

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

FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT	1 – 2
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4
Statements of Cash Flows	5
Notes to Financial Statements	6 – 16
ADDITIONAL INFORMATION	
Independent Auditors' Report on Additional Information	17
Schedule of Net Position	18
Schedule of Revenues, Expenses, and Changes in Net Position	19
Supplementary Schedules – Other Information	20 – 26

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.

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Titan Student Centers, 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

INDEPENDENT AUDITORS' REPORT (Continued)

no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Titan Student Centers, 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 18 through 26 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 CPAs
Long Beach, CA 90804
September 8, 2017

TITAN STUDENT CENTERS
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	\$ 37,865	\$ 74,447
Local agency investment pool	3,840,973	4,150,099
	3,878,838	4,224,546
Receivables	123,261	208,835
Prepaid expenses	11,838	4,245
Ticket inventory	24,072	38,819
Total Current Assets	4,038,009	4,476,445
PROPERTY AND EQUIPMENT, net	483,101	311,212
OTHER ASSETS		
Overfunded post retirement asset	9,285	10,355
TOTAL ASSETS	4,530,395	4,798,012
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts Payable	474,303	306,098
Accrued liabilities	356,285	614,621
Deferred revenue	59,251	105,007
Unfunded pension obligation, current	228,504	249,689
Total Current Liabilities	1,118,343	1,275,415
NONCURRENT AND OTHER LIABILITIES		
Unfunded pension obligation, noncurrent	3,482,382	3,057,795
Total Noncurrent and Other Liabilities	3,482,382	3,057,795
TOTAL LIABILITIES	4,600,725	4,333,210
NET ASSETS		
Unrestricted	(70,330)	464,802
	(70,330)	464,802
TOTAL LIABILITIES AND NET ASSETS	\$ 4,530,395	\$ 4,798,012

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, 2017 AND 2016

	June 30,	
	2017	2016
REVENUES		
Titan Student Union student fees	\$ 7,700,000	\$ 7,000,000
General operations	1,489,146	1,403,256
Interest income	42,326	26,148
TOTAL REVENUES	9,231,472	8,429,404
EXPENSES		
General operations	9,618,965	7,856,164
Depreciation expense	147,639	119,002
TOTAL EXPENSES	9,766,604	7,975,166
INCREASE/(DECREASE) IN NET ASSET FROM OPERATIONS	(535,132)	454,238
BEGINNING NET ASSETS	464,802	10,564
ENDING NET ASSETS	\$ (70,330)	\$ 464,802

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, 2017 AND 2016

	June 30,	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (535,132)	\$ 454,238
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	147,639	119,002
(Increase) decrease in assets:		
Receivables	85,574	(102,634)
Prepaid expenses	(7,593)	19,849
Ticket inventory	14,747	(7,239)
Overfunded post retirement asset	1,070	(10,355)
Increase (decrease) in liabilities:		
Payables	168,205	(57,061)
Accrued liabilities	(258,336)	202,125
Deferred revenue	(45,756)	17,634
Pension obligation	403,402	32,509
Unfunded post retirement liability	-	(542,956)
Net Cash Provided by Operating Activities	(26,180)	125,112
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(319,528)	(22,172)
TSC Building Expansion Investment	-	-
Net Cash(Used)by Investing Activities	(319,528)	(22,172)
NET INCREASE (DECREASE) IN CASH EQUIVALENTS	(345,708)	102,940
BEGINNING CASH EQUIVALENTS	4,224,546	4,121,606
ENDING CASH EQUIVALENTS	\$ 3,878,838	\$ 4,224,546
 SUPPLEMENTAL DISCLOSURE		
 Cash paid for interest	NONE	NONE
 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, 2017 AND 2016

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 food and snack 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 Student Recreational Center.

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 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.

TITAN STUDENT CENTERS
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)

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 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.

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.

TITAN STUDENT CENTERS
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)

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.

Reporting of Subsequent Events

In preparing these financial statements, the Centers 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:

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

JUNE 30, 2017 AND 2016

NOTE 3 – FAIR VALUE MEASUREMENTS (Continued)

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:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Local agency investment pool	<u>\$ 3,840,973</u>	<u>\$</u>	<u>\$</u>	<u>\$ 3,840,973</u>

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

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Local agency investment pool	<u>\$ 4,150,099</u>	<u>\$</u>	<u>\$</u>	<u>\$ 4,150,099</u>

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.

TITAN STUDENT CENTERS
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
CSUF Associated Students	\$ 44,870	\$ 135,268
CSUF Auxiliary Services	41,410	40,785
CSUF	5,650	5,492
Other	32,331	28,290
	<u>124,261</u>	<u>209,835</u>
Less: allowance for doubtful accounts	<u>(1,000)</u>	<u>(1,000)</u>
Total	<u>\$ 123,261</u>	<u>\$ 208,835</u>

For the years ended June 30, 2017 and 2016, the Centers recognized bad debt expense of \$0 and \$0, 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	\$ 1,977,104	\$ 1,666,980
Capital leased equipment		
Total property and equipment	<u>1,977,104</u>	<u>1,644,980</u>
Less: accumulated depreciation	<u>(1,494,003)</u>	<u>(1,355,768)</u>
Net property and equipment	<u>\$ 483,101</u>	<u>\$ 311,212</u>

For the years ended June 30, 2017 and 2016, depreciation expense was \$147,639 and \$119,002, respectively.

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

JUNE 30, 2017 AND 2016

NOTE 6 – 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	\$ 1,150,088	\$ 1,185,602
Fully eligible actives	225,912	221,912
Other eligible actives	1,166,354	998,520
Total	2,542,354	2,406,034
Less: fair value of assets	(2,551,639)	(2,416,389)
(Over)/Unfunded APBO	(9,285)	(10,355)
Unrecognized (gains)/loss	(7,650)	(6,705)
 Accrued/(prepaid) post retirement benefit cost	 \$ (16,935)	 \$ (17,060)
	June 30,	
	2017	2016
Fair value of assets	\$ 2,551,639	\$ 2,416,389
Accumulated benefit obligation	2,542,354	2,406,034
Accrued/(prepaid) post retirement benefit cost	(16,935)	(17,060)
Net periodic post retirement cost	58,204	36,518

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%

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

JUNE 30, 2017 AND 2016

NOTE 6 – POST RETIREMENT BENEFITS (Continued)

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 by June 30, 2017 would be \$5,089.

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	100%	100%

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 \$95,464 to its post retirement plan.

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

JUNE 30, 2017 AND 2016

NOTE 6 – POST RETIREMENT BENEFITS (Continued)

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	\$ 106,000
2019	129,000
2020	134,000
2021	144,000
2022	147,000
2023 – 2027	<u>756,000</u>
Total	<u>\$ 1,416,000</u>

NOTE 7 – STUDENT FEES

For years ended June 30, 2017 and 2016, 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 Division of Administration and Finance, are deposited into the Wells Fargo depository account and are ultimately managed as part of the campus investments at U.S. Bank. 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 \$7,700,000 and \$7,000,000 for the years ended June 30, 2017 and 2016, respectively.

NOTE 8 – FUNCTIONAL CLASSIFICATION OF EXPENSES

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

	June 30,	
	<u>2017</u>	<u>2016</u>
Program	\$ 7,683,876	\$ 6,386,710
Management and general	<u>2,082,728</u>	<u>1,588,456</u>
Total	<u>\$ 9,766,604</u>	<u>\$ 7,975,166</u>

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

JUNE 30, 2017 AND 2016

NOTE 9 – OPERATING EXPENSES

For the years ended June 30, 2017 and 2016, the Titan Student Centers incurred \$440,594 and \$578,708 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 10 – 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.

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 \$3,710,886 and \$3,307,484.

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 \$ 8,161,097. The plan's proportionate share of the fiduciary net asset position as a percentage of the plan's total pension obligation is approximately 69%.

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

JUNE 30, 2017 AND 2016

NOTE 10 - PENSION PLAN (CALPERS) (Continued)

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 \$191,141 and \$81,609, respectively.

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	\$ 228,504
2019	235,359
2020	242,895
2021	249,692
2022	257,831
2023 - 2027	<u>1,406,381</u>
	<u>\$ 2,620,662</u>

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, 2017 and 2016 was \$754,796 and \$484,283.

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

JUNE 30, 2017 AND 2016

NOTE 11 – 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, 2025. Rent is not charged to the Associated Students. The Associated Students directly reimburses the State for utility and certain other costs.

NOTE 12 – RELATED PARTIES

For the years ended June 30, 2017 and 2016, receivables include \$44,870 and \$135,268 due from the Associated Students for interest and various operating expenditures, \$41,410 and \$40,785 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 \$5,650 and \$5,492 due from Cal State Fullerton for various expenses incurred by Titan Student Centers on behalf of the University.

For the years ended June 30, 2017 and 2016, payables include \$25,285 and \$242,241 due to the Associated Students for payroll, benefits and various operating expenditures and \$100,807 and \$102,388 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, 2017 and 2016 were \$1,558,472 and \$1,400,829, respectively.

For the years ended June 30, 2017 and 2016 payments to CSUF for expenditures were \$836,540 and \$757,916 and payments from CSUF for services were \$78,132 and \$52,093.

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, 2017 or June 30, 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 \$14,330 and \$0. Cash deposited in financial institutions differs from cash presented in the statement of financial position due to timing differences.

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.

INDEPENDENT AUDITORS' REPORT ON ADDITIONAL INFORMATION

The Board of Directors
Titan Student Centers
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, 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 18 through 26 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

Titan Student Centers
Schedule of Net Position
June 30, 2017
(for inclusion in the California State University)

Assets:	
Current assets:	
Cash and cash equivalents	\$ 37,865
Short-term investments	3,840,973
Accounts receivable, net	123,261
Leases receivable, current portion	—
Notes receivable, current portion	—
Pledges receivable, net	—
Prepaid expenses and other current assets	35,910
Total current assets	4,038,009
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	483,101
Other assets	9,285
Total noncurrent assets	492,386
Total assets	4,530,395
Deferred outflows of resources:	
Unamortized loss on debt refunding	—
Net pension liability	—
Others	—
Total deferred outflows of resources	—
Liabilities:	
Current liabilities:	
Accounts payable	474,303
Accrued salaries and benefits	193,910
Accrued compensated absences, current portion	162,375
Unearned revenue	59,251
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	228,504
Total current liabilities	1,118,343
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	—
Unearned revenue	—
Grants refundable	—
Capitalized lease obligations, net of current portion	—
Long-term debt obligations, net of current portion	—
Claims liability for losses and loss adjustment expenses, net of current portion	—
Depository accounts	—
Other postemployment benefits obligations	—
Net pension liability	3,482,382
Other liabilities	—
Total noncurrent liabilities	3,482,382
Total liabilities	4,600,725
Deferred inflows of resources:	
Service concession arrangements	—
Net pension liability	—
Unamortized gain on debt refunding	—
Nonexchange transactions	—
Others	—
Total deferred inflows of resources	—
Net Position:	
Net investment in capital assets	483,101
Restricted for:	
Nonexpendable -- endowments	—
Expendable:	
Scholarships and fellowships	—
Research	—
Loans	—
Capital projects	—
Debt service	—
Others	—
Unrestricted	(553,431)
Total net position	\$ (70,330)

See independent auditors' report and notes to the financial statements

Titan Student Centers
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 \$_____)	\$ 7,700,000
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 \$_____)	—
Other operating revenues	1,489,146
Total operating revenues	<u>9,189,146</u>
Expenses:	
Operating expenses:	
Instruction	—
Research	—
Public service	228,872
Academic support	—
Student services	3,848,510
Institutional support	—
Operation and maintenance of plant	—
Student grants and scholarships	—
Auxiliary enterprise expenses	5,541,583
Depreciation and amortization	147,639
Total operating expenses	<u>9,766,604</u>
Operating income (loss)	<u>(577,458)</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	42,326
Endowment income (loss), net	—
Interest expense	—
Other nonoperating revenues (expenses)	—
Net nonoperating revenues (expenses)	<u>42,326</u>
Income (loss) before other revenues (expenses)	(535,132)
State appropriations, capital	—
Grants and gifts, capital	—
Additions (reductions) to permanent endowments	—
Increase (decrease) in net position	<u>(535,132)</u>
Net position:	
Net position at beginning of year, as previously reported	464,802
Restatements	—
Net position at beginning of year, as restated	<u>464,802</u>
Net position at end of year	<u>\$ (70,330)</u>

See independent auditors' report and notes to the financial statements

Titan Student Centers
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>	<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)	3,840,973	—	3,840,973	—	—	—	3,840,973
Corporate bonds	—	—	—	—	—	—	—
Certificates of deposit	—	—	—	—	—	—	—
Mutual funds	—	—	—	—	—	—	—
Money Market funds	—	—	—	—	—	—	—
Repurchase agreements	—	—	—	—	—	—	—
Commercial paper	—	—	—	—	—	—	—
Asset backed securities	—	—	—	—	—	—	—
Mortgage backed securities	—	—	—	—	—	—	—
Municipal bonds	—	—	—	—	—	—	—
U.S. agency securities	—	—	—	—	—	—	—
U.S. treasury securities	—	—	—	—	—	—	—
Equity securities	—	—	—	—	—	—	—
Exchange traded funds (ETFs)	—	—	—	—	—	—	—
Alternative investments:							
Private equity (including limited partnerships)	—	—	—	—	—	—	—
Hedge funds	—	—	—	—	—	—	—
Managed futures	—	—	—	—	—	—	—
Real estate investments (including REITs)	—	—	—	—	—	—	—
Commodities	—	—	—	—	—	—	—
Derivatives	—	—	—	—	—	—	—
Other alternative investment types	—	—	—	—	—	—	—
Other external investment pools (excluding SWIFT)							
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Other major investments:							
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Total investments	<u>3,840,973</u>	<u>—</u>	<u>3,840,973</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>3,840,973</u>
Less endowment investments (enter as negative number)	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total investments	<u>3,840,973</u>	<u>—</u>	<u>3,840,973</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>3,840,973</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>
Endowment investment	\$ —
Add description	—
Add description	—
Add description	—
Add description	—

See independent auditors' report and notes to the financial statements

Titan Student Centers
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	1,666,981	—	—	1,666,981	323,016	(12,894)	—	1,977,103
Library books and materials	—	—	—	—	—	—	—	—
Intangible assets:								
Software and websites	—	—	—	—	—	—	—	—
Rights and easements	—	—	—	—	—	—	—	—
Patents, copyright and trademarks	—	—	—	—	—	—	—	—
Licenses and permits	—	—	—	—	—	—	—	—
Other intangible assets:								
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Total intangible assets	—	—	—	—	—	—	—	—
Total depreciable/amortizable capital assets	1,666,981	—	—	1,666,981	323,016	(12,894)	—	1,977,103
Total capital assets	1,666,981	—	—	1,666,981	323,016	(12,894)	—	1,977,103
Less accumulated depreciation/amortization:								
Buildings and building improvements	—	—	—	—	—	—	—	—
Improvements, other than buildings	—	—	—	—	—	—	—	—
Infrastructure	—	—	—	—	—	—	—	—
Leasehold improvements	—	—	—	—	—	—	—	—
Personal property:								
Equipment	(1,355,769)	—	—	(1,355,769)	(147,639)	9,406	—	(1,494,002)
Library books and materials	—	—	—	—	—	—	—	—
Intangible assets:								
Software and websites	—	—	—	—	—	—	—	—
Rights and easements	—	—	—	—	—	—	—	—
Patents, copyright and trademarks	—	—	—	—	—	—	—	—
Licenses and permits	—	—	—	—	—	—	—	—
Other intangible assets:								
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Total intangible assets	—	—	—	—	—	—	—	—
Total accumulated depreciation/amortization	(1,355,769)	—	—	(1,355,769)	(147,639)	9,406	—	(1,494,002)
Total capital assets, net	\$ 311,212	—	—	311,212	175,377	(3,488)	—	483,101

See independent auditors' report and notes to the financial statements

Titan Student Centers
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	\$ 147,639
Amortization expense related to other assets	<u>—</u>
Total depreciation and amortization	<u>\$ 147,639</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	\$ 121,219	—	—	121,219	41,156	—	162,375	162,375	—
Claims liability for losses and loss adjustment expenses	—	—	—	—	—	—	—	—	—
Capitalized lease obligations:									
Gross balance	—	—	—	—	—	—	—	—	—
Unamortized premium / (discount) on capitalized lease obligations	—	—	—	—	—	—	—	—	—
Total capitalized lease obligations	—	—	—	—	—	—	—	—	—
Long-term debt obligations:									
Auxiliary revenue bonds	—	—	—	—	—	—	—	—	—
Commercial paper	—	—	—	—	—	—	—	—	—
Notes payable related to SRB	—	—	—	—	—	—	—	—	—
Others: (list by type)									
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—								

Titan Student Centers
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	\$ 483,101
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	\$ 483,101

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

Titan Student Centers
 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	\$ —
Payments to University for other than salaries of University personnel	836,540
Payments received from University for services, space, and programs	78,132
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)	(100,806)
Other amounts (payable to) University (enter as negative number)	—
Accounts receivable from University	2,385
Other amounts receivable from University	—

9 Other postemployment benefits obligation (OPEB)

Annual required contribution (ARC)	\$	1,070
Contributions during the year		—
Increase (decrease) in net OPEB obligation (NOO)		1,070
Other adjustments		—
NOO - beginning of year		(10,355)
NOO - end of year	\$	(9,285)

Amount must be greater than the noncurrent portion in SNP

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

Titan Student Centers
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	Amount
	Class	Dr. (Cr.)
Net position as of June 30, 2016, as previously reported		\$ 464,802
Prior period adjustments:		
1 (list description of each adjustment)		—
2 (list description of each adjustment)		—
3 (list description of each adjustment)		—
4 (list description of each adjustment)		—
5 (list description of each adjustment)		—
6 (list description of each adjustment)		—
7 (list description of each adjustment)		—
8 (list description of each adjustment)		—
9 (list description of each adjustment)		—
10 (list description of each adjustment)		—
Net position as of June 30, 2017, as restated		<u>\$ 464,802</u>

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 Titan Student Centers and Associated Students
California State University, Fullerton, Inc.
Fullerton, CA

We have audited the financial statements of Titan Student Centers, California State University Fullerton, Inc. (the Organization) for the years ended June 30, 2017 and 2016, and have issued our reports dated September 14, 2016. 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.

September 8, 2017
Audit Committee
Titan Student Centers
Associated Students

California State University, Fullerton, Inc.
Page 2

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
Titan Student Centers
Associated Students

California State University, Fullerton, Inc.
Page 3

Other Matters

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". The signature is written in a cursive, flowing style.

Guzman & Gray
Long Beach, California

RECOMMENDATIONS TO IMPROVE INTERNAL CONTROLS AND OPERATING PROCEDURES

REVIEW CONTROLS OVER ELECTRONIC TRANSFERS

During our audit we found where the individual responsible for electronic transfers between the Organizations bank accounts also appeared to have access to a screen allowing for inputting vendor information for the purposes of vendor payments. With the perpetual updating of bank software and services we recommend that the Organization periodically review internal controls over passwords and access to inappropriate screens relating to electronic payments.

PAYROLL-SUPERVISORY APPROVALS

In the past someone in a supervisory position, outside of the payroll process, would review payroll for propriety and document this review with a signature and date. During this current audit we found where this supervisory review was performed until there was turnover in this supervisory position. We recommend that someone in a supervisory capacity, outside of the payroll department, review payroll and document this review.

CREDIT CARD POLICY

Although the Organization does have a credit card policy, with the last years remodeling and moving of files, some of these records were not able to be located. We recommend that you make sure that documentation relating to acknowledgements of policies and procedures are up to date and are locatable after the remodeling and relocation of records are completed.

MINUTES

Conflict of Interest

We did not find where the board acknowledged that the conflict of interest forms had been completed. To document that the board has been made aware of conflicts we recommend that this be noted in the minutes on an annual basis.

Signing

The minutes that are posted on the website are not signed. To substantiate the authenticity we would recommend that the minutes posted be signed.

PHONE POLICY

Some employees receive a phone allowance to reimburse them for business use of their personal cell phones. We would recommend that for jobs that qualify for this reimbursement that this stipulation should be in their job description.

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