

Associated Students, Incorporated
California State University, San Bernardino

Financial Statements
And
Independent Auditor's Report

For the Year Ended
June 30, 2019

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Associated Students, Incorporated
California State University, San Bernardino

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Associated Students, Incorporated
California State University, San Bernardino

Organization Data
June 30, 2019

Date of Organization:

Organized on January 25, 1966 as an unincorporated association under the Education Code, State of California, Section 23801. The Association was incorporated in January 1988.

Nature and Purpose:

Associated Students, Incorporated (ASI) was formed to participate in shared governance with the campus representing the students. Furthermore, it is to provide essential co-curricular activities such as, leadership opportunities, social and educational programming, ticket office, graphic design services, as well as generate school spirit to strengthen the bond between the faculty, administrators, and the students of the University. ASI provides tremendous support to the Children's Center, Student Research and Travel, Intercollegiate Athletics, Presidential Academic Excellence Scholarship program, student scholarships and grant style funding for clubs and organizations.

Officers – 2018-2019:

Prince Ogidikpe President
Year Nanan Executive Vice President
Kristy Robles Vice President of Finance

Faculty Advisors:

Lisa Root ASI Advisor
Angela Horner, Ph.D. Faculty Representative
Harry Le Grande President's Representative

Executive Director:

Jesse Felix



ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

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Board of Directors
Associated Students, Incorporated
California State University, San Bernardino
San Bernardino, California

Independent Auditor's Report

PARTNERS

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Terry P. Shea, CPA
Scott W. Manno, CPA, CGMA
Leena Shanbhag, CPA, MST, CGMA
Bradferd A. Welebir, CPA, MBA, CGMA
Jay H. Zercher, CPA (Partner Emeritus)
Phillip H. Waller, CPA (Partner Emeritus)
Kirk A. Franks, CPA (Partner Emeritus)

DIRECTORS

Jenny Liu, CPA, MST

MANAGERS / STAFF

Charles De Simoni, CPA
Gardenya Duran, CPA
Brianna Schultz, CPA
Jingjie Wu, CPA
Evelyn Morentin-Barcena, CPA
Jin Gu, CPA, MT
Veronica Hernandez, CPA
Tara R. Thorp, CPA, MSA
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Report on the Financial Statements

We have audited the accompanying financial statements of Associated Students Incorporated, of California State University, San Bernardino (ASI), which comprise the statements of financial position as of and for the year ended June 30, 2019, and the related statement of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Associated Students, Incorporated, CSUSB as of June 30, 2019 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the ASI's 2018 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated September 14, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Emphasis of a Matter

Change in Accounting Principle

As discussed in Note 2 of the financial statements, the Associated Students Incorporated adopted provisions of Financial Accounting Standards Board Statement ASU 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Other Matter

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 13, 2019, on our consideration of the Associated Students Incorporated, CSUSB's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Associated Students Incorporated, CSUSB's internal control over financial reporting and compliance.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
September 13, 2019

Associated Students, Incorporated
California State University, San Bernardino

Statement of Financial Position
June 30, 2019

	2019	2018
ASSETS		
Cash and Cash Equivalents	\$ 16,190	\$ 518
Short-term Investments (Note 3)	2,546,158	2,564,481
Interest Receivable	6,209	6,550
Accounts Receivable	201	824
Due from Related Party (Note 6)	-	23,120
Inventory	11,025	15,489
OPEB Asset (Note 8)	200,938	245,002
	2,780,721	2,855,984
Capital Assets		
Equipment, Furniture, and Fixtures	111,712	111,712
Less: Accumulated Depreciation	91,910	76,137
	19,802	35,575
Total Assets	\$ 2,800,523	\$ 2,891,559
LIABILITIES		
Accounts Payable	\$ 41,891	\$ 5,458
Due to Related Party (Note 6)	47,744	88,442
Accrued Expenses	647	4,460
Accrued Compensated Absences	41,384	59,438
Liabilities for Pension Benefits (Note 7)	150,486	153,516
Total Liabilities	282,152	311,314
NET ASSETS		
Without Donor Restrictions (Note 10)		
Undesignated	1,534,292	1,596,166
Board-Designated	984,079	984,079
Total Without Donor Restrictions	2,518,371	2,580,245
Total Net Assets	2,518,371	2,580,245
Total Liabilities and Net Assets	\$ 2,800,523	\$ 2,891,559

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

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Associated Students, Incorporated
California State University, San Bernardino

Statement of Activities
For the Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	2019 Total	2018 Total
REVENUES				
Student Fees	\$ 1,749,618	\$ -	\$ 1,749,618	\$ 1,777,970
Investment Income, Net	45,106	-	45,106	32,479
Sales and Service of Auxiliary Enterprises:				
Ticket Sales and Program Revenue	46,240	-	46,240	220,304
Other	609	-	609	1,025
Total Revenues	<u>1,841,573</u>	<u>-</u>	<u>1,841,573</u>	<u>2,031,778</u>
EXPENSES				
Program Services	845,463	-	845,463	1,032,653
Management and General	1,057,984	-	1,057,984	735,065
Total Expenses	<u>1,903,447</u>	<u>-</u>	<u>1,903,447</u>	<u>1,767,718</u>
CHANGE IN NET ASSETS	(61,874)	-	(61,874)	264,060
NET ASSETS, Beginning of Year	<u>2,580,245</u>	<u>-</u>	<u>2,580,245</u>	<u>2,316,185</u>
NET ASSETS, End of Year	<u>\$ 2,518,371</u>	<u>\$ -</u>	<u>\$ 2,518,371</u>	<u>\$ 2,580,245</u>

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

Associated Students, Incorporated
California State University, San Bernardino

Statement of Functional Expenses
For the Year Ended June 30, 2019

	Program Services						
	Management and General	Student Government	External Affairs	ASI Box Office	Legal Aid	Grant and Service Program	Public Relations
Wages	\$ 625,666	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee benefits	85,032	-	-	-	-	-	-
Payroll taxes	30,346	-	-	-	-	-	-
Total Wages and Related Expenses	741,044	-	-	-	-	-	-
Accounting	-	-	-	-	-	-	-
Advertising	-	-	-	-	-	-	24,424
AOA dues	1,246	-	-	-	-	-	-
AS transition	2,434	-	-	-	-	-	-
Audit	15,500	-	-	-	-	-	-
Box office tickets	-	-	-	35,943	-	-	-
Building equipment and repairs	2,976	-	-	-	-	-	-
Campus services	137,526	-	-	-	-	-	-
Depreciation	5,258	-	-	-	-	-	-
Donations	-	-	-	-	-	239,408	-
Dues and subscriptions	-	298	-	-	-	-	-
Hospitality	3,847	-	-	-	100	-	-
Insurance	13,391	-	-	-	-	375	-
Legal	2,599	-	-	-	7,920	-	-
Orientation	7,253	-	-	-	-	-	-
Other expense	-	-	-	-	-	1,000	-
Pension/OPEB adjustments	41,034	-	-	-	-	-	-
Postage	242	-	-	-	-	-	-
Prizes	6,843	-	-	-	-	-	3,185
Rent	1	-	-	-	-	-	-
Scholarships and stipends	-	-	-	-	-	102,958	-
Special events	-	-	-	-	-	-	-
Student Union custodian	7,920	-	-	-	-	-	-
Supplies and services	48,984	254	24	351	391	17,777	2,869
Training	-	-	-	-	-	-	-
Travel	9,083	169	19,201	-	-	45,863	-
Utilities and telephone	10,803	-	-	-	-	-	-
	\$ 1,057,984	\$ 721	\$ 19,225	\$ 36,294	\$ 8,411	\$ 407,381	\$ 30,478

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

Associated Students, Incorporated
California State University, San Bernardino

(continued)

Program Services						Total Expenses		
Club Allocation Budget	Activities Committee	Leadership Program	Election Committee	Palm Desert Campus	Production	Total Program Services	2019	Comparative Totals 2018
\$ -	\$ -	\$ -	\$ -	\$ 22,801	\$ -	\$ 22,801	\$ 648,467	\$ 585,437
-	-	-	-	-	-	-	85,032	94,352
-	-	-	-	430	-	430	30,776	23,003
-	-	-	-	23,231	-	\$ 23,231	764,275	702,792
-	-	-	-	-	-	-	-	77,410
-	-	-	-	9,243	12,796	46,463	46,463	45,768
-	-	-	-	-	-	-	1,246	1,210
-	-	-	-	-	-	-	2,434	5,279
-	-	-	-	-	-	-	15,500	14,073
-	-	-	-	-	-	35,943	35,943	59,171
-	-	-	-	-	-	-	2,976	2,532
-	-	-	-	-	-	-	137,526	-
-	6,452	4,063	-	-	-	10,515	15,773	17,020
-	-	-	-	-	-	239,408	239,408	253,818
-	-	-	-	-	-	298	298	-
-	-	-	-	-	-	100	3,947	3,544
-	-	-	-	-	8,740	9,115	22,506	17,401
-	-	-	-	-	-	7,920	10,519	13,578
-	-	-	-	-	-	-	7,253	7,282
-	-	-	-	-	-	1,000	1,000	-
-	-	-	-	-	-	-	41,034	(256,612)
-	-	-	-	-	-	-	242	1,518
-	-	-	-	-	-	3,185	10,028	8,225
-	-	-	-	658	-	658	659	1
-	-	-	-	-	-	102,958	102,958	110,000
-	106,104	8,143	-	571	100,000	214,818	214,818	412,262
-	-	-	-	-	-	-	7,920	7,920
40,898	10,894	476	4,916	5,672	-	84,522	133,506	192,872
-	-	-	-	-	-	-	-	2,684
-	-	-	-	96	-	65,329	74,412	56,694
-	-	-	-	-	-	-	10,803	11,276
\$ 40,898	\$ 123,450	\$ 12,682	\$ 4,916	\$ 39,471	\$ 121,536	\$ 845,463	\$ 1,903,447	\$ 1,767,718

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

Associated Students, Incorporated
California State University, San Bernardino

Statement of Cash Flows
For the Year Ended June 30, 2019

	<u>2019</u>	<u>Comparative Totals 2018</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ (61,874)	\$ 264,060
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities		
Depreciation	15,773	17,020
Actuarial pension related items	(3,030)	12,027
(Increase) decrease in operating assets		
Accounts receivable	623	(3,317)
Due from related party	23,120	(23,120)
Interest receivable	341	-
Inventory	4,464	2,271
OPEB asset	44,064	(245,002)
Increase (decrease) in operating liabilities		
Accounts payable	36,433	(15,293)
Due to related parties	(40,698)	7,318
Accrued expenses	(3,813)	(6,695)
Accrued compensated absences	(18,054)	32,389
OPEB liability	-	(23,637)
Net cash provided by (used for) operating activities	<u>(2,651)</u>	<u>18,021</u>
Net increase (decrease) in cash	(2,651)	18,021
Cash, beginning of year	<u>2,564,999</u>	<u>2,546,978</u>
Cash, end of year	<u><u>\$ 2,562,348</u></u>	<u><u>\$ 2,564,999</u></u>
<u>RECONCILIATION OF CASH TO THE STATEMENT OF FINANCIAL POSITION</u>		
Cash and cash equivalents	\$ 16,190	\$ 518
Short-term investments	<u>2,546,158</u>	<u>2,564,481</u>
Total	<u><u>\$ 2,562,348</u></u>	<u><u>\$ 2,564,999</u></u>

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

Associated Students, Incorporated
California State University, San Bernardino

Notes to Financial Statements
June 30, 2019

Note 1: Description of Activities

Associated Students, Incorporated, CSUSB (ASI) was formed for the purpose of providing to students essential social and recreational activities related to, but not normally included in, the University instructional program. These activities are primarily funded by fees charged to students each quarter. Tickets to local events are offered to students at cost by the ASI box office.

Note 2: Summary of Significant Accounting Policies

Management 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 assets and liabilities at 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.

Basis of Accounting

ASI prepares its financial statements on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205. Accordingly, information regarding financial position, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of ASI and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations, and which may be designated for specific purposes by action of the Board of Directors.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Associated Students, Incorporated
California State University, San Bernardino

Notes to Financial Statements
June 30, 2019

Note 2: Summary of Significant Accounting Policies (continued)

Basis of Accounting (continued)

Revenues are reported as increases in net assets without donor restrictions, unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities, other than endowment and similar funds, are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation. Expirations of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets; net assets released from restrictions.

Cash and Investments

For purposes of the statement of cash flows, cash and cash equivalents include all highly liquid investments with a maturity of three months or less from date of purchase. ASI maintains its cash balances in one financial institution. The Federal Deposit Insurance Corporation (FDIC) insures up to \$250,000 per depositor, per insured bank, for each account ownership category. These balances may at times exceed the FDIC limit. As of June 30, 2019, ASI is within the limit of FDIC coverage.

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. The fair value of investments in securities is based on the quoted market price of the underlying securities. Investments in real estate are stated at acquisition cost. Unrealized gains and losses are included in the change in net assets. Short-term investments consist of debt securities with original maturities of twelve months or less. Long-term investments consist of debt securities with original maturities greater than twelve months.

Financial Instruments

The carrying amount of all financial instruments approximates fair value. The carrying amounts for cash and cash equivalents, investments, accounts receivable and accounts payable approximate fair value because of the short maturity of these instruments.

Accounts Receivable

Accounts receivable are primarily from student fees. Receivables are recorded when a student registers for courses and are presented in the statement of financial position net of the allowance for doubtful accounts. Accounts receivable are written off when they are deemed to be uncollectible. Any allowance for doubtful accounts is based on historical loss experience. There was no allowance for doubtful accounts as of June 30, 2019.

Inventory

Inventory is valued at cost determined on the first-in, first-out basis.

Associated Students, Incorporated
California State University, San Bernardino

Notes to Financial Statements
June 30, 2019

Note 2: Summary of Significant Accounting Policies (continued)

Equipment and Furniture

It is the policy of ASI to capitalize equipment, furniture, and fixture additions over \$5,000. Equipment and furniture are stated at cost and depreciation is calculated using the straight-line method over the estimated useful lives. Total depreciation expense for the year ended June 30, 2019 was \$15,773.

Deferred Revenue

Student fees for the upcoming summer and fall terms collected in advance through June 30, 2019 are deferred and recognized during the terms for which they are assessed. There was no deferred revenue as of June 30, 2019.

Designated Net Assets

Designated net assets include amounts set aside for emergency, administrative, equipment, and operational reserves as required by the California State University Manual of Policies and Procedures for Auxiliary Organizations.

Expense Allocation

The cost of providing various programs and other activities has been summarized on a functional basis in the statement of activities. Directly identifiable expenses are charged to relevant programs and supporting services. Indirect expenses are allocated to the programs on various bases established by management.

Reclassifications

Certain amounts in the 2018 comparative totals have been reclassified to conform to the 2019 reporting format.

Subsequent Events

Management has evaluated subsequent events through September 13, 2019, the date on which the financial statements were available to be issued.

Implementation of New Accounting Pronouncement

On August 18, 2016, FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. ASI has adjusted the presentation of these financial statements accordingly.

Associated Students, Incorporated
California State University, San Bernardino

Notes to Financial Statements
June 30, 2019

Note 3: Investments and Fair Value Measurements

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1	Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.
Level 2	Inputs to the valuation methodology include: <ul style="list-style-type: none">• quoted prices for similar assets or liabilities in active markets;• quoted prices for identical or similar assets or liabilities in inactive markets;• inputs other than quoted prices that are observable for the asset or liability;• inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
Level 3	Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value:

Money Market Funds – Money Market Funds are valued at net asset value (NAV) of \$1 per share, and are comprised of short-term (less than one year) securities representing high-quality, liquid debt and monetary instruments.

Mutual Funds – Shares of mutual funds are valued at quoted market prices, which represent the net assets value of shares held by ASI at year-end.

Equity Securities – Equity securities are valued at last quoted sales price as of the close of trading at year-end; such securities, not traded on the year-end date, are valued at the last quoted bid price.

Fixed Income Securities – Fixed income securities are valued using the last quoted bid price.

Investment Pool (SWIFT) – The pool investment is reported at fair value as provided by the University System.

Associated Students, Incorporated
California State University, San Bernardino

Notes to Financial Statements
June 30, 2019

Note 3: Investments and Fair Value Measurements (continued)

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although ASI believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at June 30, 2019 are as follows:

Type	Fair Value	Fair Value Measurements at June 30, 2019		Not Subject to GASB 72
		Level 1	Level 2	
SWIFT Investments				
Asset Backed Securities	\$ 65,736	\$ -	\$ 65,736	\$ -
Certificates of Deposit	65,215	-	65,215	-
Corporate Bonds	435,289	-	435,289	-
Money Market Funds	11,120	-	-	11,120
Mortgage Backed Securities	87	-	87	-
Municipal Bonds	21,532	-	21,532	-
Mutual Fund	-	-	-	-
Repurchase Agreement	4,466	-	4,466	-
US Agency Securities	454,328	-	454,328	-
US Treasury Securities	516,791	-	516,791	-
Total SWIFT investments	1,574,564	-	1,563,444	11,120
LAIF	971,594	-	-	971,594
Total investments	\$ 2,546,158	\$ -	\$ 1,563,444	\$ 982,714

ASI has pooled investments with the State of California State Treasurer's Local Agency Investment Fund (LAIF). LAIF is a governmental investment pool managed and directed by the California State Treasurer and is not registered with the Securities and Exchange Commission. An oversight committee, comprised of California State officials and various participants, provides oversight to the management of the fund. The daily operations and responsibilities of LAIF fall under the auspices of the State Treasurer's office. ASI is a voluntary participant in the investment pool.

Investments are stated at fair value (the value at which financial instruments could be exchanged in a current transaction between willing parties, other than in a forced liquidation sale). Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

Included in LAIF's investment portfolio are certain derivative securities or similar products in the form of asset-backed securities totaling \$977 million, which represents 0.92% of the total LAIF portfolio of \$105.7 billion as of June 30, 2019. LAIF's (and ASI's) exposure to risk (credit, market or legal) is not currently available.

ASI relies upon information provided by the State Treasurer in estimating the fair value position of its holdings in LAIF. ASI's holdings in LAIF had a value of \$971,594 as of June 30, 2019. LAIF is not subject to a credit quality rating.

Associated Students, Incorporated
California State University, San Bernardino

Notes to Financial Statements
June 30, 2019

Note 3: Investments and Fair Value Measurements (continued)

Investments

ASI has pooled investments with the CSU Systemwide Investment Fund Trust (SWIFT). As a result of a 2007 change in Education Code 89721(l) that allowed CSU to self-manage student tuition and fees, CSU created a central banking system and created the SWIFT investment portfolio for the purpose of enhancing centralized cash and investment management. Because the central banking system and SWIFT are inextricably linked, each member in the central banking system is also a member in SWIFT, also referred to collectively as The Bank of CSU. These funds are reported as a short-term investment. The SWIFT consists of investments of cash on an overnight and/or short-term basis, the funds representing the float on funds collected from all eligible sources prior to their use for payment of accounts payable and payroll. Excess cash over and above what is needed to fund short-term payables and payroll are transferred to medium or longer term investments.

ASI relies upon information provided by the SWIFT in estimating the fair value position of its holdings in it. ASI's holdings in SWIFT had a value of \$1,574,564 as of June 30, 2019. SWIFT is not subject to a credit quality rating. At June 30, 2019, SWIFT had invested \$155 million in asset and mortgage backed securities. SWIFT also had \$11 million invested in repurchase agreements. The allocated totals for each investment type are derived from the percentage of the ASI's investment balance in relation to the pool's investment balance applied to the pools total balance for each investment category.

Note 4: Exempt Status

Income Tax Status

ASI is exempt from federal income taxes as a not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code. A comparable exemption has been granted by the State of California. ASI's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending 2016, 2017, and 2018 are subject to examination by the IRS, generally for 3 years after filing.

Note 5: Leasing Arrangements

ASI, as lessee, has a lease agreement with the Student Union for exclusive use of a suite of offices including rooms 108, A through P. The leased space consists of approximately 2,200 square feet. Provisions of the lease agreement include annual payments of \$1 through June 30, 2019. However, ASI has to bear the expense for janitorial/custodial costs. The lease may be terminated by either party giving thirty (30) days written notice to the other party.

ASI, as lessee, also has a lease agreement with the Palm Desert Campus for an office in the Indian Wells Center for Education Excellence Building. Provisions of the lease agreement include annual payments of \$658 through June 30, 2019. The lease may be terminated for a variety of reasons set forth in the agreement or by either party giving written notice to the other party. Total rent expense inclusive of janitorial/custodial costs for the year ended June 30, 2019 was \$5,672.

Associated Students, Incorporated
California State University, San Bernardino

Notes to Financial Statements
June 30, 2019

Note 6: Related-Party Transactions

ASI is an auxiliary organization of California State University, San Bernardino (CSUSB). CSUSB advances funds on behalf of ASI, all of which are considered current, and it provides accounting services to ASI. Also, the CSUSB Foundation provides services for the benefit of ASI's employees. ASI leases its office space from the Student Union as described in Note 5. ASI also co-sponsors events and activities with the Student Union for which ASI reimburses some of the expenses incurred by the Student Union.

A schedule of related party transactions between ASI, University, and other auxiliary organizations is as follows:

For the year ended June 30, 2019	CSUSB	Philanthropic Foundation	Santos Manual Student Union	University Enterprise Corporation	Total
<u>Revenues</u>					
Payments received from Univ/Aux for services, space and programs	\$ 11,637	\$ 1,650	\$ -	\$ -	\$ 13,287
<u>Expenses</u>					
Payments to Univ/Aux for salaries of personnel working on contracts, grants and other programs	147,142	-	52,387	-	199,529
Payments to Univ/Aux for other than salaries of personnel	148,819	52,755	29,914	153,882	385,370
<u>Due to</u>					
Accounts Payable due to Univ/Aux as of June 30, 2019	(47,589)	-	(155)	-	(47,744)
<u>Due from</u>					
Accounts Receivable due from Univ/Aux as of June 30, 2019	-	-	-	-	-

Note 7: Defined-Benefit Pension Plan

Plan Description

ASI contributes to CalPERS, a cost-sharing multiple-employer public employee defined-benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. A menu of benefit provisions, as well as other requirements, is established by State statutes within the Public Employees' Retirement Law. ASI selects optional benefit provisions from the benefit menu by contract with CalPERS. CalPERS issues a separate comprehensive annual financial report. Copies of CalPERS' annual financial report may be obtained from the CalPERS's website, at www.calpers.ca.gov.

Associated Students, Incorporated
California State University, San Bernardino

Notes to Financial Statements
June 30, 2019

Note 7: Defined-Benefit Pension Plan (Continued)

Funding Policy

Participants are required to contribute 5% of their annual covered salary. ASI is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rates for the fiscal year 2017-18 were 10.346% and 7.266% for Classic CalPERS members and PEPRA CalPERS members, respectively. The contribution requirements of the plan members are established by State statute, and the employer contribution rate is established and may be amended by CalPERS.

Annual Pension Cost

For the year ended June 30, 2019, Employer contributions of \$28,204 for CalPERS were equal to ASI's required contributions. Total employee contributions were \$17,238.

The following table presents a reconciliation of the net pension liability:

	Plan Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Plan Net Pension Liability (c) = (a) - (b)
Miscellaneous Plan	\$ 956,039	\$ 757,165	\$ 198,874

Plan Assets and Funded Status of the plan:

Valuation Date	Measurement Date	Accrued Liability	Actuarial Value of Assets (AVA)	Funding Actuarial Excess	Funded Ratio AVA
6/30/2017	6/30/2018	\$ 956,039	\$ 757,165	\$ 198,874	79.2%

Associated Students, Incorporated
California State University, San Bernardino

Notes to Financial Statements
June 30, 2019

Note 7: Defined-Benefit Pension Plan (continued)

Items not yet recognized as a component of net periodic pension cost during the year are as follows:

	Future Pension Cost Outflows	Future Pension Cost Inflows
Differences between Expected and Actual Experience	\$ 7,630	\$ (2,597)
Changes of Assumptions	22,672	(5,557)
Change in Employer's Proportion	7,778	
Differences between Projected and Actual Investment Earnings	983	-
Pension Contributions Made Subsequent to Measurement Date	28,204	-
Differences between Employer's Contributions and Proportionate Share of Contributions	727	(11,452)
Total	<u>\$ 67,994</u>	<u>\$ (19,606)</u>

Components of net actuarial pension expenses recognized as expenses in the statement of activities for the year are as follows:

Actuarial pension expense (income)	\$ 25,176
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Total liabilities for pension benefits recognized in the statement of financial position:

Net pension liability	\$ 198,874
Future pension cost outflows	(67,994)
Future pension cost inflows	19,606
Total liabilities for pension benefits	<u>\$ 150,486</u>

Assumptions:

	<u>Miscellaneous Plan</u>
Valuation Date	6/30/2017
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Actuarial Value of Assets
Amortization Method	Level of Percent of Payroll
Actuarial Assumptions:	
Discount Rate	7.15% (net of admin expenses)
Inflation Rate	2.50%
Projected Salary Growth	3.3% - 14.2%

Associated Students, Incorporated
California State University, San Bernardino

Notes to Financial Statements
June 30, 2019

Note 7: Defined-Benefit Pension Plan (continued)

Changes in Assumptions:

In fiscal year 2019 (measurement date June 30, 2018), the inflation rate was reduced from 2.75 percent to 2.50 percent.

Note 8: Other Post-Employment Benefits

ASI has a fully funded Supplemental Retirement Benefit Plan that provides medical benefits to retired employees and their dependents. Medical plan assets are accumulated and benefits are paid from a voluntary employees' beneficiary association (VEBA) trust established by the trustee of the Auxiliaries Multiple Employer VEBA. ASI currently pays the full medical plan premium for employees and their dependents not to exceed caps based on the level of coverage. Retiring employees age 50 or older with at least 5 years of service are eligible for benefits provided they elect to commence their retirement benefit within 120 days of their retirement date. At June 30, 2019, ASI has \$733,628 in plan assets invested in an irrevocable trust.

Associated Students, Incorporated
California State University, San Bernardino

Notes to Financial Statements
 June 30, 2019

Note 8: Other Post-Employment Benefits (continued)

Disclosures about the Plan, based on an independent actuarial valuation as of June 30, 2019 (the latest required valuation date), are shown below:

Change in accumulated postemployment benefit obligation (APBO)

APBO at beginning of year	\$ 457,871
Service cost (excluding expenses)	17,649
Interest cost	18,983
Actuarial (gain) loss	47,547
Benefits paid	(9,360)
APBO at end of year	<u>532,690</u>

Change in plan assets

Fair value of assets at beginning of year	702,873
Actual return on assets (net of expenses)	30,755
Employer contribution	9,360
Benefits paid	(9,360)
Fair value of plan assets at end of year	<u>733,628</u>

Funded status

\$ 200,938

Amounts recognized in the statement of financial position consist of:

Noncurrent assets	<u><u>\$ 200,938</u></u>
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Components of net periodic postretirement benefit cost (NPPBC)

Service cost (including expenses)	\$ 17,649
Interest cost	18,983
Expected return on plan assets	(42,172)
Amortization of unrecognized net (gain) loss	(5,628)
Net periodic postretirement benefit cost	<u>(11,168)</u>

Other changes in plan assets and benefit obligations recognized in AOCI

Net actuarial (gain) loss	58,964
Amortization of actuarial (gain) loss	(5,628)
Total recognized	<u><u>\$ 64,592</u></u>

Associated Students, Incorporated
California State University, San Bernardino

Notes to Financial Statements
June 30, 2019

Note 8: Other Post-Employment Benefits (continued)

The assumptions used in the measurement of ASI's benefit obligation and net periodic post-employment benefit cost included a 3.60 percent weighted-average discount rate as of and for the year ended June 30, 2019. The 3.60 percent discount rate represented a 0.60 percent decrease from the 4.20 percent weighted-average discount rate used for as of and for the year ended June 30, 2018.

Medical plan premiums and CalPERS minimum employer contributions are assumed to decrease at rates shown in the following table:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2019	7.50%	2023	5.50%
2020	7.00%	2024	5.00%
2021	6.50%	2025 &	5.00%
2022	6.00%	Later	

Assumed healthcare cost trend rates have a significant effect on the amounts reported for the healthcare plan. A one percent increase in the assumed healthcare trend rates would have the following effects:

	<u>Dollar Increase</u>	<u>Percent Increase</u>
Effect on service cost component of net periodic benefit cost	\$12,237	55.77%
Effect on interest cost component of net periodic benefit cost	4,014	20.10%
Accumulated post-employment benefit obligation	99,261	18.63%

The Plan is funded on a pay-as-you-go basis; the expected contribution for the following year is the same as the expected future benefit payments for such year. ASI paid \$9,360 during the year ended June 30, 2019, for current benefit costs.

The expected benefits to be paid are as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2020	12,375
2021	12,710
2022	12,935
2023	13,039
2024	13,010
2025-2029	158,695

Associated Students, Incorporated
California State University, San Bernardino

Notes to Financial Statements
June 30, 2019

Note 9: Available Resources and Liquidity

In addition to financial assets available to meet general expenditures over the next 12 months, ASI operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures. Refer to the statement of cash flows which identifies the sources and uses of ASI's cash.

As of June 30, 2018 and 2019, the following tables show the total financial assets held by ASI and the amounts of those financial assets could readily be made available within one year of the balance sheet date to meet general expenditures. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the balance sheet date.

Financial Assets:	2019	2018
Cash and Cash Equivalents	\$ 16,190	\$ 518
Investments Convertible to Cash in the Next 12 Months	2,546,158	2,564,481
Accounts Receivable	201	824
Other Receivables	6,209	29,670
Other Long-Term Assets	231,765	296,066
Total	<u>\$ 2,800,523</u>	<u>\$ 2,891,559</u>

Financial Assets Available to Meet General Expenditures

Over the Next 12 Months:	2019	2018
Cash and Cash Equivalents	\$ 16,190	\$ 518
Investments Convertible to Cash in the Next 12 Months	2,546,158	2,564,481
Accounts Receivable	201	824
Other Receivables	6,209	29,670
Total	<u>\$ 2,568,758</u>	<u>\$ 2,595,493</u>

Note 10: Board-Designated and Donor Restricted Net Assets

ASI's governing board has designated, from net assets without donor restrictions of \$2,518,371, net assets for the following purposes as of June 30, 2019:

Board-Designated Net Assets	
Emergency Reserve	\$ 100,000
Administrative Reserve	100,000
Equipment Reserve	75,000
Operations Reserve	200,000
PDC Reserve	109,079
Construction Reserve	200,000
Contingency Reserve	200,000
Total Board-Designated Net Assets	<u>\$ 984,079</u>

There were no net assets with donor restrictions at June 30, 2019.

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SUPPLEMENTAL INFORMATION

Associated Students, Incorporated, California State University, San Bernardino
Schedule of Net Position
June 30, 2019
(for inclusion in the California State University)

Assets:	
Current assets:	
Cash and cash equivalents	\$ 16,190
Short-term investments	2,546,158
Accounts receivable, net	6,410
Capital lease receivable, current portion	—
Notes receivable, current portion	—
Pledges receivable, net	—
Prepaid expenses and other current assets	11,025
Total current assets	<u>2,579,783</u>
Noncurrent assets:	
Restricted cash and cash equivalents	—
Accounts receivable, net	—
Capital lease receivable, net of current portion	—
Notes receivable, net of current portion	—
Student loans receivable, net	—
Pledges receivable, net	—
Endowment investments	—
Other long-term investments	—
Capital assets, net	19,802
Other assets	200,938
Total noncurrent assets	<u>220,740</u>
Total assets	<u>2,800,523</u>
Deferred outflows of resources:	
Unamortized loss on debt refunding	—
Net pension liability	67,994
Net OPEB liability	—
Others	—
Total deferred outflows of resources	<u>67,994</u>
Liabilities:	
Current liabilities:	
Accounts payable	89,635
Accrued salaries and benefits	—
Accrued compensated absences, current portion	20,692
Unearned revenues	—
Capital lease obligations, current portion	—
Long-term debt obligations, current portion	—
Claims liability for losses and loss adjustment expenses, current portion	—
Depository accounts	—
Other liabilities	647
Total current liabilities	<u>110,974</u>
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	—
Unearned revenues	—
Grants refundable	—
Capital lease obligations, net of current portion	—
Long-term debt obligations, net of current portion	20,692
Claims liability for losses and loss adjustment expenses, net of current portion	—
Depository accounts	—
Net other postemployment benefits liability	—
Net pension liability	198,874
Other liabilities	—
Total noncurrent liabilities	<u>219,566</u>
Total liabilities	<u>330,540</u>
Deferred inflows of resources:	
Service concession arrangements	—
Net pension liability	19,606
Net OPEB liability	—
Unamortized gain on debt refunding	—
Nonexchange transactions	—
Others	—
Total deferred inflows of resources	<u>19,606</u>
Net Position:	
Net investment in capital assets	19,802
Restricted for:	—
Nonexpendable – endowments	—
Expendable:	—
Scholarships and fellowships	—
Research	—
Loans	—
Capital projects	—
Debt service	—
Others	—
Unrestricted	2,498,569
Total net position	<u>\$ 2,518,371</u>

See the accompanying independent's auditor's report.

Associated Students, Incorporated, California State University, San Bernardino
Schedule of Revenues, Expenses, and Changes in Net Position
June 30, 2019
(for inclusion in the California State University)

Revenues:

Operating revenues:

Student tuition and fees, gross	\$ 1,749,618
Scholarship allowances (enter as negative)	—
Grants and contracts, noncapital:	
Federal	—
State	—
Local	—
Nongovernmental	—
Sales and services of educational activities	—
Sales and services of auxiliary enterprises, gross	46,240
Scholarship allowances (enter as negative)	—
Other operating revenues	609
Total operating revenues	1,796,467

Expenses:

Operating expenses:

Instruction	—
Research	—
Public service	—
Academic support	—
Student services	1,748,422
Institutional support	—
Operation and maintenance of plant	—
Student grants and scholarships	102,958
Auxiliary enterprise expenses	36,294
Depreciation and amortization	15,773
Total operating expenses	1,903,447
Operating income (loss)	(106,980)

Nonoperating revenues (expenses):

State appropriations, noncapital	—
Federal financial aid grants, noncapital	—
State financial aid grants, noncapital	—
Local financial aid grants, noncapital	—
Nongovernmental and other financial aid grants, noncapital	—
Other federal nonoperating grants, noncapital	—
Gifts, noncapital	—
Investment income (loss), net	45,106
Endowment income (loss), net	—
Interest expense	—
Other nonoperating revenues (expenses) - excl. interagency transfers	—
Other nonoperating revenues (expenses) - interagency transfers	—
Net nonoperating revenues (expenses)	45,106
Income (loss) before other revenues (expenses)	(61,874)

State appropriations, capital

Grants and gifts, capital

Additions (reductions) to permanent endowments

Increase (decrease) in net position	(61,874)
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Net position:

Net position at beginning of year, as previously reported	2,580,245
Restatements	
Net position at beginning of year, as restated	2,580,245
Net position at end of year	2,518,371

See the accompanying independent's auditor's report.

Associated Students, Incorporated, California State University, San Bernardino
Other Information
June 30, 2019
(for inclusion in the California State University)

1 Cash and cash equivalents:

Portion of restricted cash and cash equivalents related to endowment	\$ -
All other restricted cash and cash equivalent	-
Noncurrent restricted cash and cash equivalents	<u>-</u>
Current cash and cash equivalents	-
Total	<u><u>\$ -</u></u>

2.1 Composition of investments:

	Current	Noncurrent	Total
Money market funds	\$ -	\$ -	\$ -
Repurchase agreements	-	-	-
Certificates of deposit	-	-	-
U.S. agency securities	-	-	-
U.S. treasury securities	-	-	-
Municipal bonds	-	-	-
Corporate bonds	-	-	-
Asset backed securities	-	-	-
Mortgage backed securities	-	-	-
Commercial paper	-	-	-
Mutual funds	-	-	-
Exchange traded funds	-	-	-
Equity securities	-	-	-
Alternative investments	-	-	-
Private equity (including limited partnerships)	-	-	-
Hedge funds	-	-	-
Managed futures	-	-	-
Real estate investments (including REITs)	-	-	-
Commodities	-	-	-
Derivatives	-	-	-
Other alternative investment type:	-	-	-
Other external investment pools (excluding SWIFT)	-	-	-
Other investments	-	-	-
State of California Local Agency Investment Fund (LAIF)	971,594	-	971,594
State of California Surplus Money Investment Fund (SMIF)	-	-	-
Total investments	<u>971,594</u>	<u>-</u>	<u>971,594</u>
Less endowment investments (enter as negative number)	-	-	-
Total investments, net of endowments	<u><u>\$ 971,594</u></u>	<u><u>-</u></u>	<u><u>971,594</u></u>

2.2 Fair value hierarchy in investments:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value (NAV)
Money market funds	\$ -	\$ -	\$ -	\$ -	-
Repurchase agreements	-	-	-	-	-
Certificates of deposit	-	-	-	-	-
U.S. agency securities	-	-	-	-	-
U.S. treasury securities	-	-	-	-	-
Municipal bonds	-	-	-	-	-
Corporate bonds	-	-	-	-	-
Asset backed securities	-	-	-	-	-
Mortgage backed securities	-	-	-	-	-
Commercial paper	-	-	-	-	-
Mutual funds	-	-	-	-	-
Exchange traded funds	-	-	-	-	-
Equity securities	-	-	-	-	-
Alternative investments	-	-	-	-	-
Private equity (including limited partnerships)	-	-	-	-	-
Hedge funds	-	-	-	-	-
Managed futures	-	-	-	-	-
Real estate investments (including REITs)	-	-	-	-	-
Commodities	-	-	-	-	-
Derivatives	-	-	-	-	-
Other alternative investment type:	-	-	-	-	-
Other external investment pools (excluding SWIFT)	-	-	-	-	-
Other investments	-	-	-	-	-
State of California Local Agency Investment Fund (LAIF)	971,594	-	-	-	971,594
State of California Surplus Money Investment Fund (SMIF)	-	-	-	-	-
Total investments	<u>\$ 971,594</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>971,594</u>

See the accompanying independent's auditor's report.

Associated Students, Incorporated, California State University, San Bernardino
Other Information
June 30, 2019
(for inclusion in the California State University)

2.3	Investments held by the University under contractual agreements:	Current	Noncurrent	Total
	Investments held by the University under contractual agreements (e.g CSU Consolidate SWIFT Inv pool):	\$ 1,574,564	\$ -	\$ 1,574,564

3.1 Composition of capital assets:

	Balance June 30, 2018	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2018 (Restated)	Additions	Retirements	Transfer of completed CWIP	Balance June 30, 2019
Non-depreciable/Non-amortizable capital assets:									
Land and land improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Works of art and historical treasures	-	-	-	-	-	-	-	-	-
Construction work in progress (CWIP)	-	-	-	-	-	-	-	-	-
Intangible assets:									
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Intangible assets in progress (PWIP)	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total non-depreciable/non-amortizable capital assets	-	-	-	-	-	-	-	-	-
Depreciable/Amortizable capital assets:									
Buildings and building improvement	-	-	-	-	-	-	-	-	-
Improvements, other than building	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	111,712	-	-	-	111,712	-	-	-	111,712
Library books and material:	-	-	-	-	-	-	-	-	-
Intangible assets:									
Software and websites	-	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total depreciable/amortizable capital assets	111,712	-	-	-	111,712	-	-	-	111,712
Total capital assets	111,712	-	-	-	111,712	-	-	-	111,712
Less accumulated depreciation/amortization: (enter as negative number, except for reductions enter as positive number)									
Buildings and building improvement	-	-	-	-	-	-	-	-	-
Improvements, other than building	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	(76,137)	-	-	-	(76,137)	(15,773)	-	-	(91,910)
Library books and material:	-	-	-	-	-	-	-	-	-
Intangible assets:									
Software and websites	-	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	(76,137)	-	-	-	(76,137)	(15,773)	-	-	(91,910)
Total capital assets, net	\$ 35,575	\$ -	\$ -	\$ -	\$ 35,575	\$ (15,773)	\$ -	\$ -	\$ 19,802

See the accompanying independent's auditor's report.

Associated Students, Incorporated, California State University, San Bernardino
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3.2 Detail of depreciation and amortization expense:
 Depreciation and amortization expense related to capital asset \$ 15,773
 Amortization expense related to other asset -
Total depreciation and amortization \$ 15,773

4 Long-term liabilities:

	Balance June 30, 2018	Prior Period Adjustments/Reclas sifications	Balance June 30, 2018 (Restated)	Additions	Reductions	Balance June 30, 2019	Current Portion	Noncurrent Portion
1. Accrued compensated absences	\$ 58,074		\$ 58,074	\$ 19,306	\$ (35,996)	\$ 41,384	\$ 20,692	\$ 20,692
2. Claims liability for losses and loss adjustment expenses	-		-	-	-	-	-	-
3. Capital lease obligations:								
Gross balance	-		-	-	-	-	-	-
Unamortized net premium/(discount)	-		-	-	-	-	-	-
Total capital lease obligations	-		-	-	-	-	-	-
4. Long-term debt obligations:								
4.1 Auxiliary revenue bonds (non-SRB related)	-		-	-	-	-	-	-
4.2 Commercial paper	-		-	-	-	-	-	-
4.3 Notes payable (SRB related)	-		-	-	-	-	-	-
4.4 Others:								
Total others	-		-	-	-	-	-	-
Sub-total long-term debt	-		-	-	-	-	-	-
4.5 Unamortized net bond premium/(discount)	-		-	-	-	-	-	-
Total long-term debt obligations	-		-	-	-	-	-	-
Total long-term liabilities	<u>\$ 58,074</u>	<u>\$ -</u>	<u>\$ 58,074</u>	<u>\$ 19,306</u>	<u>\$ (35,996)</u>	<u>\$ 41,384</u>	<u>\$ 20,692</u>	<u>\$ 20,692</u>

5 Capital lease obligations schedule:

	Capital lease obligations related to SRB			All other capital lease obligations			Total capital lease obligations		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
Year ending June 30:									
2020			-			-			-
2021			-			-			-
2022			-			-			-
2023			-			-			-
2024			-			-			-
2025 - 2029			-			-			-
2030 - 2034			-			-			-
2035 - 2039			-			-			-
2040 - 2044			-			-			-
2045 - 2049			-			-			-
Thereafter			-			-			-
Total minimum lease payments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Less: amounts representing interest									-
Present value of future minimum lease payments									-
Unamortized net premium/(discount)									-
Total capital lease obligations									-
Less: current portion									-
Capital lease obligations, net of current portion									<u>\$ -</u>

See the accompanying independent's auditor's report.

Associated Students, Incorporated, California State University, San Bernardino
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6 Long-term debt obligations schedule:

	Auxiliary revenue bonds (non-SRB related)			All other long-term debt obligations			Total long-term debt obligations		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
Year ending June 30:									
2020	-	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-
2025 - 2029	-	-	-	-	-	-	-	-	-
2030 - 2034	-	-	-	-	-	-	-	-	-
2035 - 2039	-	-	-	-	-	-	-	-	-
2040 - 2044	-	-	-	-	-	-	-	-	-
2045 - 2049	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-
Total minimum payments	\$ -	-	-	-	-	-	-	-	-
Less: amounts representing interest									
Present value of future minimum payments									
Unamortized net premium/(discount)									
Total long-term debt obligations									
Less: current portion									
Long-term debt obligations, net of current portion									\$ -

7 Transactions with related entities:

Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$	147,142
Payments to University for other than salaries of University personnel	\$	148,819
Payments received from University for services, space, and program	\$	11,637
Gifts-in-kind to the University from discretely presented component uni		
Gifts (cash or assets) to the University from discretely presented component uni		
Accounts (payable to) University (enter as negative number)	\$	(47,589)
Other amounts (payable to) University (enter as negative number)		
Accounts receivable from University (enter as positive number)		
Other amounts receivable from University (enter as positive number)		

8 Restatements/Prior period adjustments:

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

Transaction #1	Enter transaction descriptor	Debit/(Credit)
Transaction #1	Enter transaction descriptor	
Transaction #2	Enter transaction descriptor	

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	648,467	115,808	(3,030)	44,064	-	943,113	-	1,748,422
Institutional support	-	-	-	-	-	-	-	-
Operation and maintenance of plant	-	-	-	-	-	-	-	-
Student grants and scholarships	-	-	-	-	102,958	-	-	102,958
Auxiliary enterprise expense:	-	-	-	-	-	36,294	-	36,294
Depreciation and amortization	-	-	-	-	-	-	15,773	15,773
Total operating expenses	\$ 648,467	115,808	(3,030)	44,064	102,958	979,407	15,773	1,903,447

See the accompanying independent's auditor's report.

Associated Students, Incorporated, California State University, San Bernardino
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10 Deferred outflows/inflows of resources:

1. Deferred Outflows of Resources

Deferred outflows - unamortized loss on refunding(s)	\$	-
Deferred outflows - net pension liability		67,994
Deferred outflows - net OPEB liability		-
Deferred outflows - others		-

Total deferred outflows - other:		-
Total deferred outflows of resources	\$	67,994

2. Deferred Inflows of Resources

Deferred inflows - service concession arrangement	\$	-
Deferred inflows - net pension liability		19,606
Deferred inflows - net OPEB liability		-
Deferred inflows - unamortized gain on debt refunding(s)		-
Deferred inflows - nonexchange transaction		-
Deferred inflows - others		-

Total deferred inflows - other:		-
Total deferred inflows of resources	\$	19,606

See the accompanying independent's auditor's report.



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**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**

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Certified Public Accountants

Independent Auditor's Report

Board of Directors of
Associated Students Incorporated of
California State University, San Bernardino
San Bernardino, California

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Associated Students Incorporated of CSU San Bernardino (a nonprofit organization) (ASI), which comprise the statement of financial position as of June 30, 2019, and the related statement of activities and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated September 13, 2019.

Internal Control over Financial Reporting

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

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we did identify certain deficiencies in internal control over financial reporting that we consider to be a significant deficiency.

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. We consider the deficiencies in the accompanying schedule of findings and responses as item **2019-01** to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Associated Student Incorporated's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

ASI's Response to Findings

The ASI's responses to findings identified in our audit are described in the accompanying schedule of findings and responses. The ASI's response were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
September 13, 2019

**Associated Students Incorporated of CSUSB
Schedule of Findings and Responses
For the Year ended June 30, 2019**

2019-1 Segregation of Duties

Conditions and Criteria

During our audit of the Associated Students Incorporated, we noted a lack of segregation of duties in the University's accounting newly integrated process. In the current audit year, the Accounting function within the University's Finance and Administration Services division began an organizational restructuring in which the former Auxiliary Accounting department was consolidated with the former University General Accounting department to form the new Accounting Services department. The reorganization was implemented to improve service delivery and continuity, reduce operational redundancies, eliminate unnecessary administrative functions, and strengthen communication between functions.

Due to this consolidation of the two departments, the proper segregation of duties for accounting staff was not maintained and several key functions of the accounts payable and payroll processes are able to be completed by the same individuals. Proper segregation of duties dictates that the function or recording, authorization, custody and execution are not dominated by one individual. An adequate segregation of duties requires that one individual does not handle a transaction from its inception to its completion. Adequately segregated duties helps to reduce the possibility of fraud and defalcations from occurring and to ensure the integrity of the information provided by the University's Accounting financial reporting system.

Auditor's Recommendation

As stated above, an adequate segregation of duties requires that one individual does not handle a transaction from its inception to its completion. However, we realize that this is due to the reorganization of the Auxiliary's Accounting department. Unless the University's Finance and Administration department does not perform a detailed review the roles and responsibilities of each staff member and segregate their duties appropriately, there may be no practical corrective action possible for this inherent weakness. We believe it is important for management and the Board of Directors to be aware that whenever there is a lack of segregation of duties, the system is far more susceptible to errors or other irregularities, either intentional or unintentional, not being discovered.

Management's Response

As of June 30, 2019, the reorganization was still in process. Management is currently reviewing the roles and responsibilities of each staff as well as developing the appropriate processes and procedures for the new Accounting Services department to ensure that proper segregation of duties is in place.

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