



**ASSOCIATED STUDENTS, INC.,  
CALIFORNIA STATE UNIVERSITY,  
LONG BEACH**

**Financial Statements and Supplemental Information**

*Years Ended June 30, 2014 and 2013*



**ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH**  
**Financial Statements and Supplemental Information**  
Years Ended June 30, 2014 and 2013

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## INDEPENDENT AUDITORS' REPORT

To the Audit Committee  
Associated Students, Inc., California State University, Long Beach

### Report on the Financial Statements

We have audited the accompanying financial statements of Associated Students, Inc., California State University, Long Beach (a nonprofit organization, referred to as "Associated Students"), which comprise the statements of net position as of June 30, 2014 and 2013, and the related statements of revenues, expenses, and changes in net position and cash flows for the years 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 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.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Associated Students, Inc., California State University, Long Beach as of June 30, 2014 and 2013, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**INDEPENDENT AUDITORS' REPORT,  
CONTINUED**

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-9 are presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2014, on our consideration of Associated Students' 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' internal control over financial reporting and compliance.

**AKT LLP**

San Diego, California  
September 24, 2014

**ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH**  
**Management's Discussion and Analysis**  
Years Ended June 30, 2014 and 2013

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This section of Associated Students, Inc., California State University, Long Beach (Associated Students) annual financial report includes some of management's insights and analyses of Associated Students' financial performance for the years ended June 30, 2014 and 2013. This discussion has been prepared by management and should be read in conjunction with the financial statements and notes.

Introduction to the Basic Financial Statements

The annual report consists of a series of financial statements, prepared in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*. This standard is applicable to Associated Students because it is a component unit of California State University, Long Beach (University). Consistent with the University, Associated Students has adopted the business-type activity (BTA) reporting model to represent its activities.

The financial statements include: the statements of net position, the statements of revenues, expenses, and changes in net position, and the statements of cash flows. These statements are supported in the annual report by the notes to the financial statements and this section. All sections should be considered together to obtain a complete understanding of the financial picture of Associated Students.

*Statements of net position:* The statements of net position include all assets and liabilities using the accrual basis of accounting as of the statement date. The difference between the two classifications is represented as "Net Position." This section of the statement identifies major categories of restrictions and reflects the overall financial position of Associated Students as a whole. Over time, increases and decreases in total net position can be an indicator of whether the financial health of the organization is improving or declining.

*Statements of revenues, expenses, and changes in net position:* The statements of revenues, expenses, and changes in net position present the revenues earned and expenses incurred during the year on an accrual basis.

*Statements of cash flows:* The statements of cash flows present the inflows and outflows of cash, summarized by operating, noncapital financing, capital and related financing, and investing activities. The statements are prepared using the direct method of cash flows, and therefore, present gross rather than net amounts for the year's operating activities.

*Notes to the Financial Statements:* This additional information is essential to a full understanding of the data reported in the basic financial statements.

**ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH**  
**Management's Discussion and Analysis**  
Years Ended June 30, 2014 and 2013

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Analytical Overview

A summary of key financial statement information is presented below:

	<u>2014</u>	<u>2013</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
<b>Assets:</b>				
Current assets	\$ 4,111,224	\$ 3,887,764	\$ 223,460	6%
Long-term investments	2,594,749	1,559,491	1,035,258	66%
Capital assets, net of accumulated depreciation	<u>3,259,141</u>	<u>3,104,294</u>	<u>154,847</u>	5%
<b>Total Assets</b>	<b><u>\$ 9,965,114</u></b>	<b><u>\$ 8,551,549</u></b>	<b><u>\$ 1,413,565</u></b>	<b>17%</b>
<b>Liabilities:</b>				
Current liabilities	\$ 2,105,835	\$ 1,786,811	\$ 319,024	18%
Other post-employment retirement benefits other than pensions	<u>6,682,161</u>	<u>6,255,247</u>	<u>426,914</u>	7%
<b>Total Liabilities</b>	<b>8,787,996</b>	<b>8,042,058</b>	<b>745,938</b>	<b>9%</b>
<b>Net Position:</b>				
Invested in capital assets, net of related debt	3,259,141	3,104,294	154,847	5%
Nonexpendable - endowments	45,973	45,042	931	2%
Unrestricted	<u>(2,127,996)</u>	<u>(2,639,845)</u>	<u>511,849</u>	19%
<b>Total Net Position</b>	<b><u>1,177,118</u></b>	<b><u>509,491</u></b>	<b><u>667,627</u></b>	<b>131%</b>
<b>Total Liabilities and Net Position</b>	<b><u>\$ 9,965,114</u></b>	<b><u>\$ 8,551,549</u></b>	<b><u>\$ 1,413,565</u></b>	<b>17%</b>

The increase in current assets of \$223,460 primarily reflects a significant increase in the recovery of building improvement expenses from the University. The increase in long-term investments resulted from the transfer of surplus working capital into the investment portfolio and the subsequent use of those funds to purchase equities which outperformed expectations.

The increase in current liabilities reflects a significant increase in funds held for others and an increase in accounts payable for building improvement projects and other accrued expenses recorded near the year end cut-off.

The other post-employment benefits (OPEB) other than pensions obligation is required to be recognized and booked in accordance with the parameters of GASB Statement No. 45. Although Associated Students has terminated this benefit for employees hired on or after January 1, 2013 and has begun to fund this liability, the liability continues to grow due to actuarial assumptions about life expectancy and health care costs. We have also taken a very conservative approach to estimating appreciation of plan assets. The most recent actuarial study on which these amounts are based was conducted using the 2013 employee census. Some employees have since left Associated Students employment and have been replaced by employees for whom this benefit will not be provided. This should help to reduce future increases in the liability.

The increase in net position invested in capital assets net of related debt resulted from the completion of building improvement projects in the University Student Union (USU) and Student Recreation and Wellness Center (SRWC) as well as the purchase of new equipment.

The increase in unrestricted net position primarily resulted from recovered building improvement expense remaining unspent at year due to the inability of Associated Students to complete several projects. These projects will be completed in the coming year instead.

**ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH**  
**Management's Discussion and Analysis**  
Years Ended June 30, 2014 and 2013

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Operating Results  
Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Revenues:				
Operating revenues	\$ 14,274,317	\$ 13,432,242	\$ 842,075	6%
Non-operating revenues	<u>288,844</u>	<u>167,468</u>	<u>121,376</u>	72%
Total Revenues	14,563,161	13,599,710	963,451	7%
Expenses:				
Operating expenses	<u>13,895,534</u>	<u>12,315,690</u>	<u>1,579,844</u>	13%
Change in Net Position	667,627	1,284,020	(616,393)	48%
Net Position, beginning	<u>509,491</u>	<u>(774,529)</u>	<u>1,284,020</u>	(166%)
Net Position, ending	<u>\$ 1,177,118</u>	<u>\$ 509,491</u>	<u>\$ 667,627</u>	131%

Operating revenues are a combination of student body fees and revenues derived from programs, user fees and services offered by Associated Students. Approximately 75% of operating revenues are student body fees and the remaining 25% are revenues derived from programs and services.

The increase in operating revenues reflects increased student activity fees resulting from a minor increase in enrollment, an increase in the per student USU fee, as well as additional income for the recovery of building improvement expenses from the USU. Some projects were not completed by fiscal year end and as a result, these funds were not spent.

The non-operating revenues increase of approximately \$121,376 primarily represents increased earnings from investments as the market continued to recover and Associated Students reallocated portfolio to increase investment in securities.

The increase in expense is attributable to salary and benefit expense resulting from the addition of 4 full-time equivalent positions as well as additional spending made possible by the increase in the USU fee.

**ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH**  
**Management's Discussion and Analysis**  
 Years Ended June 30, 2014 and 2013

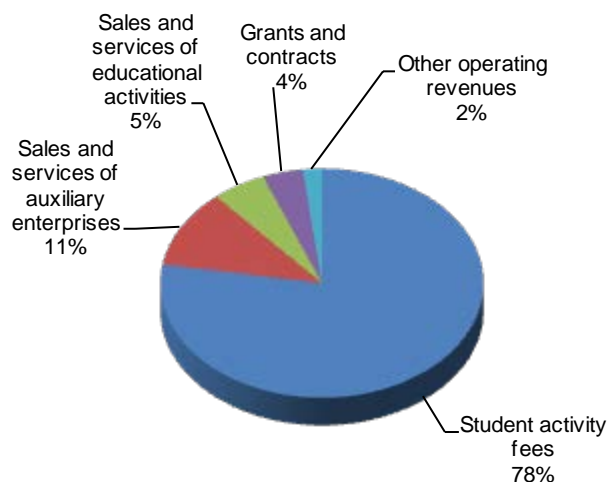
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Operating Revenues  
Years Ended June 30, 2014 and 2013

The following is detail of operating revenues by source:

	<u>2014</u>	<u>2013</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Operating Revenues:				
Student activity fees	\$ 11,082,129	\$ 10,040,820	\$ 1,041,309	10%
Sales and services of auxiliary enterprises	1,572,314	1,561,864	10,450	1%
Sales and services of educational activities	770,423	773,232	(2,809)	(0%)
Grants and contracts	576,521	562,040	14,481	3%
Other operating revenues	<u>272,930</u>	<u>494,286</u>	<u>(221,356)</u>	<u>(45%)</u>
Total Operating Revenues	<u>\$ 14,274,317</u>	<u>\$ 13,432,242</u>	<u>\$ 842,075</u>	<u>6%</u>

The following is a graphic illustration of 2014 operating revenues by source:



The increase in student activity fees resulted from a small increase in student enrollment couple with an inflationary adjustment to the USU fee which increased the fee by \$11 per student.

Included in other operating revenues for 2013 was the addition of over \$400,000 in Student Recreation and Wellness Center equipment that had not been previously recorded on the financial statements. Excluding this one-time adjustment, other operating revenues actually increased by over \$200,000 due to improved earnings from investments

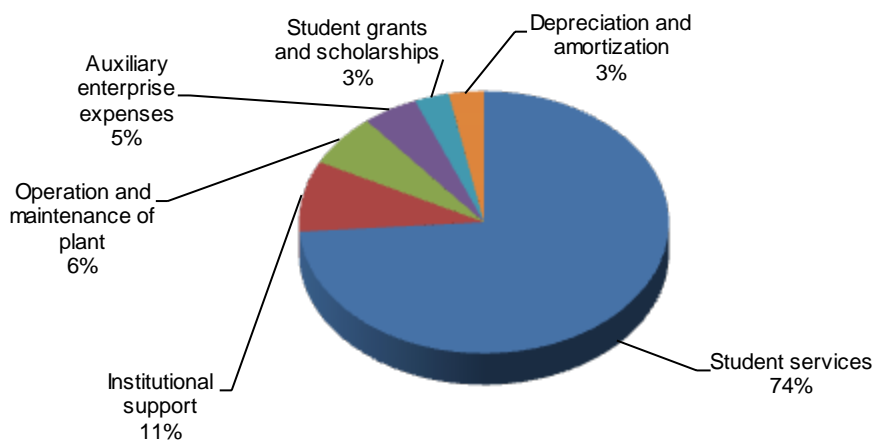


**ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH**  
**Management's Discussion and Analysis**  
 Years Ended June 30, 2014 and 2013

Operating Expenses  
Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Operating Expenses:				
Student services	\$ 10,260,368	\$ 8,945,564	\$ 1,314,804	15%
Institutional support	1,216,319	1,297,534	(81,215)	(6%)
Operation and maintenance of plant	899,261	740,794	158,467	21%
Auxiliary enterprise expenses	674,156	614,063	60,093	10%
Student grants and scholarships	419,065	417,089	1,976	0%
Depreciation and amortization	426,365	300,646	125,719	42%
 Total Operating Expenses	 <u>\$ 13,895,534</u>	 <u>\$ 12,315,690</u>	 <u>\$ 1,579,844</u>	 13%

The following is a graphic illustration of 2014 operating expenses:



The increase in student services expense results from the increase spending supported by the USU fee increase, with the majority of the additional spending representing restoration of prior years' budget reductions. The growth in operation and maintenance of plant represents an increase in building improvement projects at both the University Student Union and Student Recreation and Wellness Center.

The increase in depreciation and amortization expense results from the recent reappraisal of the Soroptimist House facility which had been over-valued and the resulting revisions to accumulated depreciation.

**ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH**  
**Management's Discussion and Analysis**  
Years Ended June 30, 2014 and 2013

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Cash Flows  
Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Net cash provided (used) by:				
Operating activities	\$ 1,537,455	\$ 1,486,912	\$ 50,543	3%
Investing activities	(651,877)	(610,305)	(41,572)	(7%)
Financing activities	<u>(1,018,588)</u>	<u>(887,995)</u>	<u>(130,593)</u>	(15%)
Net Change in Cash	(133,010)	(11,388)	(121,622)	1068%
Cash, beginning	<u>365,065</u>	<u>376,453</u>	<u>(11,388)</u>	(3%)
Cash, ending	<u>\$ 232,055</u>	<u>\$ 365,065</u>	<u>\$ (133,010)</u>	(36%)

The increase in cash provided by operating activities primarily reflects the increased recovery of building improvement expenses from the University.

The increase in capital and related financing activities is primarily a result of building improvement in both the University Student Union and the Student Recreation and Wellness Center. The growth in investing activities reflects the use of cash from operations to augment the Associated Students' investment holdings.

**ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH**  
**Management's Discussion and Analysis**  
Years Ended June 30, 2014 and 2013

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Capital Assets, Net  
June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Capital Assets:				
Leasehold improvements	\$ 2,984,692	\$ 2,823,050	\$ 161,642	6%
Equipment	1,765,598	1,532,832	232,766	15%
Buildings	627,325	391,769	235,556	60%
Construction in progress	<u>74,168</u>	<u>357,979</u>	<u>(283,811)</u>	0%
Total	5,451,783	5,105,630	346,153	7%
Less accumulated depreciation	<u>(2,192,642)</u>	<u>(2,001,336)</u>	<u>(191,306)</u>	(10%)
Net Capital Assets	<u>\$ 3,259,141</u>	<u>\$ 3,104,294</u>	<u>\$ 154,847</u>	5%

The increase in capital assets primarily reflects the completion of various building improvement projects in the University Student Union, the purchase of equipment for the Student Recreation and Wellness Center, and K-Beach studio remodeling.

Net Position  
June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Net Position:				
Invested in capital assets, net of related debt	\$ 3,259,141	\$ 3,104,294	\$ 154,847	5%
Nonexpendable - endowments	45,973	45,042	931	2%
Unrestricted	<u>(2,127,996)</u>	<u>(2,639,845)</u>	<u>511,849</u>	19%
Total Net Position	<u>\$ 1,177,118</u>	<u>\$ 509,491</u>	<u>\$ 667,627</u>	131%

The increase attributable to invested in capital assets, net of related debt is due to improvement projects in the University Student Union and the Student Recreation and Wellness Center, as well as the purchase of equipment and the remodeling of K-Beach radio studios.

The increase in unrestricted net assets is due to increased income from student activity fees, increase investment earnings, and the recovery of building improvement expenses for projects that have not yet been completed. These projects will be completed in the coming year.

**ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH**  
**Statements of Net Position**  
June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
Current Assets:		
Cash	\$ 232,055	\$ 365,065
Short-term investments	3,059,714	2,787,540
Accounts receivable	729,774	665,288
Inventory	49,664	18,615
Prepaid expenses	<u>40,017</u>	<u>51,256</u>
Total Current Assets	<u>4,111,224</u>	<u>3,887,764</u>
Noncurrent Assets:		
Long-term investments	2,594,749	1,559,491
Capital assets, net of accumulated depreciation	<u>3,259,141</u>	<u>3,104,294</u>
Total Noncurrent Assets	<u>5,853,890</u>	<u>4,663,785</u>
Total Assets	<u>\$ 9,965,114</u>	<u>\$ 8,551,549</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities:		
Accounts payable	\$ 710,696	\$ 534,782
Accrued expenses	540,288	547,657
Funds held for others	756,558	620,724
Deferred revenue	<u>98,293</u>	<u>83,648</u>
Total Current Liabilities	2,105,835	1,786,811
Other Post-Employment Benefits Other than Pensions	<u>6,682,161</u>	<u>6,255,247</u>
Total Liabilities	8,787,996	8,042,058
Net Position:		
Invested in capital assets, net of related debt	3,259,141	3,104,294
Nonexpendable - endowments	45,973	45,042
Unrestricted	<u>(2,127,996)</u>	<u>(2,639,845)</u>
Total Net Position	<u>1,177,118</u>	<u>509,491</u>
Total Liabilities and Net Position	<u>\$ 9,965,114</u>	<u>\$ 8,551,549</u>

**ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Operating Revenues:		
Student activity fees	\$ 11,082,129	\$ 10,040,820
Sales and services of auxiliary enterprises	1,572,314	1,561,864
Sales and services of educational activities	770,423	773,232
Grants and contracts	576,521	562,040
Other operating revenues	<u>272,930</u>	<u>494,286</u>
Total Operating Revenues	<u>14,274,317</u>	<u>13,432,242</u>
Operating Expenses:		
Student services	10,260,368	8,945,564
Institutional support	1,216,319	1,297,534
Operation and maintenance of plant	899,261	740,794
Auxiliary enterprise expenses	674,156	614,063
Student grants and scholarships	419,065	417,089
Depreciation and amortization	<u>426,365</u>	<u>300,646</u>
Total Operating Expenses	<u>13,895,534</u>	<u>12,315,690</u>
Operating Income	378,783	1,116,552
Non-Operating Revenues:		
Investment return, net	<u>288,844</u>	<u>167,468</u>
Change in Net Position	667,627	1,284,020
Net Position, beginning	<u>509,491</u>	<u>(774,529)</u>
Net Position, ending	<u>\$ 1,177,118</u>	<u>\$ 509,491</u>

**ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH****Statements of Cash Flows**

Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash Flows from Operating Activities:		
Student activity fees	\$ 11,110,374	\$ 10,098,570
Sales and services of auxiliary enterprises	1,596,112	1,581,642
Grants and contracts	783,204	766,834
Other operating revenues	734,786	617,327
Payments to suppliers	(4,243,963)	(3,531,413)
Payments to employees	(7,768,902)	(7,431,420)
Payments to students	(674,156)	(614,628)
Net Cash Provided by Operating Activities	<u>1,537,455</u>	<u>1,486,912</u>
Cash Flows Used by Capital and Related Financing Activities:		
Acquisitions of capital assets	<u>(651,877)</u>	<u>(610,305)</u>
Cash Flows Used by Investing Activities:		
Purchase of investments, net	<u>(1,018,588)</u>	<u>(887,995)</u>
Net Decrease in Cash	(133,010)	(11,388)
Cash, beginning	<u>365,065</u>	<u>376,453</u>
Cash, ending	<u><u>\$ 232,055</u></u>	<u><u>\$ 365,065</u></u>
Cash Flows from Operating Activities:		
Operating income	\$ 378,783	\$ 1,116,552
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	426,365	300,646
Loss on disposal of assets	70,665	26,894
Noncash contribution	-	(387,308)
Changes in operating assets and liabilities:		
Accounts receivable	(64,486)	17,965
Inventory	(31,049)	22,654
Prepaid expenses	11,239	(35,321)
Accounts payable	175,914	103,536
Accrued expenses	(7,369)	218,838
Funds held for others	135,834	84,710
Deferred revenue	14,645	1,474
Other post-employment benefits other than pensions	426,914	16,272
Net Cash Provided by Operating Activities	<u><u>\$ 1,537,455</u></u>	<u><u>\$ 1,486,912</u></u>
Noncash Investing and Financing Activities:		
Noncash contribution of property and equipment, net	<u><u>\$ -</u></u>	<u><u>\$ 387,308</u></u>

See accompanying notes to financial statements.

**Note 1 - Organization and Summary of Significant Accounting Policies**

Nature of Activities

Associated Students, Inc., California State University, Long Beach (Associated Students) is a nonprofit, tax exempt, California State University auxiliary organization located on the campus of California State University, Long Beach (University). The University is one of 23 campuses in the California State University System (System). Associated Students was established to administer various student programs and activities which include the following significant operations:

1) Associated Students operations

The charitable purpose of Associated Students is to promote and assist in carrying out the educational services of the student body and perform other functions related to the student activities of the University; promote and maintain a student self-government organization under the supervision of University officials for the purpose of providing essential activities closely related to, but not normally included as part of, the regular instructional program of the University, specifically designed to contribute to the development of leadership ability and the recreational and social needs of the students; to build, construct, lease, or purchase buildings, which may be necessary to carry out the purposes of the University; and, to apply funds and property coming within its possession toward furthering the education services and/or welfare of the students and to perform other functions related to the student activities of the University.

The mission of Associated Students is to facilitate the achievement of students' educational objectives and life goals through programs, services, and facilities that advocate student needs and interests, compel student representation in campus decision making and provide students with resources that they identify as necessary for their intellectual, social and physical development.

Associated Students is the student government component of the campus and arranges for public speakers, music, bands, and other cultural and recreational events for the students' enjoyment. Associated Students main purpose is to represent students' interests to the University administration and provide out-of-classroom experiences for students. Associated Students also provides miscellaneous services to students such as fax transmittals, check cashing, and bus, movie, ski-lift, and ticket sales.

2) Childcare Center operations

The Isabel Patterson Child Development Center (Center) is a childcare facility operated by Associated Students on the campus of the University under a lease and operating agreement with the System. During the years ended June 30, 2014 and 2013, the Center operated the following programs:

- a) Associated Students component for fee paying parents (students, staff, and faculty) who do not qualify for programs b) and c) described below.
- b) Full-day State Preschool Program - under contract with the California State Department of Education, Office of Child Development.
- c) Child Care Food Program - provides free and subsidized meals.

**Note 1 - Organization and Summary of Significant Accounting Policies, continued**

Nature of Activities, continued

3) University Student Union (Union) operations

Associated Students manages and maintains a building on behalf of the System and University campus. The building contains a food court operated under contract with outside vendors, a game room for student use, a bowling alley, administrative offices used by Associated Students, and a room to be used by student organizations as well as the Associated Students' Board Room. A variety of conference rooms are available in the building for use by the University and community organizations for a fee.

4) Recycling Center operations

Associated Students Recycling Center is a State-certified drop-off facility and redemption center, managing beverage containers and Union recycling. The Recycling Center provides a location where students and community members can donate recyclable materials and redeem their CA Redemption Value beverage containers.

5) Student Recreation and Wellness Center operations

The Student Recreation and Wellness Center (SRWC) is a 126,500-square-foot, two-story, state-of-the-art recreation facility located on the east side of the University campus. The facility is a hub for recreational activities, programs, and opportunities for intramural sports, fitness, and wellness services. The SRWC is managed by *Associated Students Inc. Recreation* and is open to all University students, associates, and affiliates. The facility contains a three-court gym, a multi activity court gym, indoor jogging track, 20,000 square feet of weight and cardio equipment, racquetball courts, activity rooms for group exercise, a custom-made rock climbing wall, a wellness center, swimming pool and spa, as well as many other services. The SRWC is LEED (Leadership in Environmental and Energy Design) certified and offers many technological advances, such as biometric hand scanners for entry, filtered water fountains, and flat screens with touch technology.

Financial Reporting Entity

The basic financial statements include the accounts of Associated Students. Associated Students is a government organization under accounting principles generally accepted in the United States of America (GAAP) and is also a component unit of the University, a public university under the California State University system. Associated Students has chosen to use the reporting model for special-purpose governments engaged only in business-type activities.

Basis of Presentation

The basic financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with GAAP as prescribed by the Governmental Accounting Standards Board (GASB). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Voluntary non-exchange transactions are recognized as revenue as soon as all eligibility requirements have been met.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.



**Note 1 - Organization and Summary of Significant Accounting Policies, continued**

Investments

Investments are carried at fair value in the statements of net position. Unrealized gains and losses are reflected in the change in net position in the statements of revenues, expenses and changes in net position.

Accounts Receivable

Accounts receivable arise in the normal course of operations. It is the policy of management to review the outstanding accounts receivable at year end, as well as the bad debt write-offs experienced in the past, and establish an allowance for doubtful accounts for uncollectible amounts. Management believes that all accounts receivable are fully collectible, therefore, no allowance for doubtful accounts is considered necessary.

Inventory

Inventory consists of gifts, candy, and other food and supplies sold at the candy counter and snack shop. Inventory is stated at the lower of cost or market, and is determined on a first-in, first-out basis.

Capital Assets

Acquisitions of capital assets of \$5,000 or more are capitalized. Capital assets are stated at cost or, if donated, at the approximate fair market value at the date of donation. Expenditures for maintenance and repairs are charged against operations. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets of three to 40 years.

Funds Held for Others

Associated Students receives and holds resources for student organizations over which it does not have the unilateral (variance) power to redirect the use of the money without the approval of the student organization. Money held without variance power is classified as a liability in the statements of net position.

Deferred Revenue

Deferred revenue consists of membership fees paid by staff, faculty, and alumni to the SRWC collected in advance.

Other Post-Employment Benefits Other than Pensions (OPEB)

Associated Students implemented the provision of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. In accordance with the transition rules of that statement, Associated Students elected to apply its measurement and recognition requirement on a prospective basis. The annual OPEB cost reported in the accompanying financial statements is equal to the annual required contributions (ARC) of Associated Students plus or minus ARC adjustments and interest. The ARC is calculated using an actuarial valuation based upon the same methods and assumptions applied in determining the plan's funding requirements. The OPEB obligation at June 30, 2014 and 2013 is determined by adding the annual OPEB cost to the net OPEB obligation at the beginning of the year and deducting any contributions to the plan during the year.

Net Position

Associated Students' net position are classified into the following categories:

- Invested in capital assets, net of related debt: Capital assets, net of accumulated depreciation, and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.
- Nonexpendable – endowments: Net position subject to irrevocable donor restrictions that the assets be maintained in perpetuity for the purpose of generating investment income to fund the agreed-up purpose of the donor's gift.
- Unrestricted: All other categories of net position, including net position designated by the Board or management.

**Note 1 - Organization and Summary of Significant Accounting Policies, continued**

Classification of Revenues and Expenses

Associated Students considers operating revenues and expenses in the statements of revenues, expenses, and changes in net position to be those revenues and expenses that result from exchange transactions or from other activities that are connected directly with Associated Students' primary functions. Exchange transactions include charges for services rendered and the acquisition of goods and services. Certain other transactions are reported as non-operating revenues and expenses in accordance with GASB Statement No. 35. These non-operating activities include Associated Students' net investment income.

Student Fees

Each matriculated student of the University is required to pay student body fees each semester. These payments support Associated Students' operations and other activities and are collected by the University Business Office, who makes disbursements to Associated Students on a regular basis to cover its operating budget. Undisbursed funds are withheld by the University in a reserve account and can be requested by Associated Students on an as needed basis. Associated Students records revenues from student fees based on cash requests made to the University during the year.

Additionally, each matriculated student is required to pay student body fees to service debt related to the construction of the Union and SRWC buildings and their operations. These funds are collected by the University Business Office. The System's Board of Trustees has the right of first call on these funds for revenue bond debt service requirements and repairs and replacement of plant assets, with remaining funds available for use in operating the Union for the benefit of the students.

Income Taxes

Associated Students is a qualified nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. In addition, Associated Students qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization that is not a private foundation under Section 509(a)(1). However, Associated Students remains subject to taxes on any net income which is derived from a trade or business, regularly carried on, and unrelated to its exempt purpose.

Associated Students follows accounting standards generally accepted in the United States of America related to the recognition of uncertain tax positions. Associated Students recognizes accrued interest and penalties associated with uncertain tax positions as part of the statement of activities, when applicable. Management has determined that Associated Students has no uncertain tax positions at June 30, 2014 or 2013 and therefore no amounts have been accrued.

Associated Students files information and income tax returns in the United States, California, and in local jurisdictions. With few exceptions, Associated Students' federal income tax returns for the years prior to 2010 are closed. State and local jurisdictions have statutes of limitation that generally range from three to five years.

Advertising

Associated Students follows the policy of charging the costs of advertising to expense as incurred.

Subsequent Events

Associated Students has evaluated subsequent events through September 24, 2014, which is the date the financial statements were available to be issued.

**ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH**  
**Notes to Financial Statements**  
Years Ended June 30, 2014 and 2013

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**Note 2 - Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of revenues, expenses, and changes in net position. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Note 3 - Concentration of Credit Risk**

Associated Students maintains its cash in bank deposit accounts that are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000 per depositor. At June 30, 2014, the Organization's deposits with financial institutions were fully insured. In addition, the Organization has deposited cash in the State Treasury's Local Agency Investment Fund (LAIF). LAIF is a voluntary program created by statute as an alternative for California's local governments and special districts that allows them to participate in a major investment portfolio. It is under the administration of the California State Treasurer's Office. Deposits in LAIF are carried at fair value as reported by LAIF and are not insured by the federal government nor the State of California

Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of net position.

**Note 4 - Investments**

Associated Students' investment policy is to earn a rate of return consistent with a safety objective of 100% preservation of capital. Associated Students can invest in the following:

- Repurchase agreements using U.S. Government or any of its agencies
- U.S. Treasury and Federal agency securities with maturities of one year or less
- Banker's acceptances eligible for purchase by the Federal Reserve
- Certificates of deposit (not to exceed \$100,000 per institution)
- Notes and bonds due in one year or less (not rated less than P-1 or A-1 by Moody's or Standard & Poor's)
- Money market accounts
- Mutual funds
- Local Agency Investment Fund (LAIF)

The composition of investments at June 30, 2014:

	<u>Short-term</u>	<u>Long-term</u>	<u>Total</u>
Local Agency Investment Fund (LAIF)	\$ 3,024,303	\$ -	\$ 3,024,303
Money Market Funds	35,411	41	35,452
Fixed Income	-	1,338,213	1,338,213
Equities	-	1,256,495	1,256,495
	<u>\$ 3,059,714</u>	<u>\$ 2,594,749</u>	<u>\$ 5,654,463</u>

The composition of investments at June 30, 2013:

	<u>Short-term</u>	<u>Long-term</u>	<u>Total</u>
Local Agency Investment Fund (LAIF)	\$ 2,741,145	\$ -	\$ 2,741,145
Money Market Funds	46,395	447	46,842
Fixed Income	-	963,858	963,858
Equities	-	595,186	595,186
	<u>\$ 2,787,540</u>	<u>\$ 1,559,491</u>	<u>\$ 4,347,031</u>

**ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH**  
**Notes to Financial Statements**  
Years Ended June 30, 2014 and 2013

**Note 5 - Accounts Receivable**

Accounts receivable consist of the following:

	2014	2013
Student body fees receivable from the University	\$ 531,661	\$ 530,832
Child Development Center	8,977	38,546
Marketing	153,335	36,153
Other	20,446	36,068
Conference and events center	15,355	23,689
	<u>\$ 729,774</u>	<u>\$ 665,288</u>

**Note 6 – Capital Assets**

Capital assets consist of the following:

Description	Balance 6/30/2013	Additions	Retirement/ Transfers	Balance 6/30/2014
Cost:				
Building	\$ 391,769	\$ 1,813	\$ 233,743	\$ 627,325
Equipment	1,532,832	212,160	20,606	1,765,598
Leasehold improvements	2,823,050	363,745	(202,103)	2,984,692
Construction in progress	357,979	74,159	(357,970)	74,168
Total cost	5,105,630	651,877	(305,724)	5,451,783
Total accumulated depreciation	2,001,336	426,365	(235,059)	2,192,642
Capital assets, net	<u>\$ 3,104,294</u>	<u>\$ 225,512</u>	<u>\$ (70,665)</u>	<u>\$ 3,259,141</u>
Description	Balance 6/30/2012	Additions	Retirement/ Transfers	Balance 6/30/2013
Cost:				
Building	\$ 391,769	\$ -	\$ -	\$ 391,769
Equipment	1,079,404	538,013	(84,585)	1,532,832
Leasehold improvements	2,744,179	147,255	(68,384)	2,823,050
Construction in progress	55,114	312,345	(9,480)	357,979
Total cost	4,270,466	997,613	(162,449)	5,105,630
Total accumulated depreciation	1,836,245	300,646	(135,555)	2,001,336
Capital assets, net	<u>\$ 2,434,221</u>	<u>\$ 696,967</u>	<u>\$ (26,894)</u>	<u>\$ 3,104,294</u>

**ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH**  
**Notes to Financial Statements**  
Years Ended June 30, 2014 and 2013

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**Note 7 - Other Post-Employment Benefits Other Than Pensions (OPEB)**

Plan description

Associated Students participates in the Auxiliaries Multiple Employer VEBA Trust to fund the cost of health and welfare benefits provided to its employees, who have completed one month of continuous employment, defined as having worked eleven full days within one month, with group health insurance under a postretirement benefit plan. Associated Students' employees who reach age 50 with five years of full-time employment are eligible to receive lifetime medical and dental insurance coverage upon retirement. Spouses of eligible retirees are also eligible for life.

Funding policy

For the years ended June 30, 2014 and 2013, Associated Students' share of the monthly medical premiums was limited to \$662 (single), \$1,183 (two parties), and \$1,515 (families). For the years ended June 30, 2014 and 2013, Associated Students' share of the monthly dental premiums was limited to \$20 (single), \$34 (two parties), and \$50 (families) for its HMO plan and \$30 (single), \$56 (two parties), and \$113 (families) for its PPO plan. Retirees are responsible for premiums in excess of Associated Students' share.

Annual postemployment benefit cost and net OPEB obligation

Associated Students' annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial accrued liabilities (UAAL) (or funding excess) over a period not to exceed 30 years.

The following table shows the components of Associated Students' annual OPEB cost, the amount contributed to the plan, and changes in Associated Students' net OPEB obligation for the year ended June 30, 2014:

Determination of annual required contribution:	
Normal cost at end of year	\$ 353,673
Amortization of unfunded actuarial liability	228,649
Annual required contribution	<u>\$ 582,322</u>
Determination of net OPEB obligation:	
Annual required contribution	\$ 582,322
Interest on prior year net OPEB obligation	294,762
Adjustment to ARC	<u>(235,122)</u>
Annual OPEB cost	641,962
Contributions made	<u>(215,048)</u>
Increase in net OPEB obligation	426,914
Net OPEB obligation - beginning of year	<u>6,255,247</u>
Net OPEB obligation - end of year	<u>\$ 6,682,161</u>

**ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH**  
**Notes to Financial Statements**  
Years Ended June 30, 2014 and 2013

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**Note 7 - Accumulated Post-Retirement Benefit Obligation, continued**

Associated Students' annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2014 was as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
June 30, 2014	\$ <u>641,962</u>	\$ <u>33.50%</u>	\$ <u>6,682,161</u>

Funded status and funding progress

As of June 30, 2014, the funded status of the plan was as follows:

Actuarial accrued liability	\$ 7,416,948
Fair value of plan assets	<u>(734,787)</u>
Unfunded actuarial accrued liability	\$ <u>6,682,161</u>
Funded percentage	11.0%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial methods and assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2014 actuarial valuation, the alternative measurement method in accordance with GASB methodology was used. Costs are allocated from hire age to expected retirement age. At June 30, 2014, the actuarial assumptions included a 4.8% discount rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 7.9%.

**Note 8 - Operating Leases**

Associated Students leases space in the Union building to outside vendors for the operation of a food court. Leases with the vendors expire at various dates through June 2018. The monthly payments vary based on sales volume and other factors included in the contracts.

**ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH****Notes to Financial Statements**Years Ended June 30, 2014 and 2013

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**Note 9 - Contingencies**

The Center participates in Federal and State grant programs that are subject to review and audit by the grantor agencies, which could result in requests for reimbursement to grantor agencies for disallowed expenses. Management believes that it has adhered to the terms of its grants and that any disallowed expenses resulting from such review would not have a material effect on the statement of net position of Associated Students.

**Note 10 - Transactions with Affiliates**

Associated Students enters into transactions with the University. During the year ended June 30, 2014 and 2013, Associated Students paid the University for salaries, utilities, information technology management, and reimbursements for special events and students' activities. Associated Students leased space to the University for Union use.

Payments made (received) were as follows:

	<u>2014</u>		<u>2013</u>
Payments made to the University	\$ 1,166,313	\$	989,720
Payments received by the University	<u>(177,704)</u>		<u>(152,018)</u>
Net payments made to the University	<u>\$ 988,609</u>	\$	<u>837,702</u>

Amounts receivable (payable) are as follows:

	<u>2014</u>		<u>2013</u>
University:			
Accounts Receivable	\$ 545,052	\$	541,203
Accounts Payable	\$ (217,459)	\$	(252,177)

**Note 11 - Reclassification**

Certain items in the 2013 financial statements have been reclassified to conform to current year classifications. Such reclassifications had no effect on previously reported changes in net position.

## **SUPPLEMENTAL INFORMATION**





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

To the Audit Committee  
Associated Students, Inc., California State University, Long Beach

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Associated Students, Inc., California State University, Long Beach (Associated Students), which comprise the statement of net position for the year ended June 30, 2014, and the related statements of revenues, expenses, and changes net position, and cash flows for the year ended, and the related notes to the financial statements, and have issued our report thereon dated September 24, 2014.

**Internal Control over Financial Reporting**

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Associated Students' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits, 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 Associated Students' 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.

**AKT LLP**

San Diego, California  
September 24, 2014

**INFORMATION FOR THE CALIFORNIA STATE  
UNIVERSITY CHANCELLOR'S OFFICE**

**Associated Students Inc., California State University, Long Beach**

Schedule of Net Position

June 30, 2014

(for inclusion in the California State University)

Assets:	
Current assets:	
Cash and cash equivalents	\$ 232,055
Short-term investments	3,059,714
Accounts receivable, net	729,774
Leases receivable, current portion	—
Notes receivable, current portion	—
Pledges receivable, net	—
Prepaid expenses and other assets	89,681
Total current assets	<u>4,111,224</u>
Noncurrent assets:	
Restricted cash and cash equivalents	—
Accounts receivable, net	—
Leases receivable, net of current portion	—
Notes receivable, net of current portion	—
Student loans receivable, net	—
Pledges receivable, net	—
Endowment investments	45,973
Other long-term investments	2,548,776
Capital assets, net	3,259,141
Other assets	—
Total noncurrent assets	<u>5,853,890</u>
Total assets	<u>9,965,114</u>
Deferred outflows of resources:	
Unamortized loss on refunding(s)	—
Total deferred outflows of resources	<u>—</u>
Liabilities:	
Current liabilities:	
Accounts payable	710,696
Accrued salaries and benefits payable	110,727
Accrued compensated absences— current portion	194,743
Unearned revenue	98,293
Capitalized lease obligations – current portion	—
Long-term debt obligations – current portion	—
Claims Liability for losses and LAE - current portion	—
Depository accounts	756,558
Other liabilities	234,818
Total current liabilities	<u>2,105,835</u>
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	—
Unearned revenue	—
Grants refundable	—
Capitalized lease obligations, net of current portion	—
Long-term debt obligations, net of current portion	—
Claims Liability for losses and LAE, net of current portion	—
Depository accounts	—
Other postemployment benefits obligation	6,682,161
Other liabilities	—
Total noncurrent liabilities	<u>6,682,161</u>
Total liabilities	<u>8,787,996</u>
Deferred inflows of resources:	
Deferred inflows from SCAs, grants, and others	—
Total deferred inflows of resources	<u>—</u>
Net Position:	
Net investment in capital assets	3,259,141
Restricted for:	
Nonexpendable – endowments	45,973
Expendable:	
Scholarships and fellowships	—
Research	—
Loans	—
Capital projects	—
Debt service	—
Other	—
Unrestricted	(2,127,996)
Total net position	<u>\$ 1,177,118</u>

See independent auditors' report.

**Associated Students Inc., California State University, Long Beach**

Schedule of Revenues, Expenses, and Changes in Net Position

Year Ended June 30, 2014

(for inclusion in the California State University)

Revenues:

Operating revenues:

Student tuition and fees (net of scholarship allowances of \$_____)	\$ 11,082,129
Grants and contracts, noncapital:	
Federal	151,444
State	252,571
Local	172,506
Nongovernmental	—
Sales and services of educational activities	770,423
Sales and services of auxiliary enterprises (net of scholarship allowances of \$_____)	1,572,314
Other operating revenues	272,930
	<hr/>
Total operating revenues	14,274,317

Expenses:

Operating expenses:

Instruction	—
Research	—
Public service	—
Academic support	—
Student services	10,260,368
Institutional support	1,216,319
Operation and maintenance of plant	899,261
Student grants and scholarships	419,065
Auxiliary enterprise expenses	674,156
Depreciation and amortization	426,365
	<hr/>
Total operating expenses	13,895,534
	<hr/>
Operating income (loss)	378,783

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	288,844
Endowment income (loss), net	—
Interest Expenses	—
Other nonoperating revenues (expenses)	—
	<hr/>
Net nonoperating revenues (expenses)	288,844

Income (loss) before other additions	667,627
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State appropriations, capital	—
Grants and gifts, capital	—
Additions (reductions) to permanent endowments	—
	<hr/>
Increase (decrease) in net position	667,627

Net position:

Net position at beginning of year, as previously reported	509,491
Restatements	—
Net position at beginning of year, as restated	509,491
	<hr/>
Net position at end of year	\$ 1,177,118

**Associated Students Inc., California State University, Long Beach**  
Other Information  
June 30, 2014  
(for inclusion in the California State University)

**1 Restricted cash and cash equivalents at June 30, 2014:**  
Portion of restricted cash and cash equivalents related to endowments  
All other restricted cash and cash equivalents  
Total restricted cash and cash equivalents

\$ -  
-  
\$ -

**2.1 Composition of investments at June 30, 2014:**

	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)	3,024,303	-	3,024,303	-	-	-	3,024,303
Wachovia Short Term Fund	-	-	-	-	-	-	-
Wachovia Medium Term Fund	-	-	-	-	-	-	-
Wachovia Equity Fund	-	-	-	-	-	-	-
CSU Consolidated Investment Pool (includes SWIFT and 0948 SMIF)	-	-	-	-	-	-	-
Common Fund - Short Term Fund	-	-	-	-	-	-	-
Common Fund - Others	-	-	-	-	-	-	-
Debt securities	-	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-	-
Fixed income securities (Treasury notes, GNMA's)	-	-	-	-	-	-	-
Land and other real estate	-	-	-	-	-	-	-
Certificates of deposit	-	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-	-
Mutual funds	-	-	-	-	-	-	-
Money Market funds	-	-	-	-	-	-	-
Collateralized mortgage obligations:	-	-	-	-	-	-	-
Inverse floaters	-	-	-	-	-	-	-
Interest-only strips	-	-	-	-	-	-	-
Agency pass-through	-	-	-	-	-	-	-
Partnership interests (includes private pass-through)	-	-	-	-	-	-	-
Alternative investments	-	-	-	-	-	-	-
Hedge funds	-	-	-	-	-	-	-
Other major investments:	-	-	-	-	-	-	-
City National Securites	-	-	-	-	45,973	45,973	45,973
City National Bank - Managed Investment Account	35,411	-	35,411	2,548,776	-	2,548,776	2,584,187
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Total investments	<u>3,059,714</u>	<u>-</u>	<u>3,059,714</u>	<u>2,548,776</u>	<u>45,973</u>	<u>2,594,749</u>	<u>5,654,463</u>
Less endowment investments (enter as negative number)					(45,973)	(45,973)	(45,973)
Total investments	<u>3,059,714</u>	<u>-</u>	<u>3,059,714</u>	<u>2,548,776</u>	<u>-</u>	<u>2,548,776</u>	<u>5,608,490</u>

**2.2 Investments held by the University under contractual agreements at June 30, 2014:**

Portion of investments in note 2.1 held by the University under contractual agreements at June 30, 2014 :

- - - - -

**2.3 Restricted current investments at June 30, 2014 related to:**

	Amount
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Total restricted current investments at June 30, 2014	<u>—</u>

**2.4 Restricted noncurrent investments at June 30, 2014 related to:**

	Amount
Endowment investment	\$ 45,973
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Total restricted noncurrent investments at June 30, 2014	<u>\$ 45,973</u>

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3.1 Composition of capital assets at June 30, 2014:

	Balance June 30, 2013	Prior period Adjustments	Reclassifications	Balance June 30, 2013 (restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2014
<b>Nondepreciable/nonamortizable capital assets:</b>								
Land and land improvements	-	-	-	-	-	-	-	-
Works of art and historical treasures	-	-	-	-	-	-	-	-
Construction work in progress (CWIP)	357,979	-	-	357,979	189,263	-	(473,074)	74,168
<b>Intangible assets:</b>								
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-
Internally generated intangible assets in progress	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets:	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
<b>Total intangible assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total nondepreciable/nonamortizable capital assets</b>	<b>357,979</b>	<b>-</b>	<b>-</b>	<b>357,979</b>	<b>189,263</b>	<b>-</b>	<b>(473,074)</b>	<b>74,168</b>
<b>Depreciable/amortizable capital assets:</b>								
Buildings and building improvements	391,769	-	-	391,769	30,177	-	205,379	627,325
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	2,823,050	-	-	2,823,050	248,639	(319,582)	232,585	2,984,692
<b>Personal property:</b>								
Equipment	1,532,832	-	-	1,532,832	212,162	(14,506)	35,110	1,765,598
Library books and materials	-	-	-	-	-	-	-	-
<b>Intangible assets:</b>								
Software and websites	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyright and trademarks	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets:	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
<b>Total intangible assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total depreciable/amortizable capital assets</b>	<b>4,747,651</b>	<b>-</b>	<b>-</b>	<b>4,747,651</b>	<b>490,978</b>	<b>(334,088)</b>	<b>473,074</b>	<b>5,377,615</b>
<b>Total capital assets</b>	<b>5,105,630</b>	<b>-</b>	<b>-</b>	<b>5,105,630</b>	<b>680,241</b>	<b>(334,088)</b>	<b>-</b>	<b>5,451,783</b>
<b>Less accumulated depreciation/amortization:</b>								
Buildings and building improvements	(22,112)	-	-	(22,112)	(118,909)	-	-	(141,021)
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	(911,270)	-	-	(911,270)	(268,842)	212,603	-	(967,509)
<b>Personal property:</b>								
Equipment	(1,067,954)	-	-	(1,067,954)	(38,614)	22,456	-	(1,084,112)
Library books and materials	-	-	-	-	-	-	-	-
<b>Intangible assets:</b>								
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	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
<b>Total intangible assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total accumulated depreciation/amortization</b>	<b>(2,001,336)</b>	<b>-</b>	<b>-</b>	<b>(2,001,336)</b>	<b>(426,365)</b>	<b>235,059</b>	<b>-</b>	<b>(2,192,642)</b>
<b>Total capital assets, net</b>	<b>\$ 3,104,294</b>	<b>-</b>	<b>-</b>	<b>\$ 3,104,294</b>	<b>253,876</b>	<b>(99,029)</b>	<b>-</b>	<b>3,259,141</b>

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**3.2 Detail of depreciation and amortization expense for the year ended June 30, 2014:**

Depreciation and amortization expense related to capital assets	\$ 426,365
Amortization expense related to other assets	—
Total depreciation and amortization	<u>\$ 426,365</u>

**4 Long-term liabilities activity schedule:**

	Balance June 30, 2013	Prior period adjustments	Reclassifications	Balance June 30, 2013 (restated)	Additions	Reductions	Balance June 30, 2014	Current portion	Long-term portion
Accrued compensated absences	\$ 210,535	—	—	210,535	204,192	(219,984)	194,743	194,743	—
Capitalized lease obligations:									
Gross balance	—	—	—	—	-	-	—	—	—
Unamortized premium / (discount) on capitalized lease obligations	—	—	—	—	-	-	—	—	—
Total capitalized lease obligations	—	—	—	—	-	-	—	—	—
Long-term debt obligations:									
Revenue Bonds	—	—	—	—	-	-	—	—	—
Other bonds (non-Revenue Bonds)	—	—	—	—	-	-	—	—	—
Commercial Paper	—	—	—	—	-	-	—	—	—
Note Payable related to SRB	—	—	—	—	-	-	—	—	—
Other:									
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>\$ 210,535</u>	<u>—</u>	<u>—</u>	<u>210,535</u>	<u>204,192</u>	<u>(219,984)</u>	<u>194,743</u>	<u>194,743</u>	<u>—</u>

**5 Future minimum lease payments - capital lease obligations:**

	Principal	Interest	Principal and Interest
Year ending June 30:			
2015	-	-	—
2016	-	-	—
2017	-	-	—
2018	-	-	—
2019	-	-	—
2020 - 2024	-	-	—
2025 - 2029	-	-	—
2030 - 2034	-	-	—
2035 - 2039	-	-	—
2040 - 2044	-	-	—
2045 - 2049	-	-	—
2050 - 2054	-	-	—
2055 - 2059	-	-	—
2060 - 2064	-	-	—
Total minimum lease payments	—	—	—
Less amounts representing interest			—
Present value of future minimum lease payments			—
Less: current portion			—
<b>Capitalized lease obligation, net of current portion</b>			<u>\$ —</u>



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6 Long-term debt obligation schedule

	Revenue Bonds			All other long-term debt obligations			Total		
	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest
	Year ending June 30:								
2015	\$ -	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-	-
2020 - 2024	-	-	-	-	-	-	-	-	-
2025 - 2029	-	-	-	-	-	-	-	-	-
2030 - 2034	-	-	-	-	-	-	-	-	-
2035 - 2039	-	-	-	-	-	-	-	-	-
2040 - 2044	-	-	-	-	-	-	-	-	-
2045 - 2049	-	-	-	-	-	-	-	-	-
2050 - 2054	-	-	-	-	-	-	-	-	-
2055 - 2059	-	-	-	-	-	-	-	-	-
2060 - 2064	-	-	-	-	-	-	-	-	-
Total	\$ -	-	-	-	-	-	-	-	-

7 Calculation of net position

	Auxiliary Organizations		Total
	GASB	FASB	Auxiliaries
<b>7.1 Calculation of net position - Net investment in capital assets</b>			
Capital assets, net of accumulated depreciation	\$ 3,259,141	—	3,259,141
Capitalized lease obligations - current portion	—	—	—
Capitalized 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	—	—	—
Other adjustments: (please list)			
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Net position - net investment in capital asset	\$ 3,259,141	—	3,259,141
<b>7.2 Calculation of net position - Restricted for nonexpendable - endowments</b>			
Portion of restricted cash and cash equivalents related to endowments	\$ —	—	—
Endowment investments	45,973	—	45,973
Other adjustments: (please list)			
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Net position - Restricted for nonexpendable - endowments per SNP	\$ 45,973	—	45,973

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**8 Transactions with Related Entities**

	<b>Amount</b>
Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$ 68,415
Payments to University for other than salaries of University personnel	1,097,898
Payments received from University for services, space, and programs	177,704
Gifts-in-kind to the University from discretely presented component units	—
Gifts (cash or assets) to the University from discretely presented component units	300,000
Accounts (payable to) University (enter as negative number)	(217,459)
Other amounts (payable to) University (enter as negative number)	—
Accounts receivable from University	545,052
Other amounts receivable from University	—

**9 Other Postemployment Benefits Obligation (OPEB)**

Annual required contribution (ARC)	\$ 641,962
Contributions during the year	<u>(215,048)</u>
Increase (decrease) in net OPEB obligation (NOO)	426,914
NOO - beginning of year	<u>6,255,247</u>
NOO - end of year	<u>\$ 6,682,161</u>

**10 Pollution remediation liabilities under GASB Statement No. 49:**

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

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

Net Position Class	Amount	
	Dr.	Cr.
Net position as of June 30, 2013, as previously reported	\$	509,491
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, 2013, as restated	\$	<u>509,491</u>

OK

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

	Debit	Credit
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)	—	—