

ASSOCIATED STUDENTS
CALIFORNIA STATE UNIVERSITY,
FULLERTON, INC.

FINANCIAL STATEMENTS
FISCAL YEARS ENDED
JUNE 30, 2016 AND 2015

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Associated Students group of accounts, a component of the Associated Students, California State University, Fullerton, Inc., which comprise the statement of financial position as of June 30, 2016 and 2015 and the related statements of activities and changes in net assets, 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.

Auditors' 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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.

INDEPENDENT AUDITORS' REPORT (Continued)

Auditors' Responsibility (Continued)

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Associated Students group of accounts, a component of the Associated Students, California State University, Fullerton, Inc., as of June 30, 2016 and 2015, 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.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The statements on pages 19 through 27 are presented for the purpose 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.



GUZMAN & GRAY

Long Beach, CA 90804

September 14, 2016

ASSOCIATED STUDENTS
CALIFORNIA STATE UNIVERSITY, FULLERTON, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2016 AND 2015

ASSETS

	June 30,	
	2016	2015
CURRENT ASSETS		
Cash and cash equivalents		
Cash on hand and in commercial accounts	\$ 282,890	\$ 300,332
Local agency investment pool	3,110,021	2,835,773
	3,392,911	3,136,105
Receivables	607,693	786,410
Prepaid expenses	11,930	43,891
Total Current Assets	4,012,534	3,966,406
PROPERTY AND EQUIPMENT, net	34,528	39,306
OTHER ASSETS		
LAIF assets held for campus organizations	564,893	531,190
Local agency investment pool-scholarship and other	74,573	117,563
Cash - Children's Center reserve fund	12,272	49,821
Investments - Children's Center reserve fund	2,519,571	2,512,558
Total Other Assets	3,171,309	3,211,132
TOTAL ASSETS	7,218,371	7,216,844
	<u>LIABILITIES AND NET ASSETS</u>	
CURRENT LIABILITIES		
Accounts payable	192,904	276,150
Accrued liabilities	678,725	661,831
Unfunded pension obligation, current	184,834	259,655
Unfunded post retirement liability, current	128,000	105,000
Total Current Liabilities	1,184,463	1,302,636
NONCURRENT AND OTHER LIABILITIES		
Accounts held for campus organizations	564,893	531,190
Unfunded pension obligation, noncurrent	2,263,556	2,111,877
Unfunded post retirement liability, noncurrent	449,943	160,068
Total Noncurrent and Other Liabilities	3,278,392	2,803,135
TOTAL LIABILITIES	4,462,855	4,105,771
NET ASSETS		
Unrestricted	2,680,943	2,993,510
Temporary restricted	74,573	117,563
TOTAL NET ASSETS	2,755,516	3,111,073
TOTAL LIABILITIES AND NET ASSETS	\$ 7,218,371	\$ 7,216,844

See independent auditor's report and notes to the financial statements

ASSOCIATED STUDENTS
CALIFORNIA STATE UNIVERSITY, FULLERTON, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
JUNE 30, 2016 AND 2015

	June 30,	
	2016	2015
CHANGES IN UNRESTRICTED NET ASSETS		
Revenues		
Student activity fees	\$ 5,939,779	\$ 5,407,201
Program revenue	2,294,492	2,213,513
Investment income	(14,761)	116,547
Grants - Children's Center	567,885	604,090
Contributions	44,994	5,000
Net assets released from restrictions	67,994	58,000
Total Unrestricted Revenues	8,900,383	8,404,351
Expenses		
General operations	9,196,566	7,978,263
Depreciation expense	16,384	15,734
Total Expenses	9,212,950	7,993,997
Increase in net asset from operations	(312,567)	410,354
INCREASE IN UNRESTRICTED NET ASSETS	(312,567)	410,354
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
Revenues		
Interest income	39	31
Contributions - restricted	24,965	50,459
Net assets released from restrictions	(67,994)	(58,000)
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	(42,990)	(7,510)
EFFECT OF RECOGNITION OF CALPERS PENSION OBLIGATION	-	(2,371,532)
DECREASE IN NET ASSETS	(355,557)	(1,968,688)
BEGINNING NET ASSETS	3,111,073	5,079,761
ENDING NET ASSETS	\$ 2,755,516	\$ 3,111,073

See independent auditor's report and notes to the financial statements

ASSOCIATED STUDENTS
CALIFORNIA STATE UNIVERSITY, FULLERTON, INC.
STATEMENTS OF CASH FLOWS
JUNE 30, 2016 AND 2015

	June30,	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (355,557)	\$ (1,968,688)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	16,384	15,734
Unrealized (gain)/loss	42,709	2,889
Realized (gain)/loss	7,792	(92,750)
(Increase) decrease in assets:		
Receivables	178,717	634,804
Prepaid expenses	31,961	(6,645)
Assets held for campus organizations	(33,703)	393
Assets held-scholarships	42,990	7,511
Cash - Children's Center reserve fund	37,549	7,957
Increase (decrease) in liabilities:		
Accounts payable	(83,246)	(251,573)
Accrued liabilities	16,894	(682,273)
Accounts held for campus organizations	33,703	(393)
Pension obligation	76,858	2,371,532
Unfunded post retirement liability	312,875	(159,079)
Net Cash Provided by/(Used) Operating Activities	325,926	(120,581)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(11,605)	(28,336)
Sale of investments - Children's Center reserve fund	765,328	1,454,112
Purchase of investments - Children's Center reserve fund	(822,843)	(1,478,467)
Net Cash Provided by/(Used) by Investing Activities	(69,120)	(52,691)
NET INCREASE (DECREASE) IN CASH EQUIVALENTS	256,806	(173,272)
BEGINNING CASH EQUIVALENTS	3,136,105	3,309,377
ENDING CASH EQUIVALENTS	\$ 3,392,911	\$ 3,136,105
SUPPLEMENTAL DISCLOSURE		
Cash paid for interest	NONE	NONE
Income tax paid	NONE	NONE

See independent auditor's report and notes to the financial statements

ASSOCIATED STUDENTS
CALIFORNIA STATE UNIVERSITY, FULLERTON, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

NOTE 1 – REPORTING ENTITY AND ORGANIZATION

The Associated Students group of accounts is a reporting component of the Associated Students, California State University, Fullerton, Inc. Associated Students, California State University, Fullerton, Inc. (the “Associated Students”) is a non profit auxiliary organization of California State University, Fullerton (the “University”) that administers various student programs and activities. Student activity fees and other revenue are collected to support student-related programs and to acquire assets for the benefit of the student body. The Associated Students (“the Organization”) provides services primarily to students of California State University, Fullerton in Fullerton, California.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting.

Management reviewed the joint statement by the Financial Accounting Standards Board (FASB) and Government Accounting Standards Board (GASB) on the definition of governmental organizations and has determined that the Associated Students should be considered a nonprofit organization and not a government organization.

Basis of Presentation

The Associated Students reports information regarding their financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. A description of each of these net asset classes is as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that can be fulfilled by actions of the Organization pursuant to those stipulations or that expire by the passage of time. Temporarily restricted resources whose restrictions are met in the same reporting period are recorded as unrestricted.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

ASSOCIATED STUDENTS
CALIFORNIA STATE UNIVERSITY, FULLERTON, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value of Financial Instruments

The Associated Students has adopted the provisions of GAAP for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. GAAP defines fair value as the price that would be received to sell an asset or paid to transfer liability in an orderly transaction between market participants at the measurement date. GAAP also establishes a framework for measuring fair value and expands disclosures about fair value measurements.

Cash and Cash Equivalents

Included in cash and cash equivalents are deposits in the Local Agency Investment Pool, which is a state administrated deposit account that earns interest at a varied rate. For the purpose of the statements of cash flows, the Associated Students considers cash on hand and all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. The Associated Students uses the allowance method to record doubtful accounts receivable.

Property and Equipment

Purchased property and equipment are stated at cost at the date of acquisition. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Repairs and maintenance that extend the life of an asset are capitalized while ordinary repairs and maintenance costs that do not significantly extend the useful life of the asset are expensed as incurred.

Income Taxes

The Associated Students exempt from income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue Code Section 23701(d). The Associated Students has also been classified by the Internal Revenue Service as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(c)(2). Income for certain activities not directly related the Organization's tax-exempt purpose is subject to taxation as unrelated business income.

The Associated Students recognizes the financial statement benefit of tax positions, such as its income tax exempt filing status, only after determining that the relevant tax authority would more likely than not sustain the position following an audit. The Associated Students is subject to potential income tax audits on open tax years by any taxing jurisdiction in which it operates. The statute of limitations for federal and California purposes is generally three and four years, respectively.

ASSOCIATED STUDENTS
CALIFORNIA STATE UNIVERSITY, FULLERTON, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reporting of Subsequent Events

In preparing these financial statements, the Associated Students has evaluated events and transactions for potential recognition or disclosure through September 14, 2016, the date the financial statements were available to issue.

NOTE 3 – FAIR VALUE MEASUREMENTS

GAAP emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair market value measurements, GAAP establishes a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity. The standard describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value, which are the following:

Level 1: Quoted prices in active markets that are accessible at the measurement date for assets or liabilities. The fair value hierarchy gives the highest priority to level 1 inputs.

Level 2: Observable prices that are based on inputs not quoted on active markets, but corroborated by market data.

Level 3: Unobservable inputs are used when little or no market data are available. The fair value hierarchy gives lowest priority to level 3 inputs.

The carrying values of investment assets as of June 30, 2016 are as follows:

	Fair Value Measurements at June 30, 2016			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 12,272			\$ 12,272
Local agency investment pool	3,749,487			3,749,487
Fixed Income Securities - Children's Center Reserve	831,238			831,238
Equity Securities - Children's Center Reserve	1,688,333	_____	_____	1,688,333
Total	\$ 6,281,330	\$ _____	\$ _____	\$ 6,281,330

ASSOCIATED STUDENTS
CALIFORNIA STATE UNIVERSITY, FULLERTON, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

NOTE 3 – FAIR VALUE MEASUREMENTS (Continued)

The carrying values of investment assets as of June 30, 2015 are as follows:

	Fair Value Measurements at June 30, 2015			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 49,821			\$ 49,821
Local agency investment pool	3,484,526			3,484,526
Fixed Income Securities - Children's Center Reserve	774,721			774,721
Equity Securities - Children's Center Reserve	1,737,837			1,737,837
Total	<u>\$ 6,046,905</u>	<u>\$</u>	<u>\$</u>	<u>\$ 6,046,905</u>

Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

The assets are presented on the statement of financial position for the years ended June 30, 2016 and 2015 as follows:

	June 30,	
	2016	2015
Local agency investment pool	\$ 3,110,021	\$ 2,835,773
LAIF hold for other agencies	564,893	531,190
Scholarships and other	74,573	117,563
Children's Center reserve - Investments	2,531,843	2,562,379
Total	<u>\$ 6,281,330</u>	<u>\$ 6,046,905</u>

The carrying value of cash and cash equivalents, accounts receivable, and accounts payable are reasonable estimates of fair value due to the short term nature of these financial instruments.

ASSOCIATED STUDENTS
CALIFORNIA STATE UNIVERSITY, FULLERTON, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

NOTE 4 – RECEIVABLES

For the years ended June 30, 2016 and 2015, receivables included amounts due from the following organizations:

	June 30,	
	2016	2015
Titan Student Centers	\$ 242,241	\$ 77,848
Cal State University, Fullerton	209,103	6,853
Other	156,349	701,709
Total	\$ 607,693	\$ 786,410

For the years ended June 30, 2016 and 2015, the Associated Students had an allowance for bad debt of \$3,337 and \$3,337, respectively.

NOTE 5 – PROPERTY AND EQUIPMENT

A summary of property and equipment for the years ended June 30, 2016 and 2015 is as follows:

	June 30,	
	2016	2015
Equipment	\$ 169,489	\$ 157,883
Capital leased equipment		
Total property and equipment	169,489	157,883
Less: accumulated depreciation	(134,961)	(118,577)
Net property and equipment	\$ 34,528	\$ 39,306

For the years ended June 30, 2016 and 2015, depreciation expense was \$16,384 and \$15,734, respectively.

NOTE 6 – ACCOUNTS HELD FOR CAMPUS ORGANIZATIONS

As a service to University-affiliated organizations and projects, Associated Students acts as a collecting and disbursing agent for certain special activities of other campus organizations. Amounts held for campus organizations as of June 30, 2016 and 2015 are \$564,893 and \$531,190 respectively.

ASSOCIATED STUDENTS
CALIFORNIA STATE UNIVERSITY, FULLERTON, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

NOTE 7 – TEMPORARILY RESTRICTED NET ASSETS

As of June 30, 2016 and 2015, the Associated Students had the following temporarily restricted net assets:

	June 30,	
	2016	2015
Scholarships	\$ 14,260	\$ 18,257
Other	60,313	99,306
Total	\$ 74,573	\$ 117,563

NOTE 8 – POST RETIREMENT BENEFITS

The Associated Students sponsors a post retirement benefit plan which allows for employees of the Associated Students and Titan Student Centers, who retire in accordance with the Associated Students requirements and are enrolled in the Associated Students' health plan, may continue to be eligible in retirement for a medical benefit provided by the Associated Students' health plan.

As of June 30, 1998 the Associated Students created a trust to serve as a funding vehicle for post retirement benefits and funded the trust to the extent of their liability.

Obligations and Funded Status:

For the years ended June 30, 2016 and 2015, the obligations and funded status of the post retirement benefits are as follows:

	June 30,	
	2016	2015
APBO		
Retirees	\$ 1,528,752	\$ 1,136,623
Fully eligible actives	301,661	467,593
Other eligible actives	491,435	411,338
Total	2,321,848	2,015,486
Less: fair value of assets	(1,743,905)	(1,750,486)
Unfunded APBO	577,943	265,068
Unrecognized (gains)/loss	(600,946)	(288,071)
Accrued/(prepaid) post retirement benefit cost	(\$ 23,003)	(\$ 23,003)

ASSOCIATED STUDENTS
CALIFORNIA STATE UNIVERSITY, FULLERTON, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

NOTE 8 – POST RETIREMENT BENEFITS (Continued)

	June 30,	
	2016	2015
Fair value of assets	\$1,743,905	\$1,750,486
Accumulated benefit obligation	2,321,848	2,015,554
Accrued/(prepaid) post retirement benefit cost	(23,003)	(23,003)
Net periodic post retirement cost	78,796	75,920

The following assumptions were used to determine the net periodic benefit cost for the years ended June 30, 2016 and 2015:

	June 30,	
	2016	2015
Discount rate	3.75%	4.25%
Expected return on plan assets	6.00%	6.00%
Rate of compensation increase	3.00%	3.00%

Assumptions:

For measurement purposes, a 4.5% and 5.0% annual rate of increase in the per capita cost of covered health care benefits was assumed for the fiscal years ended June 30, 2016 and 2015. The medical cost trend rate assumption is expected to decrease each year thereafter until for the year beginning July 1, 2020 and thereafter the medical cost trend rate is assumed to be the same as Consumer Price Index Increases. The health care cost trend rate assumption has a significant effect on the amounts reported. To illustrate, increasing the assumed health care cost trend rates by 1% would increase the aggregate of the service and interest cost components of net periodic post retirement benefit cost for the year ended June 30, 2016 by \$3,566.

Plan Assets:

The Organization's post retirement plan weighted-average asset allocations as of June 30, 2016 and 2015, by asset category are as follows:

	June 30,	
	2016	2015
Money market	5%	2%
Equity securities	49%	51%
Debt securities	34%	35%
Mutual funds	12%	12%
Total	100%	100%

ASSOCIATED STUDENTS
CALIFORNIA STATE UNIVERSITY, FULLERTON, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

NOTE 8 – POST RETIREMENT BENEFITS (Continued)

The Organization's investment strategy is based on an expectation that equity securities will outperform debt securities over the long term. Accordingly, the composition of the Organization's plan assets is broadly characterized as a 60/40 allocation between equity and debt securities. The strategy utilizes indexed U.S. equity securities and actively managed investment grade debt. The Organization attempts to mitigate risk by rebalancing between equity and debt classes as the Organization's contributions and monthly benefit payments are made.

Cash Flows:

Contributions – For the years ended June 30, 2016 and 2015, the Organization contributed \$58,852 and \$75,920 to its post retirement plan.

Estimated Future Benefit Payments – The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

Year ending June 30,	
2017	\$ 128,000
2018	134,000
2019	137,000
2020	138,000
2021	140,000
2022 – 2026	<u>697,000</u>
Total	<u>\$ 1,374,000</u>

NOTE 9 – STUDENT ACTIVITY FEES

For years ended June 30, 2016 and 2015, students were required to pay an Associated Student Body (ASB) fee of \$74 per semester. Of these fees, \$22 per semester was designated for intercollegiate athletics operations. The ASB fees, collected by the Division of Administration and Finance, are remitted to the Associated Students in the year collected and are recognized as revenue in the year to which they apply.

ASSOCIATED STUDENTS
CALIFORNIA STATE UNIVERSITY, FULLERTON, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

NOTE 10 – INVESTMENT INCOME

A summary of investment income for the years ended June 30, 2016 and 2015 is as follows:

	June 30,	
	2016	2015
Interest	\$ 58,299	\$ 45,081
Realized gain/(loss)	(7,792)	92,740
Unrealized gain/(loss)	(42,709)	(2,889)
Investment management fees	(22,559)	(18,385)
	\$(14,761)	\$ 116,547

NOTE 11 – FUNCTIONAL CLASSIFICATION OF EXPENSES

For the years ended June 30, 2016 and 2015, expenses were categorized in the following functional expenses:

	June 30,	
	2016	2015
Program	\$ 6,958,933	\$ 6,174,488
Management and general	2,254,017	1,819,509
Total	\$ 9,212,950	\$ 7,993,997

NOTE 12 – LEASE COMMITMENTS

The Associated Students leases the Titan Student Union, Student Recreation Center and Children’s Center facilities from the State of California (the “State”) and acts as its operator under a lease in effect through June 30, 2025. Rent is not charged to the Associated Students. The Associated Students directly reimburses the State for utility and certain other costs.

NOTE 13 – COMMITMENTS

On July 1, 1999 the Associated Students entered into an agreement with California State University, Fullerton, (CSUF) for the purpose of continuing a non-secured loan in the form of a line of credit by the Associated Students to CSUF. The line of credit has been extended for one year through June 30, 2016. This line of credit is limited to a maximum of \$300,000, plus accrued interest. The interest rate is the average rate established by the local agency investment pool for each month, plus one percent. The Associated Students shall have an ongoing collateral interest in funds it budgets to future intercollegiate sports programs. As of June 30, 2016 and 2015, the line of credit had outstanding balances of \$108,522 and \$222,359, respectively.

ASSOCIATED STUDENTS
CALIFORNIA STATE UNIVERSITY, FULLERTON, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

NOTE 14 – RELATED PARTIES

For the years ended June 30, 2016 and 2015, receivables include \$242,241 and \$77,848 due from Titan Student Centers for payroll and benefits and various other operating expenditures and \$209,103 and \$6,853 due from Cal State Fullerton for intercollegiate athletic expenses, IRA, and student fees.

For the years ended June 30, 2016 and 2015, payables include \$135,268 and \$19,223 due to the Titan Student Centers for various operating expenditures and \$544,434 and \$1,187,862 due to Cal State Fullerton for campus recharges, IRA and Athletics tuition.

The Associated Students provides all accounting, human resource, related data processing, and other services to the Titan Student Centers (the “Centers”). Costs of the accounting services are charged to the Centers on a volume-of-transactions basis. Program revenues for these services were \$1,400,829 and \$1,304,600 for the years ended June 30, 2016 and 2015, respectively.

For the years ended June 30, 2016 and 2015, payments from Associated Students and IRA for salary and expenses to CSUF were \$2,198,236 and \$1,998,302 and payments for services from CSUF were \$2,750,801 and \$2,214,350.

NOTE 15 – CONCENTRATIONS OF CREDIT RISK

The organizations income base consists primarily of students enrolled at California State University, Fullerton. Although the organization is directly affected by the student enrollment, management does not believe significant credit risk exists as of June 30, 2016 and 2015.

Cash deposits in financial institutions may exceed federally insured limits at times during the year. As of June 30, 2016 and 2015, the cash balances held at financial institutions exceed the FDIC insurance amount of \$250,000 by \$338,343 and \$858,992. Cash deposited in financial institutions differs from cash presented in the statement of financial position due to timing differences.

NOTE 16 - PENSION PLAN (CALPERS)

The Organization participates in a cost-sharing multiple-employer defined benefit plan through the California Public Employees’ Retirement System plan (CalPERS) which covers substantially all regular salaried full-time employees of the Organization. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California.

ASSOCIATED STUDENTS
CALIFORNIA STATE UNIVERSITY, FULLERTON, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

NOTE 16 - PENSION PLAN (CALPERS) (Continued)

CalPERS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the California Public Employees' Retirement System Executive Office- 400 P Street – Sacramento, CA 95814.

CalPERS released information providing the Organization with a net pension liability measured as of June 30, 2015. This estimate was used to record the unfunded liability at June 30, 2016.

As of June 30, 2016 the entire proportionate share of the unfunded accumulated pension obligation amount has been accrued for in the statement of financial position using the latest actuarial information available from the fiduciary at June 30, 2015. The plan's proportionate share of the fiduciary's unfunded accumulated pension net liability as of June 30, 2015 and 2014 (the latest actuarial information available) is \$2,448,390 and \$2,371,532.

The plan's proportionate share of fiduciary net asset position which is the total assets less certain reserve and expense requirements at June 30, 2015 is \$ 6,369,057. The plan's proportionate share of the fiduciary net asset position as a percentage of the plan's total pension obligation is approximately 72%.

The actuarially assumed investment return after June 30, 2015 is 7.5% per annum. The salary scale used assumes salary increases that vary by entry age and service. The total increase in any future year includes an assumed 2.75% inflation rate, and no across the board increase and merit increases that vary by length of service. The Organization is required to contribute to three tiers of plans. At an actuarially determined rate; for the measurement period ended June 30, 2015 (the measurement date), the active employee contribution rate is between 6.88% - 7% of annual pay, and the average employer's contribution rate is between 7.02% - 12.15% of annual payroll. Payroll is assumed to increase by 3%. Employer's contribution rates may change if plan contracts are amended. There is no contractual maximum contribution required for the Organization by CalPERS.

During the plan year, employer and employee contributions were \$269,155 and \$106,027, respectively.

ASSOCIATED STUDENTS
CALIFORNIA STATE UNIVERSITY, FULLERTON, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

NOTE 16 - PENSION PLAN (CALPERS) (Continued)

The following benefit payments, which reflect expected future service, are expected to be paid as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2017	\$ 184,834
2018	190,379
2019	196,091
2020	201,973
2021	208,033
2022 - 2026	<u>1,137,607</u>
	<u>\$ 2,118,917</u>

The Organization's policy is to fund pension costs as accrued. Total pension expense for Associated Students for the years ended June 30, 2016 and 2015 was \$535,434 and \$334,059.

NOTE 17 – RECLASSIFICATIONS

Certain reclassifications have been made in the June 30, 2016 financial statements that could affect the comparability of amounts presented in the June 30, 2015 financial statements.

Guzman & Gray

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Mark Gray, C.P.A.
Patrick S. Guzman, C.P.A.

INDEPENDENT AUDITORS' REPORT ON ADDITIONAL INFORMATION

The Board of Directors
Associated Students
California State University
Fullerton, Inc.
Fullerton, California

Our report on our audit of the basic financial statements of the Associated Students group of accounts, a component of the Associated Students, California State University, Fullerton, Inc., for June 30, 2016 and 2015 appears on page 2. That audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information presented on pages 19 through 27 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Long Beach, California
September 14, 2016

ASSOCIATED STUDENTS, CSUF
Schedule of Net Position
June 30, 2016
(for inclusion in the California State University)

Assets:	
Current assets:	
Cash and cash equivalents	\$ 282,890
Short-term investments	6,194,485
Accounts receivable, net	607,693
Leases receivable, current portion	—
Notes receivable, current portion	—
Pledges receivable, net	—
Prepaid expenses and other current assets	11,930
Total current assets	<u>7,096,998</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	—
Other long-term investments	86,845
Capital assets, net	34,528
Other assets	—
Total noncurrent assets	<u>121,373</u>
Total assets	<u>7,218,371</u>
Deferred outflows of resources:	
Unamortized loss on debt refunding	—
Net pension liability	—
Others	—
Total deferred outflows of resources	<u>—</u>
Liabilities:	
Current liabilities:	
Accounts payable	192,904
Accrued salaries and benefits	62,927
Accrued compensated absences, current portion	175,033
Unearned revenue	—
Capitalized lease obligations, current portion	—
Long-term debt obligations, current portion	—
Claims liability for losses and loss adjustment expenses, current portion	—
Depository accounts	—
Other liabilities	440,765
Total current liabilities	<u>871,629</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 loss adjustment expenses, net of current portion	—
Depository accounts	—
Other postemployment benefits obligations	577,943
Net pension liability	2,448,390
Other liabilities	564,893
Total noncurrent liabilities	<u>3,591,226</u>
Total liabilities	<u>4,462,855</u>
Deferred inflows of resources:	
Service concession arrangements	—
Net pension liability	—
Unamortized gain on debt refunding	—
Nonexchange transactions	—
Others	—
Total deferred inflows of resources	<u>—</u>
Net Position:	
Net investment in capital assets	34,528
Restricted for:	
Nonexpendable -- endowments	—
Expendable:	
Scholarships and fellowships	74,573
Research	—
Loans	—
Capital projects	—
Debt service	—
Others	—
Unrestricted	2,646,415
Total net position	<u>\$ 2,755,516</u>

See independent auditors' report and notes to the financial statements

ASSOCIATED STUDENTS, CSUF
Schedule of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2016
(for inclusion in the California State University)

Revenues:	
Operating revenues:	
Student tuition and fees (net of scholarship allowances of \$ _____)	\$ 5,939,779
Grants and contracts, noncapital:	
Federal	—
State	567,885
Local	—
Nongovernmental	—
Sales and services of educational activities	
Sales and services of auxiliary enterprises (net of scholarship allowances of \$ _____)	2,294,492
Other operating revenues	67,994
Total operating revenues	<u>8,870,150</u>
Expenses:	
Operating expenses:	
Instruction	—
Research	—
Public service	134,116
Academic support	—
Student services	6,824,817
Institutional support	—
Operation and maintenance of plant	—
Student grants and scholarships	—
Auxiliary enterprise expenses	2,237,633
Depreciation and amortization	16,384
Total operating expenses	<u>9,212,950</u>
Operating income (loss)	<u>(342,800)</u>
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	44,994
Investment income (loss), net	(14,761)
Endowment income (loss), net	—
Interest expense	—
Other nonoperating revenues (expenses)	(42,990)
Net nonoperating revenues (expenses)	<u>(12,757)</u>
Income (loss) before other revenues (expenses)	(355,557)
State appropriations, capital	—
Grants and gifts, capital	—
Additions (reductions) to permanent endowments	—
Increase (decrease) in net position	<u>(355,557)</u>
Net position:	
Net position at beginning of year, as previously reported	3,111,073
Restatements	—
Net position at beginning of year, as restated	<u>3,111,073</u>
Net position at end of year	<u>\$ 2,755,516</u>

See independent auditors' report and notes to the financial statements

ASSOCIATED STUDENTS, CSUF
Other information
June 30, 2016
(for inclusion in the California State University)

1 Restricted cash and cash equivalents at June 30, 2016:
Portion of restricted cash and cash equivalents related to endowments
All other restricted cash and cash equivalents

\$	—
\$	—
<hr/>	
Total restricted cash and cash equivalents	

2.1 Composition of investments at June 30, 2016:

	Current Unrestricted	Current Restricted	Total Current	Noncurrent Unrestricted	Noncurrent Restricted	Total Noncurrent	Total
State of California Surplus Money Investment Fund (SMIF)	3,674,914	—	3,674,914	—	74,573	74,573	3,749,487
State of California Local Agency Investment Fund (LAIF)	256,566	—	256,566	—	—	—	256,566
Corporate bonds	—	—	—	—	—	—	—
Certificates of deposit	—	—	—	—	—	—	—
Mutual funds	—	—	—	—	—	—	—
Money Market funds	—	—	—	12,272	—	12,272	12,272
Repurchase agreements	—	—	—	—	—	—	—
Commercial paper	—	—	—	—	—	—	—
Asset backed securities	70,380	—	70,380	—	—	—	70,380
Mortgage backed securities	25,563	—	25,563	—	—	—	25,563
Money market funds	67,579	—	67,579	—	—	—	67,579
U.S. treasury securities	182,617	—	182,617	—	—	—	182,617
U.S. treasury securities	136,920	—	136,920	—	—	—	136,920
Equity securities	1,688,333	—	1,688,333	—	—	—	1,688,333
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 investment pools (excluding SWIFT)	—	—	—	—	—	—	—
Foreign bonds	22,463	—	22,463	—	—	—	22,463
Fixed rate & adj rate notes	25,437	—	25,437	—	—	—	25,437
U.S. gov securities	43,713	—	43,713	—	—	—	43,713
U.S. gov securities	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Other major investments:	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Total investments	6,194,485	—	6,194,485	12,272	74,573	86,845	6,281,330
Less endowment investments (enter as negative number)	—	—	—	—	—	—	—
Total investments	6,194,485	—	6,194,485	12,272	74,573	86,845	6,281,330

2.2 Investments held by the University under contractual agreements at June 30, 2016:
Portion of investments in table 2.1 held by the University under contractual agreements at June 30, 2016:

2.3 Restricted current investments at June 30, 2016 related to:

\$	Amount
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Total restricted current investments at June 30, 2016	\$ —

ASSOCIATED STUDENTS, CSUF
Other Information
June 30, 2016
(for inclusion in the California State University)

3.2 Detail of depreciation and amortization expense for the year ended June 30, 2016:

Depreciation and amortization expense related to capital assets	\$ 16,384
Amortization expense related to other assets	—
Total depreciation and amortization	<u>\$ 16,384</u>

4 Long-term liabilities activity schedule:

	Balance June 30, 2015	Prior period adjustments	Reclassifications	Balance June 30, 2015 (restated)	Additions	Reductions	Balance June 30, 2016	Current portion	Long-term portion
Accrued compensated absences	204,073	—	—	204,073	—	(29,040)	175,033	175,033	—
Claims liability for losses and loss adjustment expenses	—	—	—	—	—	—	—	—	—
Capitalized lease obligations:	—	—	—	—	—	—	—	—	—
Gross balance	—	—	—	—	—	—	—	—	—
Unamortized premium / (discount) on capitalized 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	—	—	—	—	—	—	—	—	—
Total long-term debt obligations	—	—	—	—	—	—	—	—	—
Unamortized bond premium / (discount)	—	—	—	—	—	—	—	—	—
Total long-term debt obligations, net	—	—	—	—	—	—	—	—	—
Total long-term liabilities	<u>\$ 204,073</u>	<u>—</u>	<u>—</u>	<u>204,073</u>	<u>—</u>	<u>(29,040)</u>	<u>175,033</u>	<u>175,033</u>	<u>—</u>

5 Future minimum lease payments - capitalized lease obligations:

Year ending June 30:	Capitalized lease obligations related to SRB		All other capitalized lease obligations		Total capitalized lease obligations	
	Principal Only	Interest Only	Principal and Interest	Interest Only	Principal Only	Principal and Interest
2017	—	—	—	—	—	—
2018	—	—	—	—	—	—
2019	—	—	—	—	—	—
2020	—	—	—	—	—	—
2021	—	—	—	—	—	—
2022 - 2026	—	—	—	—	—	—
2027 - 2031	—	—	—	—	—	—
2032 - 2036	—	—	—	—	—	—
2037 - 2041	—	—	—	—	—	—
2042 - 2046	—	—	—	—	—	—
2047 - 2051	—	—	—	—	—	—
2052 - 2056	—	—	—	—	—	—
2057 - 2061	—	—	—	—	—	—
2062 - 2066	—	—	—	—	—	—
Total minimum lease payments	—	—	—	—	—	—
Less amounts representing interest	—	—	—	—	—	—
Present value of future minimum lease payments	—	—	—	—	—	—
Unamortized net premium (discount)	—	—	—	—	—	—
Total capitalized lease obligations	—	—	—	—	—	—
Less: current portion	—	—	—	—	—	—
Capitalized lease obligation, net of current portion	—	—	—	—	—	—

See independent auditors' report and notes to the financial statements

ASSOCIATED STUDENTS, CSUF
Other Information
June 30, 2016
(for inclusion in the California State University)

6 Long-term debt obligation schedule

Year ending June 30:	Auxiliary revenue bonds		All other long-term debt obligations		Total long-term debt obligations	
	Principal Only	Interest Only	Principal Only	Interest Only	Principal Only	Interest Only
2017	\$					
2018						
2019						
2020						
2021						
2022 - 2026						
2027 - 2031						
2032 - 2036						
2037 - 2041						
2042 - 2046						
2047 - 2051						
2052 - 2056						
2057 - 2061						
2062 - 2066						
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	\$ 34,528
Capitalized lease obligations, current portion	
Long-term debt obligations, net of current portion	
Long-term debt obligations, current portion	
Portion of outstanding debt that is unspent at year-end	
Other adjustments: (please list)	
Add description	
Add description	
Add description	
Add description	
Net position - net investment in capital asset	\$ 34,528
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)	
Add description	
Add description	
Add description	
Add description	
Add description	
Add description	
Add description	
Add description	
Net position - Restricted for nonexpendable - endowments per SNP	\$

See independent auditors' report and notes to the financial statements

ASSOCIATED STUDENTS, CSUF

Other Information

June 30, 2016

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)	-	-

See independent auditors' report and notes to the financial statements