>	<u>2025</u>
Financial Statement Audit	\$20,000	\$20,800	\$21,635

Our fees are not contingent on the results of our services. In addition, our fee estimate is based on the assumptions and management responsibilities contained in this letter. Accordingly, if significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

REPORTING

We will issue a written report upon completion of our audit of Associated Students, Inc. Children's Center California State University, Fullerton's financial statements. Our report will be addressed to the board of directors of Associated Students, Inc. Children's Center, California State University, Fullerton. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinion or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinion is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or withdraw from this engagement.

We will also provide a report (which does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will include a paragraph that states that (1) the purpose of the report is solely to describe the scope of 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 and (2) the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The report will also state that the report is not suitable for any other purpose. If during our audit we become aware that the Children's Center is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in Government Auditing Standards may not satisfy the relevant legal, regulatory, or contractual requirements.


We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter and the attached Aldrich CPAs + Advisors LLP General Business Terms & Conditions, please sign the enclosed copy and return it to us.

Very truly yours,

Aldrich CPAs + Advisors LLP

ACCEPTED:

This letter correctly sets forth the understanding of Associated Students, Inc. Children's Center, California State University, Fullerton:


Dave Edwards (May 19, 2023 07:26 PDT)

Management

Executive Director

Title

05/19/2023

Date



ALDRICH CPAS + ADVISORS LLP GENERAL BUSINESS TERMS & CONDITIONS ASSURANCE & FINANCIAL STATEMENT PREPARATION SERVICES

This document describes certain customary practices and general terms, conditions, and limitations ("Terms") relating to the delivery of audit, review, compilation, agreed upon procedure and financial statement preparation services ("Services" or "Engagement") by Aldrich CPAs + Advisors LLP ("we" or "our"). All Services Aldrich CPAs + Advisors provides to its clients or a third party ("you" or "your") are subject to these Terms, and the terms and conditions contained in the accompanying Engagement Letter.

1. **Scope of Services.** Our services will be limited to the Services specifically described in our Engagement Letter. Services do not include presentation to or representation before any third party, regulator or other authorities. If services beyond those specifically described in our Engagement Letter are requested by you or required, these additional services will be provided either under a separate engagement or a modification of an existing Engagement at an additional cost. We presume requests for additional services by your personnel or agents are authorized by you. Our agreement to provide Services under the current Engagement does not obligate us to accept any other engagement.

2. **Invoices.** Our fees and expenses are billed on a regular basis. We may send you progress invoices for Services that take more than 3 months to complete. Unless otherwise indicated, fees and expenses quoted in our Engagement Letter are estimates, are not contingent on the results of the Services, and each invoice is payable in full on receipt. If you believe any invoice is incorrect or unacceptable, you will notify us in writing within 30 days of receipt. Aldrich CPAs + Advisors may suspend or terminate Services and charge interest on amounts due if any invoice remains unpaid more than 60 days after date of invoice.

3. **Confidentiality** | Aldrich CPAs + Advisors and its employees will maintain the confidentiality of your Confidential Information, as defined below. We may disclose Confidential Information if compelled by a court or governmental agency, but we will use reasonable efforts to inform you prior to such disclosure.

Aldrich CPAs + Advisors will use reasonable precautions to protect your Confidential Information, but we have no obligation to use any measures not regularly employed by us in protecting our own Confidential Information.

Except as provided below, "Confidential Information" means (i) information contained in your internal financial and business records, (ii) information reported on your tax returns, and (iii) other information concerning you or your business that is marked confidential" or otherwise identified as "confidential" in writing at the time of disclosure. Confidential Information does not include information (i) that is or becomes publicly known or available without breach of our obligations under this section, (ii) is disclosed by you to another party without confidentiality restrictions, (iii) is received by us on a non-confidential basis from another party reasonably presumed to be authorized to make such disclosure, or (iv) previously known or subsequently independently developed by us.

4. **Data Security.** Aldrich CPAs + Advisors regularly communicates via email and stores and processes your information, including Confidential Information, on private networks and secured provider networks, computer servers and applications (the "Cloud"). Emails and other electronically stored and transmitted information may be diverted, intercepted, altered, read, disclosed or otherwise used or communicated by unauthorized third parties. While we will use resources and select suppliers of computer services that we determine provide highly secure environments, the security and protection of email and other electronically stored or transmitted data cannot be guaranteed or warranted. Accordingly, we will not be responsible for and specifically disclaim any liability for any information security breaches whatsoever, unless such breach is the result of our gross negligence or intentional misconduct, subject to the limitations set forth in Section 12.

5. **Deliverables, Documents & Files.** We will deliver to you the opinions, reports, financial statements or other documents or information expressly identified in the Engagement Letter ("Deliverables"). Unless otherwise provided by applicable laws or regulations and except for the Deliverables, our work product, work papers and files will remain our property; and we retain all related intellectual property rights. We, in our sole discretion, may provide you with access to or copies of our work product, work papers and files, but you agree to pay all costs associated with such access or copies. At the conclusion of our Engagement, we will promptly return to you your original records and documents. We will retain Engagement documentation for a period of 7 years. Thereafter, we will destroy our Engagement files in accordance with our document retention policy.

6. **Document Production & Testimony.** If, during the Engagement or thereafter, we are requested or authorized by you, or if we are required by law or regulation, subpoena or other authorities or legal process, to produce any documents or files, or to make our personnel available in connection with our Engagement, you will reimburse us for our professional time and expenses, as well as the fees and expenses of our legal counsel or other advisors, incurred in responding to such requests.

In certain circumstances, information, particularly Confidential Information, may be protected by an accountant/client privilege; which you are responsible for recognizing, asserting and maintaining. You must notify us if you wish to claim any privilege, and we will cooperate with your reasonable instructions relating to the privilege. Any questions concerning the availability, maintenance, waiver, and process for asserting a privilege should be directed to your legal counsel. In some jurisdictions the accountant/client privilege may belong to the accountant and not the client.

7. **Third Parties, Independent Contractors.** In performing the Services, we may use the services of domestic and foreign (as permitted by applicable law and regulation) independent contractors, other third party personnel, and part-time or seasonal employees. By engaging us, you authorize us to allow employees of such third parties to access to your files, financial information and other Confidential Information as necessary to provide the Services. We require third parties to protect the confidentiality of Confidential Information disclosed to them; and may also require you to execute documents authorizing such disclosure. Our use of any third party does not affect our obligations to you under our Engagement Letter.

8. **Reliance.** Our Services, including our opinions, reports, compilations or financial statements, are provided for your benefit, and not for the benefit of any third party. You agree to indemnify and hold Aldrich harmless, in accordance with Section 13, from claims based on a third party's use of or reliance on our Services.

9. **Changes in Laws, Regulations & Standards.** Changes to applicable law, regulations, and accounting, auditing or professional standards could materially affect the performance of the Services, including our opinions, reports, and presentation of financial statements. Such changes may also impact the time required to complete the Services and our professional fees.

10. Independence & Conflicting Engagements. If at any time, we determine in our sole discretion that our independence or objectivity is potentially impaired or a conflict of interest exists which prevents us from providing the Services in accordance with the applicable professional and ethical standards, we will notify you of the potential impairment or conflict, and we may withdraw from the engagement, unless the impairment or conflict can be removed to the extent permitted by applicable professional and ethical standards. You agree to advise us of other actual or potential engagements involving Aldrich CPAs + Advisors.

11. Termination. You may terminate the Engagement Letter at any time by written notice to us. Subject to any restrictions imposed by applicable professions and ethical standards, we may terminate the Engagement Letter at any time upon written notice to you. Termination for any reason will not affect your obligation to pay us for fees and expenses incurred prior to termination, or our obligation to transfer files to and otherwise cooperating with successor auditors or accountants. If you terminate any Engagement Letter after we have commenced performing services under a fixed fee arrangement, you are obligated to pay us the entire fixed fee upon termination. All provisions of these Terms and the Engagement Letter will survive the termination of the Engagement Letter; except our obligation to perform Services and your obligation to pay invoices for Services not performed.

12. Warranties & Limitations. The Services performed under the Engagement Letter and Terms are professional in nature. Aldrich CPAs + Advisors warrants that it will perform the Services in good faith, with due care and in accordance with any applicable professional standards. Aldrich CPAs + Advisors specifically disclaims all other warranties, either express or implied, and makes no guarantee regarding the results of the Services and/or the use or implementation by you or any permitted third party. As your exclusive remedy for any breach of this warranty, Aldrich CPAs + Advisors will, on receipt of written notice within a reasonable time following the discovery of the breach, use diligent efforts to cure the breach.

If Aldrich CPAs + Advisors fails to provide an acceptable cure in a reasonable period of time, Aldrich CPAs + Advisors will return the professional fees paid to Aldrich CPAs + Advisors with respect to the Services giving rise to the breach, not to exceed the amount of actual and direct damages resulting from our failure to meet our obligations. This will be your sole and exclusive remedy. In no event will our liability for any claim arising out of or relating to our failure to meet our obligations under the Engagement Letter or these Terms exceed the amount of the fees actually paid to us under the Engagement Letter or extend to any indirect consequential, special, exemplary or punitive damages.

Any claim or action by either party, regardless of its nature, arising out of or relating to any matter under the Engagement Letter or these Terms must be brought within 24 months after the party first knows or has reason to know that the claim or cause of action exists, unless otherwise provided by applicable law.

13. Indemnification. You will indemnify and hold harmless, Aldrich CPAs + Advisors, its subcontractors and their personnel from any and all costs, expenses, settlements or penalties ("Liability") related to any proceeding initiated by a third party, and to the extent that such Liability results directly or indirectly from your knowing, intentional or negligent misrepresentations, the provision of inaccurate or incomplete information by you, material errors, irregularities, fraud, embezzlements or other defalcation not detected by us, or the unauthorized disclosure of our Deliverables to a third party; provided that the Liability is not the result of our failure to comply with professional standards, these Terms or the Engagement Letter.

14. *Dispute Resolution.* Aldrich CPAs + Advisors and you agree that any dispute regarding the Services will be finally resolved first through mediation, and, if unsuccessful, through arbitration. Following a good faith attempt by the parties' representatives to resolve the dispute, non-binding mediation may be initiated by either party; and the parties will select a mediator acceptable to both and will share the cost of mediation equally. Failing resolution through mediation, the parties will submit the dispute to binding arbitration before a single arbitrator with accounting industry experience reasonably acceptable to the parties. The arbitration will be subject to the rules established by the parties or the arbitrator, if the parties cannot agree. Arbitration will take place in Clackamas County, Oregon, or such other place as the parties may agree. The findings of the arbitrator will be final and binding, and enforceable in any court with appropriate jurisdiction. Each party shall bear its own costs related to the arbitration; provided, however, the parties shall share the fees and expenses of the arbitrator equally.

You acknowledge and agree that no affiliated or related entity of Aldrich CPAs + Advisors will have any liability to you or any other person; and you will not bring any action against any such affiliated or related entity of Aldrich CPAs + Advisors in connection with the Engagement.

15. *General.* These Terms and the Engagement Letter represent our entire agreement and understanding concerning the Services described in the Engagement Letter, and supersede all prior negotiations, commitments or agreements. These Terms and the Engagement Letter may only be amended by our written agreement. In the event of a conflict between these Terms and the Engagement Letter, these Terms will prevail.

If either party is delayed in performance or has the inability to perform due to any breach of this agreement by the other party, act of God, labor dispute or strike, or civil disturbance, significant cyber security incident perpetrated by an external third party, or any other cause beyond that party's control and not due to that party's fault or negligence, then the failure to perform is excused. The other party shall have the right to terminate this agreement if such failure continues for an unreasonable period of time, and neither party shall be liable to the other party on such termination.

No waiver of any breach of these Terms or the Engagement Letter will be effective unless the waiver is in writing and signed by the applicable party. No waiver of one breach will be a waiver of any other or subsequent breach.

You may not assign the Engagement Letter to any other party without our prior written consent, except that you may assign the Engagement Letter to any party that acquires substantially all of your assets and goodwill. These Terms and the Engagement Letter is binding on Aldrich CPAs + Advisors' and your successors and assigns.

Except as expressly provided in the Engagement Letter, there are no third party beneficiaries to the Engagement Letter.

The Engagement Letter, including these Terms, and all matters relating to the Services will be governed by the laws of the State of Oregon. Any legal action related to the Services not subject to arbitration as described in Section 14 will be brought exclusively in the appropriate court located in Clackamas County, Oregon.

If any provision of these Terms or the Engagement Letter is found to be unenforceable, such finding will not affect the enforceability of other provisions; and such unenforceable provision will be deemed modified to the extent necessary to render it enforceable, preserving to the fullest extent permissible the intent of the parties.







CSU Fullerton CDE Engagement Letter - Aldrich

Final Audit Report

2023-05-19

Created:	2023-05-18
By:	Deserita Ohtomo (dohtomo@fullerton.edu)
Status:	Signed
Transaction ID:	CBJCHBCAABAA5cvrTMFCnMFaoMOT8cLrdoDAGTcMzyrO

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-  Document created by Deserita Ohtomo (dohtomo@fullerton.edu)
2023-05-18 - 11:05:16 PM GMT- IP address: 137.151.113.58
-  Document emailed to Dave Edwards (daveedwards@fullerton.edu) for signature
2023-05-18 - 11:06:18 PM GMT
-  Email viewed by Dave Edwards (daveedwards@fullerton.edu)
2023-05-18 - 11:23:33 PM GMT- IP address: 104.28.85.130
-  Dave Edwards (daveedwards@fullerton.edu) has agreed to the terms of use and to do business electronically with California State University, Fullerton
2023-05-19 - 2:26:00 PM GMT- IP address: 47.6.114.229
-  Document e-signed by Dave Edwards (daveedwards@fullerton.edu)
Signature Date: 2023-05-19 - 2:26:00 PM GMT - Time Source: server- IP address: 47.6.114.229
-  Agreement completed.
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