

ASSOCIATED STUDENTS
CALIFORNIA STATE UNIVERSITY,
FULLERTON, INC.

FINANCIAL STATEMENTS
FISCAL YEARS ENDED
JUNE 30, 2017 AND 2016

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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, 2017 and 2016 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, 2017 and 2016, 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 8, 2017

ASSOCIATED STUDENTS
CALIFORNIA STATE UNIVERSITY, FULLERTON, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2017 AND 2016

	June 30,	
	2017	2016
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents		
Cash on hand and in commercial accounts	\$ 121,617	\$ 282,890
Local agency investment pool	3,450,900	3,110,021
	3,572,517	3,392,911
Receivables	941,778	607,693
Prepaid expenses	40,981	11,930
Total Current Assets	4,555,276	4,012,534
PROPERTY AND EQUIPMENT, net	19,595	34,528
OTHER ASSETS		
LAIF assets held for campus organizations	582,283	564,893
Local agency investment pool-scholarship and other	61,151	74,573
Cash - Children's Center reserve fund	28,041	12,272
Investments - Children's Center reserve fund	2,760,995	2,519,571
Total Other Assets	3,432,470	3,171,309
TOTAL ASSETS	8,007,341	7,218,371
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	370,630	192,904
Accrued liabilities	886,570	678,725
Unfunded pension obligation, current	190,875	184,834
Unfunded post retirement liability, current	129,000	128,000
Total Current Liabilities	1,577,075	1,184,463
NONCURRENT AND OTHER LIABILITIES		
Accounts held for campus organizations	582,283	564,893
Unfunded pension obligation, noncurrent	2,908,923	2,263,556
Unfunded post retirement liability, noncurrent	454,244	449,943
Total Noncurrent and Other Liabilities	3,945,450	3,278,392
TOTAL LIABILITIES	5,522,525	4,462,855
NET ASSETS		
Unrestricted	2,423,665	2,680,943
Temporary restricted	61,151	74,573
TOTAL NET ASSETS	2,484,816	2,755,516
TOTAL LIABILITIES AND NET ASSETS	\$ 8,007,341	\$ 7,218,371

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, 2017 AND 2016

	June 30,	
	2017	2016
CHANGES IN UNRESTRICTED NET ASSETS		
Revenues		
Student activity fees	\$ 5,918,796	\$ 5,939,779
Program revenue	2,638,836	2,294,492
Investment income	283,507	(14,761)
Grants - Children's Center	413,115	567,885
Contributions	-	44,994
Net assets released from restrictions	36,767	67,994
Total Unrestricted Revenues	9,291,021	8,900,383
Expenses		
General operations	9,533,366	9,196,566
Depreciation expense	14,933	16,384
Total Expenses	9,548,299	9,212,950
(Decrease) in net asset from operations	(257,278)	(312,567)
(DECREASE) IN UNRESTRICTED NET ASSETS	(257,278)	(312,567)
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
Revenues		
Interest income	50	39
Contributions - restricted	23,295	24,965
Net assets released from restrictions	(36,767)	(67,994)
(DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	(13,422)	(42,990)
(DECREASE) IN NET ASSETS	(270,700)	(355,557)
BEGINNING NET ASSETS	2,755,516	3,111,073
ENDING NET ASSETS	\$ 2,484,816	\$ 2,755,516

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

ASSOCIATED STUDENTS
CALIFORNIA STATE UNIVERSITY, FULLERTON, INC.
STATEMENTS OF CASH FLOWS

JUNE 30, 2017 AND 2016

	June30,	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (270,700)	\$ (355,557)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	14,933	16,384
Unrealized (gain)/loss	(189,246)	42,709
Realized (gain)/loss	(42,509)	7,792
(Increase) decrease in assets:		
Receivables	(334,085)	178,717
Prepaid expenses	(29,051)	31,961
Assets held for campus organizations	(17,390)	(33,703)
Assets held-scholarships	13,422	42,990
Cash - Children's Center reserve fund	(15,769)	37,549
Increase (decrease) in liabilities:		
Accounts payable	177,726	(83,246)
Accrued liabilities	207,845	16,894
Accounts held for campus organizations	17,390	33,703
Pension obligation	651,408	76,858
Unfunded post retirement liability	5,301	312,875
Net Cash Provided by/(Used) Operating Activities	189,275	325,926
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	-	(11,605)
Sale of investments - Children's Center reserve fund	1,013,777	765,328
Purchase of investments - Children's Center reserve fund	(1,023,446)	(822,843)
Net Cash Provided by/(Used) by Investing Activities	(9,669)	(69,120)
NET INCREASE (DECREASE) IN CASH EQUIVALENTS	179,606	256,806
BEGINNING CASH EQUIVALENTS	3,392,911	3,136,105
ENDING CASH EQUIVALENTS	\$ 3,572,517	\$ 3,392,911
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, 2017 AND 2016

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, 2017 AND 2016

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, 2017 AND 2016

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 8, 2017, 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, 2017 are as follows:

	Fair Value Measurements at June 30, 2017			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 28,041			\$ 28,041
Local agency investment pool	4,094,335			4,094,335
Fixed Income Securities - Children's Center Reserve	784,272			784,272
Equity Securities - Children's Center Reserve	1,976,722			1,976,722
	\$ 6,883,370	\$	\$	\$ 6,883,370
Total	\$ 6,883,370	\$	\$	\$ 6,883,370

ASSOCIATED STUDENTS
 CALIFORNIA STATE UNIVERSITY, FULLERTON, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2017 AND 2016

NOTE 3 – FAIR VALUE MEASUREMENTS (Continued)

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	<u>\$ 6,281,330</u>	<u>\$</u>	<u>\$</u>	<u>\$ 6,281,330</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, 2017 and 2016 as follows:

	June 30,	
	2017	2016
Local agency investment pool	\$ 3,450,900	\$ 3,110,021
LAIF hold for other agencies	582,283	564,893
Scholarships and other	61,151	74,573
Children’s Center reserve - Investments	2,789,036	2,531,843
Total	<u>\$ 6,883,370</u>	<u>\$ 6,281,330</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, 2017 AND 2016

NOTE 4 – RECEIVABLES

For the years ended June 30, 2017 and 2016, receivables included amounts due from the following organizations:

	June 30,	
	2017	2016
Titan Student Centers	\$ 25,285	\$ 242,241
Cal State University, Fullerton	275,467	209,103
Other	641,026	156,349
Total	\$ 941,778	\$ 607,693

For the years ended June 30, 2017 and 2016, 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, 2017 and 2016 is as follows:

	June 30,	
	2017	2016
Equipment	\$ 169,489	\$ 169,489
Capital leased equipment		
Total property and equipment	169,489	169,489
Less: accumulated depreciation	(149,894)	(134,961)
Net property and equipment	\$ 19,595	\$ 34,528

For the years ended June 30, 2017 and 2016, depreciation expense was \$14,933 and \$16,384, 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, 2017 and 2016 are \$582,283 and \$564,893 respectively.

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

JUNE 30, 2017 AND 2016

NOTE 7 – TEMPORARILY RESTRICTED NET ASSETS

As of June 30, 2017 and 2016, the Associated Students had the following temporarily restricted net assets:

	June 30,	
	2017	2016
Scholarships	\$ 22,405	\$ 14,260
Other	38,746	60,313
	<u>\$ 61,151</u>	<u>\$ 74,573</u>

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, 2017 and 2016, the obligations and funded status of the post retirement benefits are as follows:

	June 30,	
	2017	2016
APBO		
Retirees	\$ 1,476,724	\$ 1,528,752
Fully eligible actives	295,847	301,661
Other eligible actives	580,775	491,435
Total	2,353,346	2,321,848
Less: fair value of assets	(1,770,102)	(1,743,905)
Unfunded APBO	583,244	577,943
Unrecognized (gains)/loss	(527,451)	(600,946)
Accrued/(prepaid) post retirement benefit cost	(\$ 55,793)	(\$ 23,003)

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

JUNE 30, 2017 AND 2016

NOTE 8 – POST RETIREMENT BENEFITS (Continued)

	June 30,	
	2017	2016
Fair value of assets	\$1,770,102	\$1,743,905
Accumulated benefit obligation	2,353,346	2,321,848
Accrued/(prepaid) post retirement benefit cost	(55,793)	(23,003)
Net periodic post retirement cost	85,473	78,796

The following assumptions were used to determine the net periodic benefit cost for the years ended June 30, 2017 and 2016:

	June 30,	
	2017	2016
Discount rate	4.00%	3.75%
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 4.5% annual rate of increase in the per capita cost of covered health care benefits was assumed for the fiscal years ended June 30, 2017 and 2016. The medical cost trend rate assumption is expected to decrease each year thereafter until for the year beginning July 1, 2022 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, 2017 by \$3,916.

Plan Assets:

The Organization's post retirement plan weighted-average asset allocations as of June 30, 2017 and 2016, by asset category are as follows:

	June 30,	
	2017	2016
Money market	1%	5%
Equity securities	55%	49%
Debt securities	35%	34%
Mutual funds	9%	12%
Total	<u>100%</u>	<u>100%</u>

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

JUNE 30, 2017 AND 2016

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, 2017 and 2016, the Organization contributed \$0 and \$58,852 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,	
2018	\$ 129,000
2019	137,000
2020	141,000
2021	142,000
2022	145,000
2023 – 2027	<u>721,000</u>
Total	<u>\$ 1,415,000</u>

NOTE 9 – STUDENT ACTIVITY FEES

For years ended June 30, 2017 and 2016, 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, 2017 AND 2016

NOTE 10 – INVESTMENT INCOME

A summary of investment income for the years ended June 30, 2017 and 2016 is as follows:

	June 30,	
	2017	2016
Interest	\$ 74,270	\$ 58,299
Realized gain/(loss)	42,508	(7,792)
Unrealized gain/(loss)	189,246	(42,709)
Investment management fees	<u>(22,517)</u>	<u>(22,559)</u>
	<u>\$ 283,507</u>	<u>\$ (14,761)</u>

NOTE 11 – FUNCTIONAL CLASSIFICATION OF EXPENSES

For the years ended June 30, 2017 and 2016, expenses were categorized in the following functional expenses:

	June 30,	
	2017	2016
Program	\$ 6,747,180	\$ 6,958,933
Management and general	<u>2,801,119</u>	<u>2,254,017</u>
Total	<u>\$ 9,548,299</u>	<u>\$ 9,212,950</u>

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, 2017. 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, 2017 and 2016, the line of credit had outstanding balances of \$275,467 and \$108,522, respectively.

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

JUNE 30, 2017 AND 2016

NOTE 14 – RELATED PARTIES

For the years ended June 30, 2017 and 2016, receivables include \$25,285 and \$242,241 due from Titan Student Centers for payroll and benefits and various other operating expenditures and \$275,467 and \$209,103 due from Cal State Fullerton for intercollegiate athletic expenses, IRA, and student fees.

For the years ended June 30, 2017 and 2016, payables include \$44,870 and \$135,268 due to the Titan Student Centers for various operating expenditures and \$280,727 and \$544,434 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 \$1,558,472 and \$1,400,829 for the years ended June 30, 2017 and 2016, respectively.

For the years ended June 30, 2017 and 2016, payments from Associated Students and IRA for salary and expenses to CSUF were \$2,787,948 and \$2,198,236 and payments for services from CSUF were \$309,149 and \$2,750,801.

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, 2017 and 2016.

Cash deposits in financial institutions may exceed federally insured limits at times during the year. As of June 30, 2017 and 2016, the cash balances held at financial institutions exceed the FDIC insurance amount of \$250,000 by \$141,364 and \$338,343. 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, 2017 AND 2016

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, 2016. This estimate was used to record the unfunded liability at June 30, 2017.

As of June 30, 2017 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, 2016. The plan's proportionate share of the fiduciary's unfunded accumulated pension net liability as of June 30, 2016 and 2015 (the latest actuarial information available) is \$3,099,799 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, 2016 is \$ 6,817,174. The plan's proportionate share of the fiduciary net asset position as a percentage of the plan's total pension obligation is approximately 69%.

The actuarially assumed investment return after June 30, 2016 is 7.65% 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, 2016 (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 \$203,843 and \$110,327, respectively.

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

JUNE 30, 2017 AND 2016

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>
2018	\$ 190,875
2019	196,602
2020	202,499
2021	208,574
2022	214,831
2023 - 2027	<u>1,174,786</u>
	<u>\$ 2,188,167</u>

The Organization's policy is to fund pension costs as accrued. Total pension expense for Associated Students for the years ended June 30, 2017 and 2016 was \$1,071,898 and \$535,434.

Guzman & Gray

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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, 2017 and 2016 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 8, 2017

Associated Students, CSUF
Schedule of Net Position
June 30, 2017
(for inclusion in the California State University)

Assets:	
Current assets:	
Cash and cash equivalents	\$ 121,617
Short-term investments	6,794,178
Accounts receivable, net	941,778
Leases receivable, current portion	—
Notes receivable, current portion	—
Pledges receivable, net	—
Prepaid expenses and other current assets	40,981
Total current assets	<u>7,898,554</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	89,192
Capital assets, net	19,595
Other assets	—
Total noncurrent assets	<u>108,787</u>
Total assets	<u>8,007,341</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	370,630
Accrued salaries and benefits	79,017
Accrued compensated absences, current portion	283,572
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	523,981
Total current liabilities	<u>1,257,200</u>
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	0
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	583,244
Net pension liability	3,099,798
Other liabilities	582,283
Total noncurrent liabilities	<u>4,265,325</u>
Total liabilities	<u>5,522,525</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	19,595
Restricted for:	
Nonexpendable – endowments	—
Expendable:	
Scholarships and fellowships	61,151
Research	—
Loans	—
Capital projects	—
Debt service	—
Others	—
Unrestricted	2,404,070
Total net position	<u>\$ 2,484,816</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, 2017
(for inclusion in the California State University)

Revenues:	
Operating revenues:	
Student tuition and fees (net of scholarship allowances of \$_____)	\$ 5,918,796
Grants and contracts, noncapital:	
Federal	—
State	413,115
Local	—
Nongovernmental	—
Sales and services of educational activities	
Sales and services of auxiliary enterprises (net of scholarship allowances of \$_____)	2,638,836
Other operating revenues	<u>36,767</u>
Total operating revenues	<u>9,007,514</u>
Expenses:	
Operating expenses:	
Instruction	—
Research	—
Public service	135,192
Academic support	—
Student services	6,174,324
Institutional support	—
Operation and maintenance of plant	—
Student grants and scholarships	—
Auxiliary enterprise expenses	3,223,850
Depreciation and amortization	<u>14,933</u>
Total operating expenses	<u>9,548,299</u>
Operating income (loss)	<u>(540,785)</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	283,507
Endowment income (loss), net	—
Interest expense	—
Other nonoperating revenues (expenses)	<u>(13,422)</u>
Net nonoperating revenues (expenses)	<u>270,085</u>
Income (loss) before other revenues (expenses)	(270,700)
State appropriations, capital	—
Grants and gifts, capital	—
Additions (reductions) to permanent endowments	<u>—</u>
Increase (decrease) in net position	(270,700)
Net position:	
Net position at beginning of year, as previously reported	2,755,516
Restatements	<u>—</u>
Net position at beginning of year, as restated	<u>2,755,516</u>
Net position at end of year	<u>\$ 2,484,816</u>

See independent auditors' report and notes to the financial statements

Associated Students, CSUF
Other Information
June 30, 2017
(for inclusion in the California State University)

1	Restricted cash and cash equivalents at June 30, 2017:	
	Portion of restricted cash and cash equivalents related to endowments	\$ —
	All other restricted cash and cash equivalents	<u>—</u>
	Total restricted cash and cash equivalents	<u><u>\$ —</u></u>

2.1 Composition of investments at June 30, 2017:

	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)	4,033,184	—	4,033,184	—	61,151	61,151	4,094,335
Corporate bonds	346,132	—	346,132	—	—	—	346,132
Certificates of deposit	—	—	—	—	—	—	—
Mutual funds	—	—	—	—	—	—	—
Money Market funds	—	—	—	28,041	—	28,041	28,041
Repurchase agreements	—	—	—	—	—	—	—
Commercial paper	—	—	—	—	—	—	—
Asset backed securities	109,673	—	109,673	—	—	—	109,673
Mortgage backed securities	—	—	—	—	—	—	—
Municipal bonds	15,328	—	15,328	—	—	—	15,328
U.S. agency securities	79,982	—	79,982	—	—	—	79,982
U.S. treasury securities	124,031	—	124,031	—	—	—	124,031
Equity securities	1,976,722	—	1,976,722	—	—	—	1,976,722
Exchange traded funds (ETFs)	—	—	—	—	—	—	—
Alternative investments:							
Private equity (including limited partnerships)	—	—	—	—	—	—	—
Hedge funds	—	—	—	—	—	—	—
Managed futures	—	—	—	—	—	—	—
Real estate investments (including REITs)	—	—	—	—	—	—	—
Commodities	—	—	—	—	—	—	—
Derivatives	—	—	—	—	—	—	—
Other alternative investment types	—	—	—	—	—	—	—
Other external investment pools (excluding SWIFT)							
Foreign bonds	93,441	—	93,441	—	—	—	93,441
Floating rate & adj rate notes	—	—	—	—	—	—	—
U.S. govt remics/cmbs	15,685	—	15,685	—	—	—	15,685
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Other major investments:							
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Total investments	<u>6,794,178</u>	<u>—</u>	<u>6,794,178</u>	<u>28,041</u>	<u>61,151</u>	<u>89,192</u>	<u>6,883,370</u>
Less endowment investments (enter as negative number)	—	—	—	—	—	—	—
Total investments	<u>6,794,178</u>	<u>—</u>	<u>6,794,178</u>	<u>28,041</u>	<u>61,151</u>	<u>89,192</u>	<u>6,883,370</u>

2.2 Investments held by the University under contractual agreements at June 30, 2017:

Portion of investments in note 2.1 held by the University under contractual agreements at June 30, 2017 :	—	—	—	—	—	—	—
---	---	---	---	---	---	---	---

2.3 Restricted current investments at June 30, 2017 related to:

	<u>Amount</u>
Add description	\$ —
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Total restricted current investments at June 30, 2017	<u>\$ —</u>

2.4 Restricted noncurrent investments at June 30, 2017 related to:

	<u>Amount</u>
Scholarship	\$ 22,405
Other	38,746
Total restricted noncurrent investments at June 30, 2017	<u>\$ 61,151</u>

See independent auditors' report and notes to the financial statements

Associated Students, CSUF
Other Information
June 30, 2017
(for inclusion in the California State University)

2.5 Fair value hierarchy in investments at June 30, 2017:

	Total	Fair Value Measurements Using			Net Asset Value (NAV)
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
State of California Surplus Money Investment Fund (SMIF)	\$ —	—	—	—	—
State of California Local Agency Investment Fund (LAIF)	4,094,335	4,094,335	—	—	—
Corporate bonds	346,132	346,132	—	—	—
Certificates of deposit	—	—	—	—	—
Mutual funds	—	—	—	—	—
Money Market funds	28,041	28,041	—	—	—
Repurchase agreements	—	—	—	—	—
Commercial paper	—	—	—	—	—
Asset backed securities	109,673	109,673	—	—	—
Mortgage backed securities	—	—	—	—	—
Municipal bonds	15,328	15,328	—	—	—
U.S. agency securities	79,982	79,982	—	—	—
U.S. treasury securities	124,031	124,031	—	—	—
Equity securities	1,976,722	1,976,722	—	—	—
Exchange traded funds (ETFs)	—	—	—	—	—
Alternative investments:					
Private equity (including limited partnerships)	—	—	—	—	—
Hedge funds	—	—	—	—	—
Managed futures	—	—	—	—	—
Real estate investments (including REITs)	—	—	—	—	—
Commodities	—	—	—	—	—
Derivatives	—	—	—	—	—
Other alternative investment types	—	—	—	—	—
Other external investment pools (excluding SWIFT)					
Foreign bonds	93,441	93,441	—	—	—
Floating rate & adj rate notes	—	—	—	—	—
U.S. govt remics/cmbs	15,685	15,685	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Other major investments:					
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Total investments	6,883,370	6,883,370	—	—	—

See independent auditors' report and notes to the financial statements

Associated Students, CSUF
Other Information
June 30, 2017
(for inclusion in the California State University)

3.1 Composition of capital assets at June 30, 2017:

	Balance June 30, 2016	Prior period Adjustments	Reclassifications	Balance June 30, 2016 (restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2017
Nondepreciable/nonamortizable capital assets:								
Land and land improvements	\$ —	—	—	—	—	—	—	—
Works of art and historical treasures	—	—	—	—	—	—	—	—
Construction work in progress (CWIP)	—	—	—	—	—	—	—	—
Intangible assets:								
Rights and easements	—	—	—	—	—	—	—	—
Patents, copyrights and trademarks	—	—	—	—	—	—	—	—
Internally generated intangible assets in progress	—	—	—	—	—	—	—	—
Licenses and permits	—	—	—	—	—	—	—	—
Other intangible assets:								
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Total intangible assets	—	—	—	—	—	—	—	—
Total nondepreciable/nonamortizable capital assets	—	—	—	—	—	—	—	—
Depreciable/amortizable capital assets:								
Buildings and building improvements	—	—	—	—	—	—	—	—
Improvements, other than buildings	—	—	—	—	—	—	—	—
Infrastructure	—	—	—	—	—	—	—	—
Leasehold improvements	—	—	—	—	—	—	—	—
Personal property:								
Equipment	169,489	—	—	169,489	—	—	—	169,489
Library books and materials	—	—	—	—	—	—	—	—
Intangible assets:								
Software and websites	—	—	—	—	—	—	—	—
Rights and easements	—	—	—	—	—	—	—	—
Patents, copyright and trademarks	—	—	—	—	—	—	—	—
Licenses and permits	—	—	—	—	—	—	—	—
Other intangible assets:								
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Add description	—	—	—	—	—	—	—	—
Total intangible assets	—	—	—	—	—	—	—	—
Total depreciable/amortizable capital assets	169,489	—	—	169,489	—	—	—	169,489
Total capital assets	169,489	—	—	169,489	—	—	—	169,489
Less accumulated depreciation/amortization:								
Buildings and building improvements	—	—	—	—	—	—	—	—
Improvements, other than buildings	—	—	—	—	—	—	—	—
Infrastructure	—	—	—	—	—	—	—	—
Leasehold improvements	—	—	—	—	—	—	—	—
Personal property:								
Equipment	(134,961)	—	—	(134,961)	(14,933)	—	—	(149,894)
Library books and materials	—	—	—	—	—	—	—	—
Intangible assets:								
Software and websites	—	—	—	—	—	—	—	—
Rights and easements	—	—	—	—	—	—	—	—
Patents, copyright and trademarks	—	—	—	—	—	—	—	—
Licenses and permits	—	—	—	—	—	—	—	—
Other intangible assets:								
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Add description	—	—	—	—	—	—	—	—
Total intangible assets	—	—	—	—	—	—	—	—
Total accumulated depreciation/amortization	(134,961)	—	—	(134,961)	(14,933)	—	—	(149,894)
Total capital assets, net	\$ 34,528	—	—	34,528	(14,933)	—	—	19,595

See independent auditors' report and notes to the financial statements

Associated Students, CSUF
Other Information
June 30, 2017
(for inclusion in the California State University)

3.2 Detail of depreciation and amortization expense for the year ended June 30, 2017:

Depreciation and amortization expense related to capital assets	\$ 14,933
Amortization expense related to other assets	<u>—</u>
Total depreciation and amortization	<u>\$ 14,933</u>

4 Long-term liabilities activity schedule:

	Balance June 30, 2016	Prior period adjustments	Reclassifications	Balance June 30, 2016 (restated)	Additions	Reductions	Balance June 30, 2017	Current portion	Long-term portion
Accrued compensated absences	\$ 175,033	—	—	175,033	108,539	—	283,572	283,572	0
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)									
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Add description	—								

Associated Students, CSUF
Other Information
June 30, 2017
(for inclusion in the California State University)

6 Long-term debt obligation schedule

	Auxiliary revenue bonds			All other long-term debt obligations			Total long-term debt obligations		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
Year ending June 30:									
2018	\$ —	—	—	—	—	—	—	—	—
2019	—	—	—	—	—	—	—	—	—
2020	—	—	—	—	—	—	—	—	—
2021	—	—	—	—	—	—	—	—	—
2022	—	—	—	—	—	—	—	—	—
2023 - 2027	—	—	—	—	—	—	—	—	—
2028 - 2032	—	—	—	—	—	—	—	—	—
2033 - 2037	—	—	—	—	—	—	—	—	—
2038 - 2042	—	—	—	—	—	—	—	—	—
2043 - 2047	—	—	—	—	—	—	—	—	—
2048 - 2052	—	—	—	—	—	—	—	—	—
2053 - 2057	—	—	—	—	—	—	—	—	—
2058 - 2062	—	—	—	—	—	—	—	—	—
2063 - 2067	—	—	—	—	—	—	—	—	—
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	\$ 19,595
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	\$ 19,595

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	—
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, 2017
 (for inclusion in the California State University)

8 Transactions with related entities

	Amount
Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$ 472,270
Payments to University for other than salaries of University personnel	2,315,678
Payments received from University for services, space, and programs	309,149
Gifts-in-kind to the University from discretely presented component units	—
Gifts (cash or assets) to the University from discretely presented component units	—
Accounts (payable to) University (enter as negative number)	(280,727)
Other amounts (payable to) University (enter as negative number)	—
Accounts receivable from University	146,581
Other amounts receivable from University	—

9 Other postemployment benefits obligation (OPEB)

Annual required contribution (ARC)	\$	5,301
Contributions during the year		—
Increase (decrease) in net OPEB obligation (NOO)		5,301
Other adjustments		—
NOO - beginning of year		577,943
NOO - end of year	\$	583,244

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	\$	—
Less: current portion		—
Pollution remediation liabilities, net of current portion		—

See independent auditors' report and notes to the financial statements

Associated Students, CSUF
Other Information
June 30, 2017
(for inclusion in the California State University)

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, 2016, as previously reported	\$	2,755,516
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, 2016, as restated	\$	2,755,516

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

Guzman & Gray

Certified Public Accountants

4510 East Pacific Coast Highway, Suite 270
Long Beach, California 90804
(562) 498-0997 Fax: (562) 597-7359

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

COMMUNICATIONS WITH THOSE CHARGED WITH GOVERNANCE

September 8, 2017

To the Audit Committee
of the Associated Students and Titan Student Center,
California State University, Fullerton, Inc.
Fullerton, CA

We have audited the financial statements of Associated Students and Titan Student Center, California State University Fullerton, Inc. (the Organization) for the years ended June 30, 2017 and 2016, and have issued our reports dated September 8, 2017. Professional standards require that we provide you with information related to the planned scope and timing of our audits. We have communicated such information in our engagement letter. Professional standards also require that we communicate to you the following information related to our audits.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Organization are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2017. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The disclosures in the financial statements are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management representations

We have requested certain representations from management that are included in the management representation letter dated September 8, 2017.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

September 8, 2017
Audit Committee
of the Associated Students and Titan Student Center,
California State University, Fullerton, Inc.
Page 3

Other Matters

Matters and recommendations to improve operating procedures and administrative efficiency and to strengthen internal controls are described in the memorandum that accompanies this letter.

This information is intended solely for the use of the Board of Directors and management of the Organization and is not intended to be, and should not be used, by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink, appearing to read "Guzman & Gray", written in a cursive style.

Guzman & Gray
Long Beach, California

Guzman & Gray

Certified Public Accountants

4510 East Pacific Coast Highway, Suite 270
Long Beach, California 90804
(562) 498-0997 Fax: (562) 597-7359

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

COMMUNICATION OF NO MATERIAL WEAKNESS

To the Audit Committee
of the Associated Students,
California State University, Fullerton, Inc.
Fullerton, CA

In planning and performing our audit of the financial statements of the Associated Students, California State University, Fullerton, Inc. (the Organization), as of and for the years ended June 30, 2017 and 2016, in accordance with auditing standards generally accepted in the United States of America, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or 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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

This communication is intended solely for the information and use of management, Audit Committee, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



Guzman & Gray, CPAs
Long Beach, CA
September 8, 2017