

Associated Students, Incorporated
California State University, San Bernardino

**Financial Statements
And
Independent Auditor's Report**

**For the Year Ended
June 30, 2018**

Associated Students, Incorporated
California State University, San Bernardino

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Associated Students, Incorporated
California State University, San Bernardino

Organization Data
June 30, 2018

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 – 2017-2018:

| | |
|-----------------|---------------------------|
| Andrea Davalos | President |
| Prince Ogidikpe | Executive Vice President |
| Connor Dickson | Vice President of Finance |

Faculty Advisors:

| | |
|---------------------------|----------------------------|
| Alysson Satterlund, Ph.D. | ASI Advisor |
| Angela Horner, Ph.D. | Faculty Representative |
| Brian Haynes, Ph.D. | President's Representative |

Executive Director:

Jesse Felix



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

Independent Auditor's Report

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Associated Students, Incorporated
California State University, San Bernardino
San Bernardino, California

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Brianna Schultz, CPA
Lisa Dongxue Guo, CPA, MSA
Samuel Singery, CPA
Jing Wu, CPA

Report on the Financial Statements

We have audited the accompanying financial statements of Associated Students Incorporated, CSUSB (a nonprofit organization) (ASI), which comprise the statements of financial position as of June 30, 2018, and the related statements 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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.



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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Associated Students, Incorporated, CSUSB as of June 30, 2018, 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 ASI's 2017 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated September 18, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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 14, 2018, on our consideration of 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, Malachy & Scott, LLP.

San Bernardino, California
September 14, 2018

Associated Students, Incorporated
California State University, San Bernardino

Statement of Financial Position
June 30, 2018

| | Assets | |
|--|---------------------|-------------------------------|
| | 2018 | Comparative Totals 2017 |
| <u>ASSETS</u> | | |
| Cash and cash equivalents | \$ 518 | \$ 24,463 |
| Short-term investments (Note 3) | 2,564,481 | 2,522,515 |
| Accounts receivable | 7,374 | 4,057 |
| Due from related party (Note 6) | 23,120 | - |
| Inventory | 15,489 | 17,760 |
| OPEB asset (Note 8) | 245,002 | - |
| | <u>2,855,984</u> | <u>2,568,795</u> |
| <u>Capital Assets</u> | | |
| Equipment, furniture, and fixtures | 111,712 | 111,712 |
| Less: Accumulated depreciation | <u>76,137</u> | <u>59,117</u> |
| | <u>35,575</u> | <u>52,595</u> |
| Total assets | <u>\$ 2,891,559</u> | <u>\$ 2,621,390</u> |
| <i>Liabilities and Net Assets</i> | | |
| <u>LIABILITIES</u> | | |
| Accounts payable | \$ 5,458 | \$ 20,751 |
| Due to related party (Note 6) | 88,442 | 81,124 |
| Accrued expenses | 4,460 | 11,155 |
| Accrued compensated absences | 59,438 | 27,049 |
| OPEB liability (Note 8) | - | 23,637 |
| Liability for pension benefits (Note 7) | <u>153,516</u> | <u>141,489</u> |
| Total liabilities | <u>311,314</u> | <u>305,205</u> |
| <u>NET ASSETS - Unrestricted</u> | | |
| Undesignated | 1,596,166 | 1,332,106 |
| Designated | <u>984,079</u> | <u>984,079</u> |
| Total net assets | <u>2,580,245</u> | <u>2,316,185</u> |
| Total liabilities and net assets | <u>\$ 2,891,559</u> | <u>\$ 2,621,390</u> |

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

Associated Students, Incorporated
California State University, San Bernardino

Statement of Activities
For the Year Ended June 30, 2018

| | 2018 | Comparative Totals 2017 |
|---|----------------------------|-------------------------------|
| <u>UNRESTRICTED REVENUE AND SUPPORT</u> | | |
| Student fees | \$ 1,777,970 | \$ 1,855,297 |
| Investment income | 32,479 | 19,428 |
| Sales and service of auxiliary enterprises: | | |
| Ticket sales | 220,304 | 82,613 |
| Other | 1,025 | 77 |
| | <u>2,031,778</u> | <u>1,957,415</u> |
| Total unrestricted revenue and support | | |
| <u>EXPENSES</u> | | |
| Program services | 1,032,653 | 918,184 |
| Management and general | 735,065 | 915,901 |
| | <u>1,767,718</u> | <u>1,834,085</u> |
| Total expenses | | |
| CHANGE IN NET ASSETS | 264,060 | 123,330 |
| NET ASSETS - beginning of year | <u>2,316,185</u> | <u>2,192,855</u> |
| NET ASSETS - end of year | <u><u>\$ 2,580,245</u></u> | <u><u>\$ 2,316,185</u></u> |

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, 2018

| | 2018 | Comparative Totals 2017 |
|--|----------------------------|-------------------------------|
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u> | | |
| Change in net assets | \$ 264,060 | \$ 123,330 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities | | |
| Depreciation | \$ 17,020 | 17,132 |
| Actuarial pension related items | \$ 12,027 | (10,666) |
| (Increase) decrease in operating assets | | |
| Accounts receivable | \$ (3,317) | (812) |
| Due from related party | \$ (23,120) | 15,000 |
| Inventory | \$ 2,271 | 6,549 |
| OPEB asset | \$ (245,002) | 75,379 |
| Increase (decrease) in operating liabilities | | |
| Accounts payable | \$ (15,293) | (9,908) |
| Due to related parties | \$ 7,318 | 76,731 |
| Accrued expenses | \$ (6,695) | (724) |
| Accrued compensated absences | \$ 32,389 | (243) |
| OPEB liability | \$ (23,637) | 23,637 |
| Net cash provided by operating activities | <u>18,021</u> | <u>315,405</u> |
| Net increase in cash | 18,021 | 315,405 |
| Cash, beginning of year | <u>2,546,978</u> | <u>2,231,573</u> |
| Cash, end of year | <u><u>\$ 2,564,999</u></u> | <u><u>\$ 2,546,978</u></u> |
| <u>RECONCILIATION OF CASH TO THE STATEMENT OF FINANCIAL POSITION</u> | | |
| Cash and cash equivalents | \$ 518 | \$ 24,463 |
| Short-term investments | <u>2,564,481</u> | <u>2,522,515</u> |
| Total | <u><u>\$ 2,564,999</u></u> | <u><u>\$ 2,546,978</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, 2018

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 and activities are reported according to two classes of net assets: unrestricted net assets that are not subject to donor-imposed restrictions and may be designated for specific purposes by action of the Board of Trustees, and temporarily restricted net assets whose use by the ASI is subject to donor-imposed restrictions that can be fulfilled by actions of ASI or that expire by the passage of time.

Cash and Investments

All highly liquid debt instruments purchased with a maturity of three months or less are considered to be cash equivalents. All certificates of deposit with a maturity in excess of three months are considered to be investments. 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, 2018, ASI is within the limit of FDIC coverage.

Associated Students, Incorporated
California State University, San Bernardino

Notes to Financial Statements
June 30, 2018

Note 2: Summary of Significant Accounting Policies (continued)

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, 2018.

Inventory

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

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, 2018 was \$17,020.

Deferred Revenue

Student fees for the upcoming summer and fall terms collected in advance through June 30, 2018 are deferred and recognized during the terms for which they are assessed. There was no deferred revenue as of June 30, 2018.

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.

Associated Students, Incorporated
California State University, San Bernardino

Notes to Financial Statements
June 30, 2018

Note 2: Summary of Significant Accounting Policies (continued)

Fair Value Measurements

Generally accepted accounting principles define fair value, establish a framework for measuring fair value, and establish a fair value hierarchy that prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities ASI has the ability to access.
- Level 2 inputs are inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly or indirectly.
- Level 3 are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. (The unobservable inputs should be developed based on the best information available in the circumstances and may include ASI's own data.)

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

Reclassifications

Certain amounts in the 2017 comparative totals have been reclassified to conform to the 2018 reporting format.

Subsequent Events

Management has evaluated subsequent events through September 14, 2018, the date on which the financial statements were available to be issued.

Associated Students, Incorporated
California State University, San Bernardino

Notes to Financial Statements
June 30, 2018

Note 3: Cash and Investments

The fair market value of investments reported on the statement of financial position consists of the following:

| Type | Fair Value | Quoted Prices in Active Markets for Identical Assets (Level 1) | Quoted Prices in Active Markets for Similar Assets (Level 2) | Not Subject to GASB 72 |
|----------------------------|---------------------|--|--|---------------------------|
| SWIFT Investments | | | | |
| Asset Backed Securities | \$ 117,558 | \$ - | \$ 117,558 | \$ - |
| Certificates of Deposit | 81,176 | - | 81,176 | - |
| Corporate Bonds | 459,560 | - | 459,560 | - |
| Money Market Funds | 3,921 | - | - | 3,921 |
| Mortgage Backed Securities | 108 | - | 108 | - |
| Municipal Bonds | 20,818 | - | 20,818 | - |
| Repurchase Agreement | 4,106 | - | 4,106 | - |
| US Agency Securities | 474,492 | - | 474,492 | - |
| US Treasury Securities | 401,346 | - | 401,346 | - |
| Mutual Fund | 51,353 | - | 51,353 | - |
| Total SWIFT investments | 1,614,438 | - | 1,610,517 | 3,921 |
| LAIF | 950,043 | - | - | 950,043 |
| Total investments | <u>\$ 2,564,481</u> | <u>\$ -</u> | <u>\$ 1,610,517</u> | <u>\$ 953,964</u> |

Investments

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 \$1,549 million, which represents 1.7% of the total LAIF portfolio of \$88.8 billion as of June 30, 2018. 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 \$950,043 as of June 30, 2018. LAIF is not subject to a credit quality rating.

Associated Students, Incorporated
California State University, San Bernardino

Notes to Financial Statements
June 30, 2018

Note 3: Cash and Investments (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 \$1,614,438 as of June 30, 2018. SWIFT is not subject to a credit quality rating. At June 30, 2018, SWIFT had invested \$289 million in asset and mortgage backed securities. SWIFT also had \$10 million invested in repurchase agreements. The allocated totals for each investment type is 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 2015, 2016, and 2017 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, 2018. 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, 2018. 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, 2018 was \$7,920.

Associated Students, Incorporated
California State University, San Bernardino

Notes to Financial Statements
June 30, 2018

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, 2018 | CSUSB | Philanthropic Foundation | Santos Manual Student Union | University Enterprise Corporation | Total |
|--|----------|--------------------------|-----------------------------|-----------------------------------|----------|
| <u>Revenues</u> | | | | | |
| Payments received from Univ/Aux for services, space and programs | \$ 5,028 | \$ - | \$ 1,519 | \$ - | \$ 6,547 |
| <u>Expenses</u> | | | | | |
| Payments to Univ/Aux for salaries of personnel working on contracts, grants and other programs | 170,990 | - | 70,433 | - | 241,423 |
| Payments to Univ/Aux for other than salaries of personnel | 99,150 | 56,069 | 25,316 | 190,000 | 370,535 |
| <u>Due to</u> | | | | | |
| Accounts Payable due to Univ/Aux as of June 30, 2018 | (42,233) | - | (46,209) | - | (88,442) |
| <u>Due from</u> | | | | | |
| Accounts Receivable due from Univ/Aux as of June 30, 2018 | 23,120 | - | - | - | 23,120 |

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, 2018

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 9.850% and 6.908% 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, 2018, Employer contributions of \$20,823 for CalPERS were equal to ASI's required contributions. Total employee contributions were \$12,724.

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

| | Plan Total Pension Liability | Plan Fiduciary Net Position | Plan Net Pension Liability |
|--------------------|---------------------------------|--------------------------------|----------------------------------|
| | (a) | (b) | (c) = (a) - (b) |
| Miscellaneous Plan | \$ 957,790 | \$ 748,619 | \$ 209,171 |

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 |
|----------------|---------------------|-------------------|------------------------------------|-----------------------------|---------------------|
| 6/30/2016 | 6/30/2017 | \$ 957,790 | \$ 748,619 | \$ 209,171 | 78.2% |

Associated Students, Incorporated
California State University, San Bernardino

Notes to Financial Statements
June 30, 2018

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 | \$ 322 | \$ (4,615) |
| Changes in assumptions | 39,965 | (3,048) |
| Adjustment due to differences in proportions | 537 | |
| Net difference between projected and actual earnings on pension plan investments | 9,039 | - |
| Employer contributions made subsequent to the measurement date | 20,823 | - |
| Difference between contributions and proportionate share of contributions | - | (7,368) |
| Total | <u>\$ 70,686</u> | <u>\$ (15,031)</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) | \$ 12,027 |
|------------------------------------|-----------|

Total liabilities for pension benefits recognized in the statement of financial position:

| | |
|--|-------------------|
| Net pension liability | \$ 209,171 |
| Future pension cost outflows | (70,686) |
| Future pension cost inflows | 15,031 |
| Total liabilities for pension benefits | <u>\$ 153,516</u> |

Assumptions:

| | Miscellaneous Plan |
|-------------------------|-------------------------------|
| Valuation Date | 6/30/2016 |
| 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 | 2.75% |
| Projected Salary Growth | 3.3% - 14.2% |

Associated Students, Incorporated
California State University, San Bernardino

Notes to Financial Statements
June 30, 2018

Note 7: Defined-Benefit Pension Plan (continued)

Changes in Assumptions:

In fiscal year 2018 (measurement date June 30, 2017), the accounting discount rate was reduced from 7.65 percent to 7.15 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, 2018, ASI has \$702,873 in plan assets invested in an irrevocable trust.

Associated Students, Incorporated
California State University, San Bernardino

Notes to Financial Statements
June 30, 2018

Note 8: Other Post-Employment Benefits (continued)

Disclosures about the Plan, based on an independent actuarial valuation as of June 30, 2018 (the latest required valuation date), are shown below:

| | |
|--|---------------------|
| 1. Change in accumulated postemployment benefit obligation (APBO) | |
| APBO at beginning of year | \$ 831,136 |
| Service cost (excluding expenses) | 42,655 |
| Interest cost | 32,228 |
| Actuarial (gain) loss | (438,527) |
| Benefits paid | (9,621) |
| APBO at end of year | <u>457,871</u> |
| 2. Change in plan assets | |
| Fair value of assets at beginning of year | 658,259 |
| Actual return on assets (net of expenses) | 44,614 |
| Employer contribution | 9,621 |
| Benefits paid | (9,621) |
| Fair value of plan assets at end of year | <u>702,873</u> |
| 3. Funded status | <u>\$ 245,002</u> |
| 4. Amounts recognized in the statement of financial position consist of: | |
| Noncurrent assets | <u>\$ 245,002</u> |
| 5. Components of net periodic postretirement benefit cost (NPPBC) | |
| Service cost (including expenses) | \$ 42,655 |
| Interest cost | 32,228 |
| Expected return on plan assets | (39,496) |
| Amortization of unrecognized net (gain) loss | 12,374 |
| Net periodic postretirement benefit cost | <u>47,761</u> |
| 6. Other changes in plan assets and benefit obligations recognized in AOCI | |
| Net actuarial (gain) loss | (443,645) |
| Amortization of actuarial (gain) loss | 12,374 |
| Total recognized | <u>\$ (456,019)</u> |

Associated Students, Incorporated
California State University, San Bernardino

Notes to Financial Statements
June 30, 2018

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 4.20 percent weighted-average discount rate 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:

| Year | Rate | Year | Rate |
|------|-------|--------|-------|
| 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:

| | Dollar Increase | Percent Increase |
|--|--------------------|---------------------|
| Effect on service cost component of net periodic benefit cost | \$ 9,447 | 55.78% |
| Effect on interest cost component of net periodic benefit cost | 3,980 | 19.96% |
| Accumulated post-employment benefit obligation | 85,320 | 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 \$9,621 during the year ended June 30, 2018, for current benefit costs.

The expected benefits to be paid are as follows:

| Years Ending June 30, | Amount |
|--------------------------|-----------|
| 2019 | \$ 11,945 |
| 2020 | 12,375 |
| 2021 | 12,710 |
| 2022 | 12,935 |
| 2023 | 13,039 |
| 2024-2028 | 129,258 |

Associated Students, Incorporated at CSUSB
Schedule of Net Position
June 30, 2018
(for inclusion in the California State University)

Assets:

Current assets:

| | |
|---|------------------|
| Cash and cash equivalents | \$ 518 |
| Short-term investments | 2,564,481 |
| Accounts receivable, net | 30,494 |
| Capital lease receivable, current portion | — |
| Notes receivable, current portion | — |
| Pledges receivable, net | — |
| Prepaid expenses and other current assets | 15,489 |
| Total current assets | <u>2,610,982</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 | 35,575 |
| Other assets | 245,002 |
| Total noncurrent assets | <u>280,577</u> |

Total assets

2,891,559

Deferred outflows of resources:

| | |
|------------------------------------|--------|
| Unamortized loss on debt refunding | — |
| Net pension liability | 70,686 |
| Net OPEB liability | — |
| Others | — |

Total deferred outflows of resources

70,686

Liabilities:

Current liabilities:

| | |
|---|----------------|
| Accounts payable | 93,900 |
| Accrued salaries and benefits | 4,460 |
| Accrued compensated absences, current portion | 18,972 |
| 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 | — |
| Total current liabilities | <u>117,332</u> |

Noncurrent liabilities:

| | |
|--|---------|
| Accrued compensated absences, net of current portion | 40,466 |
| Unearned revenues | — |
| Grants refundable | — |
| Capital lease obligations, net of current portion | — |
| Long-term debt obligations, net of current portion | — |
| Claims liability for losses and loss adjustment expenses, net of current portion | — |
| Depository accounts | — |
| Net other postemployment benefits liability | — |
| Net pension liability | 209,171 |
| Other liabilities | — |

Total noncurrent liabilities

249,637

Total liabilities

366,969

Deferred inflows of resources:

| | |
|------------------------------------|--------|
| Service concession arrangements | — |
| Net pension liability | 15,031 |
| Net OPEB liability | — |
| Unamortized gain on debt refunding | — |
| Nonexchange transactions | — |
| Others | — |

Total deferred inflows of resources

15,031

Net Position:

| | |
|----------------------------------|---------------------|
| Net investment in capital assets | 35,575 |
| Restricted for: | — |
| Nonexpendable – endowments | — |
| Expendable: | — |
| Scholarships and fellowships | — |
| Research | — |
| Loans | — |
| Capital projects | — |
| Debt service | — |
| Others | — |
| Unrestricted | 2,544,670 |
| Total net position | <u>\$ 2,580,245</u> |

See the accompanying independent auditor's report.

Associated Students, Incorporated at CSUSB

Schedule of Revenues, Expenses, and Changes in Net Position

Year Ended June 30, 2018

(for inclusion in the California State University)

Revenues:

Operating revenues:

| | |
|--|--------------|
| Student tuition and fees, gross | \$ 1,777,970 |
| 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 | 220,304 |
| Scholarship allowances (enter as negative) | — |
| Other operating revenues | 1,025 |
| | <hr/> |
| Total operating revenues | 1,999,299 |
| | <hr/> |

Expenses:

Operating expenses:

| | |
|------------------------------------|-----------|
| Instruction | — |
| Research | — |
| Public service | — |
| Academic support | — |
| Student services | 1,581,428 |
| Institutional support | — |
| Operation and maintenance of plant | — |
| Student grants and scholarships | 110,000 |
| Auxiliary enterprise expenses | 59,270 |
| Depreciation and amortization | 17,020 |
| | <hr/> |
| Total operating expenses | 1,767,718 |
| | <hr/> |
| Operating income (loss) | 231,581 |
| | <hr/> |

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 | 32,479 |
| Endowment income (loss), net | — |
| Interest expense | — |
| Other nonoperating revenues (expenses) - excl. interagency transfers | — |
| Other nonoperating revenues (expenses) - interagency transfers | — |
| | <hr/> |
| Net nonoperating revenues (expenses) | 32,479 |
| | <hr/> |
| Income (loss) before other revenues (expenses) | 264,060 |

State appropriations, capital

Grants and gifts, capital

Additions (reductions) to permanent endowments

264,060

Net position:

| | |
|---|-----------|
| Net position at beginning of year, as previously reported | 2,316,185 |
| Restatements | |
| Net position at beginning of year, as restated | <hr/> |
| Net position at end of year | 2,316,185 |
| | <hr/> |
| | <hr/> |

See the accompanying independent auditor's report.

\$ 2,580,245

Associated Students, Incorporated at CSUSB

Other Information

June 30, 2018

(for inclusion in the California State University)

1 Restricted cash and cash equivalents at June 30, 2018:

| | | |
|---|----|----------|
| Portion of restricted cash and cash equivalents related to endowments | \$ | — |
| All other restricted cash and cash equivalents | | — |
| Total restricted cash and cash equivalents | \$ | <u>—</u> |

2.1 Composition of investments at June 30, 20CY:

| | Current Unrestricted | Current Restricted | Total Current | Noncurrent Unrestricted | Noncurrent Restricted | Total Noncurrent | Total |
|--|---------------------------------|---------------------------|----------------------|------------------------------------|----------------------------------|-------------------------|------------------|
| State of California Surplus Money Investment Fund (SMIF) | \$ — | — | — | — | — | — | — |
| State of California Local Agency Investment Fund (LAIF) | 950,043 | — | 950,043 | — | — | — | 950,043 |
| Corporate bonds | — | — | — | — | — | — | — |
| Certificates of deposit | — | — | — | — | — | — | — |
| Mutual funds | — | — | — | — | — | — | — |
| Money Market funds | — | — | — | — | — | — | — |
| Repurchase agreements | — | — | — | — | — | — | — |
| Commercial paper | — | — | — | — | — | — | — |
| Asset backed securities | — | — | — | — | — | — | — |
| Mortgage backed securities | — | — | — | — | — | — | — |
| Municipal bonds | — | — | — | — | — | — | — |
| U.S. agency securities | — | — | — | — | — | — | — |
| U.S. treasury securities | — | — | — | — | — | — | — |
| Equity securities | — | — | — | — | — | — | — |
| Exchange traded funds (ETFs) | — | — | — | — | — | — | — |
| Alternative investments: | | | | | | | |
| Private equity (including limited partnerships) | — | — | — | — | — | — | — |
| Hedge funds | — | — | — | — | — | — | — |
| Managed futures | — | — | — | — | — | — | — |
| Real estate investments (including REITs) | — | — | — | — | — | — | — |
| Commodities | — | — | — | — | — | — | — |
| Derivatives | — | — | — | — | — | — | — |
| Other alternative investment types | — | — | — | — | — | — | — |
| Other external investment pools (excluding SWIFT) | | | | | | | |
| Add description | — | — | — | — | — | — | — |
| Add description | — | — | — | — | — | — | — |
| Add description | — | — | — | — | — | — | — |
| Add description | — | — | — | — | — | — | — |
| Add description | — | — | — | — | — | — | — |
| Other major investments: | | | | | | | |
| SWIFT | 1,614,438 | — | 1,614,438 | — | — | — | 1,614,438 |
| Add description | — | — | — | — | — | — | — |
| Add description | — | — | — | — | — | — | — |
| Add description | — | — | — | — | — | — | — |
| Add description | — | — | — | — | — | — | — |
| Add description | — | — | — | — | — | — | — |
| Total investments | <u>2,564,481</u> | <u>—</u> | <u>2,564,481</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>2,564,481</u> |
| Less endowment investments (enter as negative number) | <u>—</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>—</u> |
| Total investments | <u>2,564,481</u> | <u>—</u> | <u>2,564,481</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>2,564,481</u> |

2.2 Investments held by the University under contractual agreements at June 30, 2018:

| | | | | | | | |
|---|-----------|---|-----------|---|---|---|-----------|
| Portion of investments in note 2.1 held by the University under contractual agreements at June 30, 2018 : | 1,614,438 | — | 1,614,438 | — | — | — | 1,614,438 |
|---|-----------|---|-----------|---|---|---|-----------|

2.3 Restricted current investments at June 30, 2018 related to:

| Amount |
|--|
| Add description |
| Add description |
| Add description |
| Add description |
| Add description |
| Add description |
| Add description |
| <u>—</u> |
| Total restricted current investments at June 30, 2018 |
| \$ <u>—</u> |

2.4 Restricted noncurrent investments at June 30, 2018 related to:

| Amount |
|----------------------|
| Endowment investment |
| Scholarships |
| Inflation reserves |
| University projects |
| <u>—</u> |

See the accompanying independent auditor's report.

Associated Students, Incorporated at CSUSB

Other Information

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(for inclusion in the California State University)

| | |
|---|-------------|
| Add description | — |
| Add description | — |
| Add description | — |
| Add description | — |
| Total restricted noncurrent investments at June 30, 2018 | \$ — |

2.5 Fair value hierarchy in investments at June 30, 2018:

| | Total | Fair Value Measurements Using | | | Net Asset Value (NAV) |
|--|------------------|--|---|---|-----------------------|
| | | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | |
| State of California Surplus Money Investment Fund (SMIF) | \$ — | — | — | — | — |
| State of California Local Agency Investment Fund (LAIF) | 950,043 | — | — | — | 950,043 |
| Corporate bonds | — | — | — | — | — |
| Certificates of deposit | — | — | — | — | — |
| Mutual funds | — | — | — | — | — |
| Money Market funds | — | — | — | — | — |
| Repurchase agreements | — | — | — | — | — |
| Commercial paper | — | — | — | — | — |
| Asset backed securities | — | — | — | — | — |
| Mortgage backed securities | — | — | — | — | — |
| Municipal bonds | — | — | — | — | — |
| U.S. agency securities | — | — | — | — | — |
| U.S. treasury securities | — | — | — | — | — |
| Equity securities | — | — | — | — | — |
| Exchange traded funds (ETFs) | — | — | — | — | — |
| Alternative investments: | | | | | |
| Private equity (including limited partnerships) | — | — | — | — | — |
| Hedge funds | — | — | — | — | — |
| Managed futures | — | — | — | — | — |
| Real estate investments (including REITs) | — | — | — | — | — |
| Commodities | — | — | — | — | — |
| Derivatives | — | — | — | — | — |
| Other alternative investment types | — | — | — | — | — |
| Other external investment pools (excluding SWIFT) | | | | | |
| Add description | — | — | — | — | — |
| Add description | — | — | — | — | — |
| Add description | — | — | — | — | — |
| Add description | — | — | — | — | — |
| Add description | — | — | — | — | — |
| Add description | — | — | — | — | — |
| Other major investments: | | | | | |
| SWIFT | 1,614,438 | — | 1,610,517 | — | 3,921 |
| Add description | — | — | — | — | — |
| Add description | — | — | — | — | — |
| Add description | — | — | — | — | — |
| Add description | — | — | — | — | — |
| Add description | — | — | — | — | — |
| Total investments | 2,564,481 | — | 1,610,517 | — | 953,964 |

See the accompanying independent auditor's report.

Associated Students, Incorporated at CSUSB
Other Information
June 30, 2018
(for inclusion in the California State University)

3.1 Composition of capital assets at June 30, 2018:

| | Balance June 30, 2017 | Prior period Adjustments | Reclassifications | Balance June 30, 2017 (restated) | Additions | Reductions | Transfers of Completed CWIP | Balance June 30, 2018 |
|--|--------------------------|-----------------------------|-------------------|--|-----------|------------|-----------------------------------|--------------------------|
| Nondepreciable/nonamortizable 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 | — | — | — | — | — | — | — | — |
| Internally generated intangible assets in progress | — | — | — | — | — | — | — | — |
| Licenses and permits | — | — | — | — | — | — | — | — |
| Other intangible assets: | | | | | | | | |
| Add description | — | — | — | — | — | — | — | — |
| Add description | — | — | — | — | — | — | — | — |
| Add description | — | — | — | — | — | — | — | — |
| Add description | — | — | — | — | — | — | — | — |
| Add description | — | — | — | — | — | — | — | — |
| Total intangible assets | — | — | — | — | — | — | — | — |
| Total nondepreciable/nonamortizable capital assets | — | — | — | — | — | — | — | — |
| Depreciable/amortizable capital assets: | | | | | | | | |
| Buildings and building improvements | — | — | — | — | — | — | — | — |
| Improvements, other than buildings | — | — | — | — | — | — | — | — |
| Infrastructure | — | — | — | — | — | — | — | — |
| Leasehold improvements | — | — | — | — | — | — | — | — |
| Personal property: | | | | | | | | |
| Equipment | 111,712 | — | — | 111,712 | — | — | — | 111,712 |
| Library books and materials | — | — | — | — | — | — | — | — |
| Intangible assets: | | | | | | | | |
| Software and websites | — | — | — | — | — | — | — | — |
| Rights and easements | — | — | — | — | — | — | — | — |
| Patents, copyright and trademarks | — | — | — | — | — | — | — | — |
| Licenses and permits | — | — | — | — | — | — | — | — |
| Other intangible assets: | | | | | | | | |
| Add description | — | — | — | — | — | — | — | — |
| Add description | — | — | — | — | — | — | — | — |
| Add description | — | — | — | — | — | — | — | — |
| Add description | — | — | — | — | — | — | — | — |
| Add description | — | — | — | — | — | — | — | — |
| 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: | | | | | | | | |
| Buildings and building improvements | — | — | — | — | — | — | — | — |
| Improvements, other than buildings | — | — | — | — | — | — | — | — |
| Infrastructure | — | — | — | — | — | — | — | — |
| Leasehold improvements | — | — | — | — | — | — | — | — |
| Personal property: | | | | | | | | |
| Equipment | (59,117) | — | — | (59,117) | (17,020) | — | — | (76,137) |
| Library books and materials | — | — | — | — | — | — | — | — |
| Intangible assets: | | | | | | | | |
| Software and websites | — | — | — | — | — | — | — | — |
| Rights and easements | — | — | — | — | — | — | — | — |
| Patents, copyright and trademarks | — | — | — | — | — | — | — | — |
| Licenses and permits | — | — | — | — | — | — | — | — |
| Other intangible assets: | | | | | | | | |
| Add description | — | — | — | — | — | — | — | — |
| Add description | — | — | — | — | — | — | — | — |
| Add description | — | — | — | — | — | — | — | — |
| Add description | — | — | — | — | — | — | — | — |
| Add description | — | — | — | — | — | — | — | — |
| Total intangible assets | — | — | — | — | — | — | — | — |
| Total accumulated depreciation/amortization | (59,117) | — | — | (59,117) | (17,020) | — | — | (76,137) |
| Total capital assets, net | \$ 52,595 | — | — | 52,595 | (17,020) | — | — | 35,575 |

See the accompanying independent auditor's report.

Associated Students, Incorporated at CSUSB
Other Information
June 30, 2018
(for inclusion in the California State University)

3.2 Detail of depreciation and amortization expense for the year ended June 30, 2018:

| | |
|---|------------------|
| Depreciation and amortization expense related to capital assets | \$ 17,020 |
| Amortization expense related to other assets | — |
| Total depreciation and amortization | <u>\$ 17,020</u> |

4 Long-term liabilities activity schedule:

| | Balance June 30, 2017 | Prior period adjustments | Reclassifications | Balance June 30, 2017 (restated) | Additions | Reductions | Balance June 30, 2018 | Current portion | Long-term portion |
|---|--------------------------|-----------------------------|-------------------|--|---------------|-----------------|--------------------------|--------------------|----------------------|
| Accrued compensated absences | \$ 27,049 | — | — | 27,049 | 49,388 | (16,999) | 59,438 | 18,972 | 40,466 |
| Claims liability for losses and loss adjustment expenses | — | — | — | — | — | — | — | — | — |
| Capital lease obligations: | | | | | | | | | |
| Gross balance | — | — | — | — | — | — | — | — | — |
| Unamortized premium / (discount) on capital lease obligations | — | — | — | — | — | — | — | — | — |
| Total capitalized lease obligations | — | — | — | — | — | — | — | — | — |
| Long-term debt obligations: | | | | | | | | | |
| Auxiliary revenue bonds | — | — | — | — | — | — | — | — | — |
| Commercial paper | — | — | — | — | — | — | — | — | — |
| Notes payable related to SRB | — | — | — | — | — | — | — | — | — |
| Others: (list by type) | | | | | | | | | |
| Add description | — | — | — | — | — | — | — | — | — |
| Add description | — | — | — | — | — | — | — | — | — |
| Add description | — | — | — | — | — | — | — | — | — |
| Add description | — | — | — | — | — | — | — | — | — |
| Add description | — | — | — | — | — | — | — | — | — |
| Add description | — | — | — | — | — | — | — | — | — |
| Total long-term debt obligations | — | — | — | — | — | — | — | — | — |
| Unamortized bond premium / (discount) | — | — | — | — | — | — | — | — | — |
| Total long-term debt obligations, net | — | — | — | — | — | — | — | — | — |
| Total long-term liabilities | <u>\$ 27,049</u> | <u>—</u> | <u>—</u> | <u>27,049</u> | <u>49,388</u> | <u>(16,999)</u> | <u>59,438</u> | <u>18,972</u> | <u>40,466</u> |

5 Future minimum lease payments - Capital lease obligations:

| | 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: | | | | | | | | | |
| 2019 | — | — | — | — | — | — | — | — | — |
| 2020 | — | — | — | — | — | — | — | — | — |
| 2021 | — | — | — | — | — | — | — | — | — |
| 2022 | — | — | — | — | — | — | — | — | — |
| 2023 | — | — | — | — | — | — | — | — | — |
| 2024 - 2028 | — | — | — | — | — | — | — | — | — |
| 2029 - 2033 | — | — | — | — | — | — | — | — | — |
| 2034 - 2038 | — | — | — | — | — | — | — | — | — |
| 2039 - 2043 | — | — | — | — | — | — | — | — | — |
| 2044 - 2048 | — | — | — | — | — | — | — | — | — |
| 2049 - 2053 | — | — | — | — | — | — | — | — | — |
| 2054 - 2058 | — | — | — | — | — | — | — | — | — |
| 2059 - 2063 | — | — | — | — | — | — | — | — | — |
| 2064 - thereafter | — | — | — | — | — | — | — | — | — |
| Total minimum lease payments | — | — | — | — | — | — | — | — | — |
| 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 auditor's report.

Associated Students, Incorporated at CSUSB

Other Information

June 30, 2018

(for inclusion in the California State University)

6 Long-term debt obligations schedule:

| | Auxiliary revenue bonds | | | 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: | | | | | | | | | |
| 2019 | \$ — | — | — | — | — | — | — | — | — |
| 2020 | — | — | — | — | — | — | — | — | — |
| 2021 | — | — | — | — | — | — | — | — | — |
| 2022 | — | — | — | — | — | — | — | — | — |
| 2023 | — | — | — | — | — | — | — | — | — |
| 2024 - 2028 | — | — | — | — | — | — | — | — | — |
| 2029 - 2033 | — | — | — | — | — | — | — | — | — |
| 2034 - 2038 | — | — | — | — | — | — | — | — | — |
| 2039 - 2043 | — | — | — | — | — | — | — | — | — |
| 2044 - 2048 | — | — | — | — | — | — | — | — | — |
| 2049 - 2053 | — | — | — | — | — | — | — | — | — |
| 2054 - 2058 | — | — | — | — | — | — | — | — | — |
| 2059 - 2063 | — | — | — | — | — | — | — | — | — |
| 2064 - 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 Calculation of net position:

7.1 Calculation of net position - Net investment in capital assets

| | |
|--|------------------|
| Capital assets, net of accumulated depreciation | \$ 35,575 |
| Capital lease obligations, current portion | — |
| Capital lease obligations, net of current portion | — |
| Long-term debt obligations, current portion | — |
| Long-term debt obligations, net of current portion | — |
| Portion of outstanding debt that is unspent at year-end (enter as positive number) | — |
| Other adjustments: (please list) | |
| Add description | — |
| Add description | — |
| Add description | — |
| Add description | — |
| Add description | — |
| Net position - Net investment in capital assets | \$ 35,575 |

7.2 Calculation of net position - Restricted for nonexpendable - endowments

| | |
|---|-------------|
| Portion of restricted cash and cash equivalents related to endowments | \$ — |
| Endowment investments | — |
| Other adjustments: (please list) | |
| Restricted expendable endowments | — |
| Add description | — |
| Add description | — |
| Add description | — |
| Add description | — |
| Add description | — |
| Add description | — |
| Add description | — |
| Add description | — |
| Add description | — |
| Net position - Restricted for nonexpendable - endowments | \$ — |

See the accompanying independent auditor's report.

Associated Students, Incorporated at CSUSB

Other Information

June 30, 2018

(for inclusion in the California State University)

8 Transactions with related entities:

| | <u>Amount</u> |
|--|---------------|
| Payments to University for salaries of University personnel working on contracts, grants, and other programs | \$ 170,990 |
| Payments to University for other than salaries of University personnel | 99,150 |
| Payments received from University for services, space, and programs | 5,028 |
| Gifts-in-kind to the University from discretely presented component units | — |
| Gifts (cash or assets) to the University from discretely presented component units | — |
| Accounts (payable to) University (enter as negative number) | (42,233) |
| Other amounts (payable to) University (enter as negative number) | — |
| Accounts receivable from University (enter as positive number) | 23,120 |
| Other amounts receivable from University | — |

9 Other postemployment benefits (OPEB) liability

Intentionally left blank - not required/applicable eff FY17/18

10 Pollution remediation liabilities under GASB Statement No. 49:

| <u>Description</u> | <u>Amount</u> |
|---|---------------|
| Add description | \$ — |
| Add description | — |
| Add description | — |
| Add description | — |
| Add description | — |
| Add description | — |
| Add description | — |
| Add description | — |
| Add description | — |
| Add description | — |
| Total pollution remediation liabilities | \$ — |
| Less: current portion | — |
| Pollution remediation liabilities, net of current portion | — |

See the accompanying independent auditor's report.

Associated Students, Incorporated at CSUSB
Other Information
June 30, 2018
(for inclusion in the California State University)

11 The nature and amount of the prior period adjustment(s) recorded to beginning net position:

| | <u>Net Position Class</u> | <u>Amount Dr. (Cr.)</u> |
|--|-------------------------------|-----------------------------|
| Net position as of June 30, 2017, as previously reported | \$ | 2,316,185 |
| Prior period adjustments: | | |
| 1 (list description of each adjustment) | | — |
| 2 (list description of each adjustment) | | — |
| 3 (list description of each adjustment) | | — |
| 4 (list description of each adjustment) | | — |
| 5 (list description of each adjustment) | | — |
| 6 (list description of each adjustment) | | — |
| 7 (list description of each adjustment) | | — |
| 8 (list description of each adjustment) | | — |
| 9 (list description of each adjustment) | | — |
| 10 (list description of each adjustment) | | — |
| Net position as of June 30, 2017, as restated | \$ | <u>2,316,185</u> |

Provide a detailed breakdown of the journal entries (at the financial statement line item level) booked to record each prior period adjustment:

| | <u>Debit</u> | <u>Credit</u> |
|---|--------------|---------------|
| Net position class: _____ | | |
| 1 (breakdown of adjusting journal entry) | \$ — | — |
| Net position class: _____ | | |
| 2 (breakdown of adjusting journal entry) | — | — |
| Net position class: _____ | | |
| 3 (breakdown of adjusting journal entry) | — | — |
| Net position class: _____ | | |
| 4 (breakdown of adjusting journal entry) | — | — |
| Net position class: _____ | | |
| 5 (breakdown of adjusting journal entry) | — | — |
| Net position class: _____ | | |
| 6 (breakdown of adjusting journal entry) | — | — |
| Net position class: _____ | | |
| 7 (breakdown of adjusting journal entry) | — | — |
| Net position class: _____ | | |
| 8 (breakdown of adjusting journal entry) | — | — |
| Net position class: _____ | | |
| 9 (breakdown of adjusting journal entry) | — | — |
| Net position class: _____ | | |
| 10 (breakdown of adjusting journal entry) | — | — |

See the accompanying independent auditor's report.

Associated Students, Incorporated at CSUSB
Other Information
June 30, 2018
(for inclusion in the California State University)

12 Natural Classifications of Operating Expenses:

| | Salaries | Benefits | Scholarships and fellowships | Supplies and other services | Depreciation and amortization | Total operating expenses |
|------------------------------------|----------|-----------|------------------------------|-----------------------------|-------------------------------|--------------------------|
| Instruction | — | — | — | — | — | — |
| Research | — | — | — | — | — | — |
| Public service | — | — | — | — | — | — |
| Academic support | — | — | — | — | — | — |
| Student services | 585,437 | (139,257) | — | 1,135,248 | — | 1,581,428 |
| Institutional support | — | — | — | — | — | — |
| Operation and maintenance of plant | — | — | — | — | — | — |
| Student grants and scholarships | — | — | 110,000 | — | — | 110,000 |
| Auxiliary enterprise expenses | — | — | — | 59,270 | — | 59,270 |
| Depreciation and amortization | — | — | — | — | 17,020 | 17,020 |
| Total | 585,437 | (139,257) | 110,000 | 1,194,518 | 17,020 | 1,767,718 |

See the accompanying independent auditor's report.

Associated Students, Incorporated
California State University, San Bernardino

Schedule of Functional Expenses
For the Year Ended June 30, 2018

| | Program Services | | | | | | | | | | | | | Total Program Services | Total Expenses | |
|---|---------------------------|-----------------------|---------------------|-------------------|-----------------|---------------------------------|---------------------|------------------------------|-------------------------|-----------------------|-----------------------|--------------------------|-------------------|------------------------------|---------------------|-------------------------------|
| | Management and General | Student Government | External Affairs | ASI Box Office | Legal Aid | Grant and Service Program | Public Relations | Club Allocation Budget | Activities Committee | Leadership Program | Election Committee | Palm Desert Campus | Production | | 2018 | Comparative Totals 2017 |
| Wages | \$ 568,213 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 17,224 | \$ - | \$ 17,224 | \$ 585,437 | \$ 443,735 |
| Employee benefits | (162,260) | - | - | - | - | - | - | - | - | - | - | - | - | - | (162,260) | 162,064 |
| Payroll taxes | 22,950 | - | - | - | - | - | - | - | - | - | - | 52 | - | 52 | 23,003 | 17,436 |
| Total Wages and Related Expenses | 428,903 | - | - | - | - | - | - | - | - | - | - | 17,277 | - | 17,277 | 446,180 | 623,235 |
| Accounting | 77,410 | - | - | - | - | - | - | - | - | - | - | - | - | - | 77,410 | 71,935 |
| Advertising | 101 | - | - | - | - | - | 33,242 | - | - | - | - | 3,528 | 8,897 | 45,667 | 45,768 | 51,509 |
| AOA dues | 1,210 | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,210 | 1,100 |
| AS transition | 5,279 | - | - | - | - | - | - | - | - | - | - | - | - | - | 5,279 | 7,620 |
| Audit | 14,073 | - | - | - | - | - | - | - | - | - | - | - | - | - | 14,073 | 7,856 |
| Box office tickets | - | - | - | 59,171 | - | - | - | - | - | - | - | - | - | 59,171 | 59,171 | 82,604 |
| Building equipment and repairs | 2,532 | - | - | - | - | - | - | - | - | - | - | - | - | - | 2,532 | - |
| Depreciation | 5,258 | - | - | - | - | - | - | - | 7,698 | 4,063 | - | - | - | 11,761 | 17,020 | 17,132 |
| Donations | - | - | - | - | - | 253,818 | - | - | - | - | - | - | - | 253,818 | 253,818 | 377,110 |
| Hospitality | 3,527 | - | - | - | - | - | - | - | - | - | - | - | 17 | 17 | 3,544 | 8,294 |
| Insurance | 17,401 | - | - | - | - | - | - | - | - | - | - | - | - | - | 17,401 | 14,183 |
| Legal | 5,658 | - | - | - | 7,920 | - | - | - | - | - | - | - | - | 7,920 | 13,578 | 9,726 |
| Orientation | 7,282 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7,282 | 13,975 |
| Postage | 1,518 | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,518 | 1,742 |
| Prizes | 6,970 | - | - | - | - | - | 1,255 | - | - | - | - | - | - | 1,255 | 8,225 | 7,862 |
| Rent | 1 | - | - | - | - | - | - | - | - | - | - | - | - | - | 1 | 1 |
| Scholarships and stipends | - | - | - | - | - | 110,000 | - | - | - | - | - | - | - | 110,000 | 110,000 | 110,000 |
| Special events | - | 1,577 | - | - | - | - | 19 | - | 52,808 | 18,529 | - | - | 339,329 | 412,262 | 412,262 | 114,087 |
| Student Union custodian | 7,920 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7,920 | 7,022 |
| Supplies and services | 125,931 | 1,273 | 257 | 98 | 376 | 1,424 | 448 | 38,819 | 11,385 | 195 | 6,111 | 3,274 | 3,281 | 66,941 | 192,872 | 222,678 |
| Training | - | - | - | - | - | 2,684 | - | - | - | - | - | - | - | 2,684 | 2,684 | 414 |
| Travel | 12,815 | - | 15,073 | - | - | 28,641 | - | - | - | - | - | 164 | - | 43,879 | 56,694 | 72,836 |
| Utilities and telephone | 11,276 | - | - | - | - | - | - | - | - | - | - | - | - | - | 11,276 | 11,164 |
| | \$ 735,065 | \$ 2,851 | \$ 15,330 | \$ 59,270 | \$ 8,296 | \$ 396,567 | \$ 34,963 | \$ 38,819 | \$ 71,891 | \$ 22,787 | \$ 6,111 | \$ 24,243 | \$ 351,525 | \$ 1,032,653 | \$ 1,767,718 | \$ 1,834,085 |

See the accompanying independent 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

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Associated Students, Incorporated
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 Associated Students Incorporated, CSUSB (a nonprofit organization) (ASI), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated September 14, 2018.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Associated Students 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*.

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 14, 2018