

TITAN STUDENT CENTERS  
A COMPONENT OF ASSOCIATED STUDENTS  
CALIFORNIA STATE UNIVERSITY,  
FULLERTON, INC.

FINANCIAL STATEMENTS  
JUNE 30, 2012 AND 2011

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# Guzman & Gray

Certified Public Accountants

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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statements of financial position of the Titan Student Centers, a component of the Associated Students, California State University, Fullerton, Inc., as of June 30, 2012 and 2011 and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. 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 that audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Titan Student Centers, a component of the Associated Students, California State University, Fullerton, Inc., as of June 30, 2012 and 2011 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



Long Beach, California  
September 19, 2012

TITAN STUDENT CENTERS  
ASSOCIATED STUDENTS  
CALIFORNIA STATE UNIVERSITY, FULLERTON, INC.  
STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2012 AND 2011

ASSETS

	June 30,	
	2012	2011
<b>CURRENT ASSETS</b>		
Cash and cash equivalents		
Cash on hand and in commercial accounts	\$ 71,443	\$ 78,497
Local agency investment pool	5,440,784	5,502,030
	5,512,227	5,580,527
Receivables	64,937	41,097
Prepaid expenses	13,493	12,771
Ticket inventory	57,036	20,602
Total Current Assets	5,647,693	5,654,997
<b>PROPERTY AND EQUIPMENT, net</b>	668,604	825,298
<b>TOTAL ASSETS</b>	6,316,297	6,480,295

LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES</b>		
Payables	459,155	267,081
Accrued liabilities	387,355	388,339
Deferred revenue	93,797	97,339
Capital lease payable, current	45,140	45,140
Unfunded post retirement liability, current	126,000	137,000
Total Current Liabilities	1,111,447	934,899
<b>NONCURRENT AND OTHER LIABILITIES</b>		
Capital lease payable, noncurrent	3,761	48,902
Unfunded post retirement liability, noncurrent	459,247	634,391
Total Noncurrent and Other Liabilities	463,008	683,293
<b>TOTAL LIABILITIES</b>	1,574,455	1,618,192
<b>NET ASSETS</b>		
Unrestricted	4,741,842	4,862,103
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 6,316,297	\$ 6,480,295

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

TITAN STUDENT CENTERS  
ASSOCIATED STUDENTS  
CALIFORNIA STATE UNIVERSITY, FULLERTON, INC.  
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

JUNE 30, 2012 AND 2011

	June 30,	
	2012	2011
REVENUES		
Titan Student Union student fees	\$ 5,825,000	\$ 5,691,000
General operations	1,357,559	1,329,110
Interest income	25,475	35,139
TOTAL REVENUES	7,208,034	7,055,249
EXPENSES		
General operations	7,083,128	6,676,171
Depreciation expense	245,167	193,979
TOTAL EXPENSES	7,328,295	6,870,150
INCREASE IN NET ASSETS	(120,261)	185,099
BEGINNING NET ASSETS	4,862,103	4,677,004
ENDING NET ASSETS	\$ 4,741,842	\$ 4,862,103

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

TITAN STUDENT CENTERS  
ASSOCIATED STUDENTS  
CALIFORNIA STATE UNIVERSITY, FULLERTON, INC.  
STATEMENTS OF CASH FLOWS  
JUNE 30, 2012 AND 2011

	June 30,	
	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (120,261)	\$ 185,099
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	245,167	193,979
(Increase) decrease in assets:		
Receivables	(23,840)	188,515
Prepaid expenses	(722)	26,821
Ticket inventory	(36,434)	24,788
Increase (decrease) in liabilities:		
Payables	192,074	(58,120)
Accrued liabilities	(984)	97,039
Deferred revenue	(3,542)	(2,471)
Unfunded post retirement liability	(186,144)	(184,949)
Net Cash Provided by Operating Activities	65,314	470,701
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(89,092)	(89,739)
Net Cash Used by Investing Activities	(89,092)	(89,739)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on capital lease	(44,522)	(41,669)
Net Cash Provided (Used) by Financing Activities	(44,522)	(41,669)
NET INCREASE (DECREASE) IN CASH EQUIVALENTS	(68,300)	339,293
BEGINNING CASH EQUIVALENTS	5,580,527	5,241,234
ENDING CASH EQUIVALENTS	\$ 5,512,227	\$ 5,580,527
SUPPLEMENTAL DISCLOSURE		
Cash paid for interest	\$ 317	\$ 290
Income tax paid	NONE	NONE

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

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

JUNE 30, 2012 AND 2011

NOTE 1 – REPORTING ENTITY AND ORGANIZATION

The Titan Student Centers (the “Centers”), a nonprofit organization of the Associated Students, California State University, Fullerton, Inc. (the “Associated Students”), has a semi-autonomous Board of Directors responsible for the operation of the Centers, including the preparation and administration of an annual budget. The Centers receives student fees as explained in Note 2. The Centers also receives rents and sales commissions from and provides space to vendors who operate a candy counter, travel agency and food facilities. Room rental income, graphic services and revenues from various recreational programs are also included in revenue from operations. The Centers provides services primarily to students and faculty of California State University, Fullerton.

During the 2011, the Centers changed its name from the Titan Student Union to the Titan Student Centers to better reflect the operations and activities of the Titan Student Union and the Sports Recreational Center.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The Financial Accounting Standards Board (“FASB”) implemented the FASB Accounting Standards Codification (Codification) effective July 1, 2009. The codification has become the source of authoritative Generally Accepted Accounting Principles (“GAAP”) recognized by FASB to be applied to nongovernmental entities. On the effective date of Codification, the Codification superseded all then existing accounting and reporting standards. All other non-grand-fathered accounting literature not included in the Codification has become non-authoritative. The change did not impact the Organization’s financial statements. References to GAAP included in the FASB Codification are noted as Accounting Standards Codification (“ASC”).

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.

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

JUNE 30, 2012 AND 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

The Titan Student Centers 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.

Fair Value of Financial Instruments

The Associated Students has adopted the provisions of FASB ASC 820, *Fair Value Measurements and Disclosures* 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. ASC 820 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. ASC 820 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.

TITAN STUDENT CENTERS  
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NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Ticket Inventory

Ticket inventories to various entertainment facilities are recorded at cost, first in first out (FIFO).

Property and Equipment

Legal title to the Titan Student Centers building is retained by the Board of Trustees of The California State University. Accordingly, assets and liabilities related to the building have been excluded from the Centers' financial statements and Centers' costs incurred regarding the building for minor improvements, repairs and maintenance have all been expensed. See Note 12 on Lease Commitments.

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 Centers files a consolidated income tax return with the Associated Students, which is exempt from income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue Code Section 23701(d). The Centers 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 Centers' tax-exempt purpose is subject to taxation as unrelated business income.

The Centers 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 Organization 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.

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

JUNE 30, 2012 AND 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclassifications

Certain reclassifications have been made to the 2011 financial statements to conform to the 2012 presentation.

Reporting of Subsequent Events

In preparing these financial statements, the Centers has evaluated events and transactions for potential recognition or disclosure through September 19, 2012, the date the financial statements were available to issue.

NOTE 3 – FAIR VALUE MEASUREMENTS

ASC 820 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, ASC 820 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, 2012 are as follows:

	Fair Value Measurements at June 30, 2012			
	Level 1	Level 2	Level 3	Total
Cash & cash equivalents	\$ 71,443	\$	\$	\$ 71,443
Local agency investment pool	5,440,784			5,440,784
<b>Total</b>	<b>\$ 5,512,227</b>	<b>\$</b>	<b>\$</b>	<b>\$ 5,512,227</b>

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

JUNE 30, 2012 AND 2011

NOTE 3 – FAIR VALUE MEASUREMENTS (Continued)

The carrying values of investment assets as of June 30, 2011 are as follows:

	Fair Value Measurements at June 30, 2011			
	Level 1	Level 2	Level 3	Total
Cash & cash equivalents	\$ 78,497	\$	\$	\$ 78,497
Local agency investment pool	5,502,030	_____	_____	5,502,030
<b>Total</b>	<b>\$ 5,580,527</b>	<b>\$</b>	<b>\$</b>	<b>\$ 5,580,527</b>

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

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.

NOTE 4 – RECEIVABLES

For the years ended June 30, 2012 and 2011, receivables included amounts due from the following organizations:

	June 30,	
	2012	2011
CSUF Associated Students	\$ 7,156	\$ 12,094
Cal State University, Fullerton	477	2,626
CSUF Auxiliary Services	20,056	2,047
Other	38,248	25,330
	65,937	42,097
Less: allowance for doubtful accounts	( 1,000)	( 1,000)
<b>Total</b>	<b>\$ 64,937</b>	<b>\$ 41,097</b>

For the years ended June 30, 2012 and 2011, the Centers recognized bad debt expense of \$0 and \$13,827, respectively.

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

JUNE 30, 2012 AND 2011

NOTE 5 – PROPERTY AND EQUIPMENT

A summary of property and equipment for the years ended June 30, 2012 and 2011 is as follows:

	<u>June 30,</u>	
	<u>2012</u>	<u>2011</u>
Equipment	\$ 1,759,448	\$ 1,706,777
Capital leased equipment	135,420	135,420
Total property and equipment	<u>1,894,868</u>	<u>1,842,197</u>
Less: accumulated depreciation	<u>( 1,226,264)</u>	<u>( 1,016,899)</u>
Net property and equipment	<u>\$ 668,604</u>	<u>\$ 825,298</u>

For the years ended June 30, 2012 and 2011, depreciation expense was \$245,167 and \$193,979, respectively.

NOTE 6 – CAPITAL LEASE OBLIGATIONS

The Titan Student Centers capitalizes certain leased equipment. In August 2010, the Titan Student Centers entered into a three year lease agreement for computer equipment under a shared obligation with the Associated Students of California State University, Fullerton. The obligations and payments are split evenly and the Titan Student Centers is obligated to make minimum monthly payments of \$2,350.

In August 2010, the Titan Student Centers entered into a separate three year lease agreement for computer equipment. The lease requires minimum monthly payments of \$1,438.

As of June 30, 2012 and 2011, total capital lease obligations were \$48,901 and \$94,042, respectively.

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

JUNE 30, 2012 AND 2011

NOTE 7 – 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, 2012 and 2011, the obligations and funded status of the post retirement benefits are as follows:

	June 30,	
	2012	2011
APBO		
Retirees	\$ 1,042,764	\$ 1,207,039
Fully eligible actives	780,911	727,428
Other eligible actives	701,118	677,797
Total	<u>2,524,793</u>	<u>2,612,264</u>
Less: fair value of assets	<u>( 1,939,546)</u>	<u>( 1,840,873)</u>
Unfunded APBO	585,247	771,391
Unrecognized (gains)/loss	<u>( 602,307)</u>	<u>( 788,452)</u>
Accrued/(prepaid) post retirement benefit cost	<u>\$ ( 17,060)</u>	<u>\$ ( 17,061)</u>
	June 30,	
	2012	2011
Fair value of assets	\$ 1,939,546	\$ 1,840,873
Accumulated benefit obligation	2,524,793	2,612,264
Accrued/(prepaid) post retirement benefit cost	( 17,061)	( 17,061)
Net periodic post retirement cost	161,485	201,967

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

JUNE 30, 2012 AND 2011

NOTE 7 – POST RETIREMENT BENEFITS (Continued)

The following assumptions were used to determine the net periodic benefit cost for the years ended June 30, 2012 and 2011:

	<u>June 30,</u>	
	<u>2012</u>	<u>2011</u>
Discount rate	4.50%	5.50%
Expected return on plan assets	6.00%	6.00%
Rate of compensation increase	2.50%	2.50%

Assumptions:

For measurement purposes, a 5.5% annual rate of increase in the per capita cost of covered health care benefits was assumed for the fiscal years ended June 30, 2012 and 2011. The medical cost trend rate assumption is expected to decrease each year thereafter until for the year beginning July 1, 2014 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 by June 30, 2012 would be \$36,965.

Plan Assets:

The Organization's post retirement plan weighted-average asset allocations as of June 30, 2012 and 2011, by asset category are as follows:

	<u>June 30,</u>	
	<u>2012</u>	<u>2011</u>
Money market	10%	12%
Equity securities	39%	42%
Debt securities	37%	33%
Mutual funds	14%	13%
Total	<u>100%</u>	<u>100%</u>

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 50/50 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.

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

JUNE 30, 2012 AND 2011

NOTE 7 – POST RETIREMENT BENEFITS (Continued)

Cash Flows:

Contributions – For the years ended June 30, 2012 and 2011, the Organization contributed \$161,485 and \$201,967 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,	
2013	\$ 126,000
2014	126,000
2015	172,000
2016	174,000
2017	194,000
2018 – 2022	<u>908,000</u>
Total	<u>\$ 1,700,000</u>

NOTE 8 – STUDENT FEES

For years ended June 30, 2011 and 2011, full-time and part-time students of California State University, Fullerton were required to pay fees of \$134 per fall semester and spring semester and \$60 per summer session. Of these fees, \$84 is used to operate the Titan Student Centers and service Student Union debt and \$50 is used to operate and service the debt of the Student Recreation Center. The fees, collected by the University Business Office, are deposited in the California state treasury. The California State University 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. The remaining funds are available for use in operating the Centers for the benefit of the students. The transfer of student fees is recorded as revenue in the year in which the fees are remitted to the Centers and totaled \$5,825,000 and \$5,691,000 for the years ended June 30, 2012 and 2011, respectively.

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

JUNE 30, 2012 AND 2011

NOTE 9 – FUNCTIONAL CLASSIFICATION OF EXPENSES

For the years ended June 30, 2012 and 2011, expenses were categorized in the following functional expenses:

	June 30,	
	2012	2011
Program	\$ 5,628,650	\$ 5,656,132
Management and general	1,701,645	1,214,018
Total	\$ 7,328,295	\$ 6,870,150

NOTE 10 – OPERATING EXPENSES

For the years ended June 30, 2012 and 2011, the Titan Student Centers incurred \$189,219 and \$28,859 for leasehold improvements to the Center building. Because the building is owned by the Board of Trustees of the California State University, these costs have been expensed as operating expenses rather than capitalized.

NOTE 11 – PENSION PLAN

All permanent full-time employees of the Centers are covered by the California Public Employees Retirement System (“PERS”) multi-employer defined benefit plan. Pension payments for Centers full-time employees are administered by the Associated Students. The plan calls for benefits to be paid to eligible employees at retirement based primarily upon years of service with the Centers and compensation rates near retirement. The Centers’ funding policy is to make the minimum annual contributions required by applicable regulations. Contributions to the plan reflect benefits attributed to employees’ services to date, as well as services expected to be earned in the future.

The Centers’ policy is to fund pension costs as accrued. Total pension expense for Titan Student Centers for the years ended June 30, 2012 and 2011 was \$306,269 and \$292,298, which is based on the PERS determination as of June 30, 2006 and June 30, 2005, which were the last reporting dates from PERS.

As of fiscal year ended June 30, 2005 the Associated Students plan is required to participate in a risk pool in which the assets contributed by one employer may be used to provide benefits to employees of other employers that participate. Therefore the assets contributed by an employer are not segregated in a separate account or restricted to pay benefits only to that employer’s employees.

TITAN STUDENT CENTERS  
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CALIFORNIA STATE UNIVERSITY, FULLERTON, INC.  
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

NOTE 12 – LEASE COMMITMENTS

The Associated Students currently leases the Titan Student Centers and the Student Recreational Center from the State of California (the “State”) and acts as its operator under a lease in effect through June 30, 2013. Rent is not charged to the Associated Students. The Associated Students directly reimburses the State for utility and certain other costs.

The Associated Students also leases certain office equipment which is classified as capital leases. As of June 30, 2011, future minimum lease payments are as follows:

Year ending June 30,	
2013	\$ 45,140
2014	<u>3,762</u>
Total	<u>\$ 48,902</u>

NOTE 13 – RELATED PARTIES

For the years ended June 30, 2012 and 2011, receivables include \$7,156 and \$12,094 due from the Associated Students for interest and various operating expenditures, \$20,056 and \$2,047 due from CSU Fullerton Auxiliary Service Corporation for rental, utilities, and commission expenses related to ASC’s use of the food court in the Titan Student Centers for food and vending operations overseen by ASC, and \$477 and \$2,626 due from Cal State Fullerton for various expenses incurred by Titan Student Centers on behalf of the University.

For the years ended June 30, 2012 and 2011, payables include \$66,848 and \$21,227 due to the Associated Students for payroll, benefits and various operating expenditures and \$136,734 and \$93,563 due to Cal State University, Fullerton for services provided to the Titan Student Centers including telephone, utilities and other expenses.

The Associated Students provides all accounting, human resource, related data processing services and other services to the Centers. Costs of the services are charged to the Centers on a volume-of-transactions basis. Total services charged to the Centers and expensed for the years ended June 30, 2012 and 2011 were \$793,937 and \$762,511, respectively.

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

JUNE 30, 2012 AND 2011

NOTE 14 – 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 at June 30, 2012 or June 30, 2011.

Cash deposits in financial institutions may exceed federally insured limits at times during the year. As of June 30, 2012 and 2011, the cash balances held at financial institutions did not exceed the FDIC insurance amount of \$250,000. Cash deposited in financial institutions differs from cash presented in the statement of financial position due to timing differences.

# *Guzman & Gray*

Certified Public Accountants

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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  
Titan Student CENTERS  
Associated Students  
California State University  
Fullerton, Inc.  
Fullerton, California

Our report on our audit of the basic financial statements of the Titan Student Centers, a component of the Associated Students California State University, Fullerton, Inc. for June 30, 2012 and 2011 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 25 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 19, 2012

Titan Student Centers  
Schedule of Net Assets  
June 30, 2012  
(for inclusion in the California State University)

Assets:	
Current assets:	
Cash and cash equivalents	\$ 71,443
Short-term investments	5,440,784
Accounts receivable, net	64,937
Leases receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	-
Prepaid expenses and other assets	70,529
Total current assets	<u>5,647,693</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	-
Capital assets, net	668,604
Other assets	-
Total noncurrent assets	<u>668,604</u>
Total assets	<u>6,316,297</u>
Liabilities:	
Current liabilities:	
Accounts payable	459,155
Accrued salaries and benefits payable	36,494
Accrued compensated absences- current portion	183,571
Deferred revenue	93,797
Capitalized lease obligations – current portion	45,140
Long-term debt obligations – current portion	-
Self-insurance claims liability - current portion	-
Depository accounts	-
Other liabilities	167,290
Total current liabilities	<u>985,447</u>
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	-
Deferred revenue	-
Grants refundable	-
Capitalized lease obligations, net of current portion	3,761
Long-term debt obligations, net of current portion	-
Self-insurance claims liabilities, net of current portion	-
Depository accounts	-
Other postemployment benefits obligation	585,247
Other liabilities	-
Total noncurrent liabilities	<u>589,008</u>
Total liabilities	<u>1,574,455</u>
Net assets:	
Invested in capital assets, net of related debt	619,703
Restricted for:	
Nonexpendable – endowments	-
Expendable:	
Scholarships and fellowships	-
Research	-
Loans	-
Capital projects	-
Debt service	-
Other	-
Unrestricted	4,122,139
Total net assets	<u>\$ 4,741,842</u>

See accompanying independent auditor's report

Titan Student Centers  
Schedule of Revenues, Expenses, and Changes in Net Assets  
Year Ended June 30, 2012  
(for inclusion in the California State University)

Revenues:	
Operating revenues:	
Student tuition and fees (net of scholarship allowances of \$ _____)	\$ 5,825,000
Grants and contracts, noncapital:	
Federal	-
State	-
Local	-
Nongovernmental	-
Sales and services of educational activities	-
Sales and services of auxiliary enterprises (net of scholarship allowances of \$ _____)	1,357,559
Other operating revenues	<u>                    </u>
Total operating revenues	<u>7,182,559</u>
Expenses:	
Operating expenses:	
Instruction	-
Research	-
Public service	144,845
Academic support	-
Student services	3,709,020
Institutional support	-
Operation and maintenance of plant	-
Student grants and scholarships	-
Auxiliary enterprise expenses	3,228,946
Depreciation and amortization	<u>245,167</u>
Total operating expenses	<u>7,327,978</u>
Operating income (loss)	<u>(145,419)</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	-
Investment income (loss), net	25,475
Endowment income (loss), net	-
Interest Expenses	(317)
Other nonoperating revenues (expenses)	<u>                    </u>
Net nonoperating revenues (expenses)	<u>25,158</u>
Income (loss) before other additions	(120,261)
State appropriations, capital	-
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	-
Increase (decrease) in net assets	(120,261)
Net assets:	
Net assets at beginning of year, as previously reported	4,862,103
Restatements	<u>                    </u>
Net assets at beginning of year, as restated	<u>4,862,103</u>
Net assets at end of year	<u>\$ 4,741,842</u>

See accompanying independent auditor's report

Titan Student Centers  
Other Information

June 30, 2012  
(for inclusion in the California State University)

<b>1</b>	<b>Restricted cash and cash equivalents at June 30, 2012:</b>				
	Portion of restricted cash and cash equivalents related to endowments	\$ -			
	All other restricted cash and cash equivalents	-			
	<b>Total restricted cash and cash equivalents</b>	<b>\$ -</b>			
<b>2.1</b>	<b>Composition of investments at June 30, 2012:</b>				
	State of California Surplus Money Investment Fund (SMIF)	\$ -	-	-	-
	State of California Local Agency Investment Fund (LAIIF)	5,440,784	5,440,784	-	5,440,784
	Wachovia Short Term Fund	-	-	-	-
	Wachovia Medium Term Fund	-	-	-	-
	Wachovia Equity Fund	-	-	-	-
	US Bank SWIFT pool	-	-	-	-
	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	-	-	-	-
	Private pass-through	-	-	-	-
	Other major investments	-	-	-	-
	<b>Total investments</b>	<b>5,440,784</b>	<b>5,440,784</b>	<b>-</b>	<b>5,440,784</b>
	Less endowment investments (enter as negative number)	-	-	-	-
	<b>Total investments</b>	<b>5,440,784</b>	<b>5,440,784</b>	<b>-</b>	<b>5,440,784</b>
<b>2.2</b>	<b>Investments held by the University under contractual agreements at June 30, 2012:</b>				
	Portion of investments in note 2.1 held by the University under contractual	-	-	-	-
	agreements at June 30, 2012 :	-	-	-	-
<b>2.3</b>	<b>Restricted current investments at June 30, 2012 related to:</b>	<b>\$ -</b>			
	Add description	-			
	Add description	-			
	Add description	-			
	Add description	-			
	<b>Total restricted current investments at June 30, 2012</b>	<b>\$ -</b>			
<b>2.4</b>	<b>Restricted noncurrent investments at June 30, 2012 related to:</b>	<b>\$ -</b>			
	Endowment investment	-			
	Add description	-			
	Add description	-			
	Add description	-			
	Add description	-			
	<b>Total restricted noncurrent investments at June 30, 2012</b>	<b>\$ -</b>			

Titan Student Centers  
Other Information  
June 30, 2012  
(for inclusion in the California State University)

3.1 Composition of capital assets at June 30, 2012:

	Balance June 30, 2011	Prior period Adjustments	Reclassifications	Balance June 30, 2011 (restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2012
\$								
Nondepreciable/nonamortizable capital assets:								
Land and land improvements	-	-	-	-	-	-	-	-
Works of art and historical treasures	-	-	-	-	-	-	-	-
Construction work in progress (CWIP)	-	-	-	-	-	-	-	-
Intangible assets:								
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-
Internally generated intangible assets in progress	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets:								
Total intangible assets	-	-	-	-	-	-	-	-
Total nondepreciable/nonamortizable capital assets	-	-	-	-	-	-	-	-
Depreciable/amortizable capital assets:								
Buildings and building improvements	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	-	-	-	-	-	-	-	-
Personal property:								
Equipment	1,842,197	-	-	1,842,197	89,092	(36,421)	-	1,894,868
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets:								
Software and websites	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyright and trademarks	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets:								
Total intangible assets	-	-	-	-	-	-	-	-
Total depreciable/amortizable capital assets	1,842,197	-	-	1,842,197	89,092	(36,421)	-	1,894,868
Total capital assets	1,842,197	-	-	1,842,197	89,092	(36,421)	-	1,894,868
Less accumulated depreciation/amortization:								
Buildings and building improvements	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	-	-	-	-	-	-	-	-
Personal property:								
Equipment	(1,016,899)	-	-	(1,016,899)	(245,167)	35,802	-	(1,226,264)
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets:								
Software and websites	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyright and trademarks	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets:								
Total intangible assets	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	(1,016,899)	-	-	(1,016,899)	(245,167)	35,802	-	(1,226,264)
Total capital assets, net	825,298	-	-	825,298	(156,075)	(619)	-	668,004
\$								

3.2 Detail of depreciation and amortization expense for the year ended June 30, 2012:

Depreciation and amortization expense related to capital assets	\$ 245,167
Amortization expense related to other assets	-
Total depreciation and amortization	\$ 245,167

Trian Student Centers  
Other Information  
June 30, 2012  
(for inclusion in the California State University)

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

	Balance June 30, 2011	Prior period adjustments	Reclassifications	Balance June 30, 2011 (restated)	Additions	Reductions	Balance June 30, 2012	Current portion	Long-term portion
\$	190,559	-	-	190,559	-	(6,988)	183,571	183,571	-
Accrued compensated absences	-	-	-	-	-	-	-	-	-
Capitalized lease obligations:									
Gross balance	94,041	-	-	94,041	-	(45,140)	48,901	45,140	3,761
Unamortized premium / (discount) on capitalized lease obligations	-	-	-	-	-	-	-	-	-
Total capitalized lease obligations	94,041	-	-	94,041	-	(45,140)	48,901	45,140	3,761
Long-term debt obligations:									
Revenue Bonds	-	-	-	-	-	-	-	-	-
Other bonds (non-Revenue Bonds)	-	-	-	-	-	-	-	-	-
Commercial Paper	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total long-term debt obligations	-	-	-	-	-	-	-	-	-
Unamortized bond premium / (discount)	-	-	-	-	-	-	-	-	-
Unamortized loss on refunding	-	-	-	-	-	-	-	-	-
Total long-term debt obligations, net	-	-	-	-	-	-	-	-	-
Total long-term liabilities	\$ 284,600	-	-	284,600	-	(52,128)	232,472	228,711	3,761

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

Year ending June 30:	Principal	Interest	Principal and Interest
2013	45,140	317	45,457
2014	3,761	26	3,787
2015	-	-	-
2016	-	-	-
2017	-	-	-
2018 - 2022	-	-	-
2023 - 2027	-	-	-
2028 - 2032	-	-	-
2033 - 2037	-	-	-
2038 - 2042	-	-	-
2043 - 2047	-	-	-
2048 - 2052	-	-	-
2053 - 2057	-	-	-
2058 - 2062	-	-	-
Total minimum lease payments			49,244
Less amounts representing interest			(343)
Present value of future minimum lease payments			48,901
Less: current portion			(45,140)
<b>Capitalized lease obligation, net of current portion</b>			<b>\$ 3,761</b>

**6 Long-term debt obligation schedule**

Year ending June 30:	Revenue Bonds		All other long-term debt obligations		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
\$	-	-	-	-	-	-
2013	-	-	-	-	-	-
2014	-	-	-	-	-	-
2015	-	-	-	-	-	-
2016	-	-	-	-	-	-
2017	-	-	-	-	-	-
2018 - 2022	-	-	-	-	-	-
2023 - 2027	-	-	-	-	-	-
2028 - 2032	-	-	-	-	-	-
2033 - 2037	-	-	-	-	-	-
2038 - 2042	-	-	-	-	-	-
2043 - 2047	-	-	-	-	-	-
2048 - 2052	-	-	-	-	-	-
2053 - 2057	-	-	-	-	-	-
2058 - 2062	-	-	-	-	-	-
Total	-	-	-	-	-	-

7 Calculation of net assets

	Auxiliary Organizations		Total Auxiliaries
	GASB	FASB	
<b>7.1 Calculation of net assets - Invested in capital assets, net of related debt</b>			
Capital assets, net of accumulated depreciation	\$ -	668,604	668,604
Capitalized lease obligations - current portion	-	(45,140)	(45,140)
Capitalized lease obligations - net of current portion	-	(3,761)	(3,761)
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	-	-	-
Net assets - invested in capital assets, net of related debt	\$ -	619,703	619,703

**7.2 Calculation of net assets - Restricted for nonexpendable - endowments**

Portion of restricted cash and cash equivalents related to endowments	\$ -	-	-
Endowment investments	-	-	-
Other adjustments	-	-	-
Net assets - Restricted for nonexpendable - endowments per SNA	\$ -	-	-

8 Transactions with Related Entities

	Amount
Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$ -
Payments to University for other than salaries of University personnel	573,132
Payments received from University for services, space, and programs	35,795
Gifts-in-kind to the University from Auxiliary Organizations	-
Gifts (cash or assets) to the University from recognized Auxiliary Organizations	-
Accounts (payable to) University (enter as negative number)	(136,734)
Other amounts (payable to) University (enter as negative number)	-
Accounts receivable from University	-
Other amounts receivable from University	-

9 Other Postemployment Benefits Obligation (OPEB)

Annual required contribution (ARC)	\$ (24,659)
Contributions during the year	(161,485)
Increase (decrease) in net OPEB obligation (NOO)	(186,144)
NOO - beginning of year	771,391
NOO - end of year	\$ 585,247

10 Pollution remediation liabilities under GASB Statement No. 49:

Description	Amount
Add description	\$ -
Add description	-
Add description	-
Add description	-
Total pollution remediation liabilities	\$ -
Less: current portion	-
Pollution remediation liabilities, net of current portion	\$ -

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

Net Asset Class	Amount	
	Dr.	(Cr)
Net assets as of June 30, 2010, as previously reported	\$	4,862,103
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)	-	-
Net assets as of June 30, 2010, as restated	\$	4,862,103

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

Net asset class:	Debit	Credit
1 (breakdown of adjusting journal entry)	\$	
Net asset class:		
2 (breakdown of adjusting journal entry)		
Net asset class:		
3 (breakdown of adjusting journal entry)		
Net asset class:		
4 (breakdown of adjusting journal entry)		
Net asset class:		
5 (breakdown of adjusting journal entry)		