

Associated Students, Inc., California State University, Fullerton

Financial Statements and Supplemental Information

Year Ended June 30, 2020



ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, FULLERTON

Financial Statements and Supplemental Information

Year Ended June 30, 2020

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the Associated Students, Inc., California State University, Fullerton (a nonprofit organization), which are comprised of the statement of financial position as of June 30, 2020, the related statement of activities, functional expenses, and cash flows for the year 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Associated Students, Inc., California State University, Fullerton as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information included on pages 21-35 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

INDEPENDENT AUDITORS' REPORT, CONTINUED

Change in Accounting Principle

As discussed in Note 2 to the financial statements, Associated Students, Inc., California State University, Fullerton adopted Accounting Standards Update (ASU) No. ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 958) on July 1, 2019. Our opinion is not modified with respect to this matter.

As discussed in Note 2 to the financial statements, Associated Students, Inc., California State University, Fullerton adopted Accounting Standards Update (ASU) No. ASU 2017-07, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost* (Topic 715) on June 30, 2020. Our opinion is not modified with respect to this matter.

Emphasis of Matter

As described in Note 13 to the financial statements, on March 11, 2020 the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The ultimate financial impact and duration of these events cannot be reasonably estimated at this time. Our opinion is not modified with respect to this matter.

Aldrich CPAs + Advisors LLP

San Diego, California
September 17, 2020

ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, FULLERTON**Statement of Financial Position**June 30, 2020

ASSETS

Cash	\$	1,127,992
Accounts receivable, net of allowance for doubtful accounts of \$5,000		579,353
Accounts receivable, related party		422,708
Investments		11,906,894
Furniture and equipment, net of accumulated depreciation		1,023,229
Other assets		<u>55,178</u>
Total Assets	\$	<u><u>15,115,354</u></u>

LIABILITIES AND NET ASSETS

Liabilities:

Accounts payable	\$	241,980
Related party payable		531,886
Accrued expenses		1,035,282
Deferred revenue		31,775
Funds held for others		709,090
Unfunded pension obligation		8,330,527
Unfunded post-retirement liability		<u>1,999,451</u>
Total Liabilities		12,879,991

Net Assets:

Without donor restrictions:

Undesignated (See Note 8)	(510,388)
Board designated	<u>2,680,943</u>

Total Without Donor Restrictions 2,170,555

With donor restrictions:

64,808

Total Net Assets 2,235,363

Total Liabilities and Net Assets \$ 15,115,354

ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, FULLERTON**Statement of Activities**

Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support:			
Student activity fees	\$ 14,498,543	\$ -	\$ 14,498,543
In-kind contribution of facilities	6,676,714	-	6,676,714
Student center fees	1,025,797	-	1,025,797
Children's Center tuition	541,265	-	541,265
Grants and contributions	867,513	988	868,501
Administrative fees	213,026	-	213,026
Other	162,532	-	162,532
Net assets released from restrictions	11,000	(11,000)	-
Total Revenue and Support	23,996,390	(10,012)	23,986,378
Expenses:			
Program services:			
Student services	12,049,179	-	12,049,179
Student recreation center	3,195,583	-	3,195,583
Children's Center	2,861,125	-	2,861,125
Total Program Expenses	18,105,887	-	18,105,887
Supporting services - general and administrative:			
Building services	1,650,982	-	1,650,982
Public services	149,402	-	149,402
Administrative	3,922,692	-	3,922,692
Total Supporting Services	5,723,076	-	5,723,076
Total Operating Expenses	23,828,963	-	23,828,963
Change in Net Assets from Operations	167,427	(10,012)	157,415
Non-operating income (expense):			
Pension and postretirement related changes other than service cost	(773,587)	-	(773,587)
Investment income	326,213	-	326,213
Total Non-Operating Expense	(447,374)	-	(447,374)
Change in Net Assets	(279,947)	(10,012)	(289,959)
Net Assets, beginning	2,450,502	74,820	2,525,322
Net Assets, ending	\$ 2,170,555	\$ 64,808	\$ 2,235,363

See accompanying notes to financial statements.

ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, FULLERTON

Statement of Functional Expenses

Year Ended June 30, 2020

	Program Services				Supporting Services - General and Administrative			
	Student Services	Student Recreation Center	Children's Center	Total Program	Building Services	Public Services	Administrative	Total
Salaries	\$ 1,793,067	\$ 1,173,517	\$ 1,587,655	\$ 4,554,239	\$ 576,454	\$ 68,898	\$ 1,885,869	\$ 7,085,460
Employee benefits and taxes	753,900	334,942	536,686	1,625,528	461,016	4,635	839,572	2,930,751
Total Personnel	2,546,967	1,508,459	2,124,341	6,179,767	1,037,470	73,533	2,725,441	10,016,211
Awards and scholarships	2,217,797	-	-	2,217,797	-	-	78,971	2,296,768
Communications	17,461	9,483	7,872	34,816	3,548	289	20,943	59,596
Contracts and rentals	599,175	85,408	26,600	711,183	195,141	70,653	305,796	1,282,773
Depreciation	131,213	56,649	781	188,643	3,589	-	703	192,935
Dues and fees	34,714	32,576	8,475	75,765	419	1,281	170,224	247,689
In-kind rent for facilities	5,366,844	802,006	363,481	6,532,331	25,327	-	119,056	6,676,714
Insurance	55,109	65,706	4,234	125,049	785	-	77,425	203,259
Office and supplies	172,064	106,618	78,258	356,940	42,052	3,646	44,451	447,089
Other	1,736	-	-	1,736	-	-	107,279	109,015
Professional fees	450,256	309,251	100,854	860,361	8,284	-	106,231	974,876
Repairs and maintenance	20,081	38,660	112,000	170,741	329,150	-	54,619	554,510
Staff development	5,951	3,947	-	9,898	-	-	57,807	67,705
Travel	146,269	11,630	4,042	161,941	-	-	44,520	206,461
Utilities	283,542	165,190	30,187	478,919	5,217	-	9,226	493,362
Total Operating Expenses	12,049,179	3,195,583	2,861,125	18,105,887	1,650,982	149,402	3,922,692	23,828,963
Pension and postretirement related changes other than service cost	192,927	101,007	116,106	410,040	131,461	-	232,086	773,587
Total Expenses	\$ 12,242,106	\$ 3,296,590	\$ 2,977,231	\$ 18,515,927	\$ 1,782,443	\$ 149,402	\$ 4,154,778	\$ 24,602,550

See accompanying notes to financial statements.

ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, FULLERTON**Statement of Cash Flows**Year Ended June 30, 2020

Cash Flow from Operating Activities:

Change in net assets	\$ (289,959)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	192,935
Unrealized loss	31,167
Change in assets and liabilities:	
Receivables, net	(261,466)
Related party receivables	72,883
Other assets	123,525
Accounts payable	(58,089)
Related party payables	(78,761)
Accrued expenses	(85,207)
Deferred revenue	(107,777)
Funds held for others	(43,038)
Pension obligation	268,843
Unfunded post-retirement liability	<u>927,756</u>
Net Cash Provided by Operating Activities	692,812

Cash Flow from Investing Activities:

Purchase of equipment	(266,020)
Sale of investments	23,280
Purchase of investments	<u>(151,668)</u>
Net Cash Used by Investing Activities	<u>(394,408)</u>

 Net Increase in Cash 298,404

Cash, beginning 829,588

Cash, ending \$ 1,127,992

ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, FULLERTON

Notes to Financial Statements

Year Ended June 30, 2020

Note 1 - Organization

Associated Students, Inc., California State University, Fullerton (ASI), is a California public benefit corporation which is an auxiliary organization to California State University, Fullerton (University). The purpose of ASI is to further educational services and related activities of the students of the University. Student activity fees and other revenue are collected to support student-related programs and to acquire assets for the benefit of the student body. ASI consists of two departments, Associated Students and Titan Student Center.

ASI's financial statements are presented by major program activities. The major programs are:

Student Services

ASI advises, supports and oversees the functions of student government as well as a variety of student programs. Additionally, ASI plans and implements a variety of student leader development, training, and retreat programs hosted throughout the year. The Leader and Program Development (LPD) department aids student government and student leaders, including the Board of Directors, Executive Officers, the Titan Student Center Board of Trustees, and the Inter-Club Councils, in navigating their experiences in ASI and serving the students of the University.

ASI provides expertise in event and activity planning and implementation. Additionally, ASI advises student leaders on budget and finance, and monitors the campus funding/funded councils, organizations, and clubs receiving funding from ASI. ASI is also responsible for administering and overseeing a variety of programs and services, including the University recognized club offices and storage, Student Research Grants, and a legal referral services program provided by the College Legal Clinic.

Student Recreation Center

The Student Recreation Center (SRC) features a cardio floor, weight room, thirty-five-foot-high rock wall, indoor jogging track, outdoor swimming pool, and 22,000 square feet of gymnasium space. Titan Recreation, the recreational arm of ASI, offers aquatics, personal training, instructional fitness, rock climbing training, and intramural sports. With the addition of the F45 fitness classes and Outdoor Adventure programs, the SRC continues to expand to meet the needs of a growing student population.

University students who have paid the Student Center fee receive access to the SRC and all the programs offered by Titan Recreation. Memberships are also available to the rest of the campus community and alumni.

Children's Center

The Children's Center (Center) provides top-quality care and an exceptional educational program for the children of University students, faculty, and staff. It serves the fundamental purpose of making higher education accessible to student parents by offering affordable and quality child care. The Center also provides subsidized childcare for low-income students, which enables many to attend who otherwise could not afford or arrange for childcare.

Currently, the Center serves 189 children enrolled in daycare programs. The Center employs 136 University students who are all appropriately trained in early childhood education practices. Other students earn academic credit while completing internships. University faculty regularly refer students to complete projects and observations at the Center resulting in over 984 University students serving the center annually in addition to our student staff, interns, and student parents.

With University support, the Center is able to provide care to children of faculty and staff. Many of the children's parents volunteer for eight hours or more per semester. The parent volunteers provide approximately 1,200 hours of service each year.

ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, FULLERTON

Notes to Financial Statements

Year Ended June 30, 2020

Note 1 - Organization, continued

ASI's financial statements also include supporting services in the following categories:

Building Services

Provides all maintenance of ASI's three facilities and surrounding grounds as delineated in the campus agreement. The Building Engineering department is responsible for maintenance of facilities and building systems, custodial services, landscape maintenance, and leaseholder improvements. Building Engineering coordinates with University Facilities to oversee appropriate maintenance of fire/life safety systems, elevator maintenance, and access to utilities. ASI reimburses the University for any costs associated with facility maintenance, improvement, and utilities.

Public Services

ASI supports the University Arboretum which is the botanical garden located on campus, by providing financial support to employ student employees. Additionally, ASI provides programming services to external stakeholders through our summer youth camp programs as well as Camp Titan and Learn to Swim programs year-round.

General and Administrative

Administration of ASI includes oversight of all departments as well as risk management, strategic planning, assessment, and compliance with CSU and University regulations and California non-profit corporate law. ASI administration includes Human Resources, Financial Services, Building Engineering, and IT Services.

ASI and the University have entered into a Memorandum of Understanding (MOU) to provide accounting services to the Intercollegiate Athletic Program. The services provided by ASI under the terms of the agreement include, but are not limited to: NCAA audit assistance, process and issue payments for scholarships, travel, student grants, personnel expenses, and the issuance of financial reports. Funds are advanced by ASI to cover expenses and are reimbursed monthly plus a service interest fee from the campus. At the end of the fiscal year there may be a "Due from the University" balance shown on ASI's financial statements reflecting a balance owed to ASI and collected in the following fiscal year. ASI processes payments that are generated and approved by the University and Athletics, therefore ASI does not record expenses related to this activity.

ASI and the University have entered into a MOU to provide accounting services to the California State University, Fullerton's Instructionally Related Activities (IRA). The services provided by ASI under the terms of the agreement include, but are not limited to: promotional, operational, and general services and materials. Such services and materials include budget preparation and coordination, accounting services, administrative and fiscal support to IRA accounts and the University IRA Advisory Committee. It is management's belief that ASI is acting as an agent for these transactions therefore, these activities are not recorded in the statement of activities. The remaining balance of these funds is included in Funds Held for Others on the statement of financial position.

Note 2 - Summary of Significant Accounting Policies

New Accounting Pronouncement

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 958). This standard update, along with related subsequently issued updates, clarifies and improves the scope and the accounting guidance for contributions received and contributions made under US GAAP. ASI adopted FASB's Topic 958 on July 1, 2019.

Management has analyzed the provisions of the FASB's Topic 958, and has concluded that no changes are necessary to conform with the new standard.

ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, FULLERTON

Notes to Financial Statements

Year Ended June 30, 2020

Note 2 - Summary of Significant Accounting Policies, continued

New Accounting Pronouncement, continued

In March 2017, the FASB issued ASU 2017-07, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost* (Topic 715). This standard update was issued primarily to improve the presentation of net periodic pension cost and net periodic postretirement benefit cost. The amendments in this update require that an employer report the service cost component in the same line item or items as other compensation costs arising from services rendered by the pertinent employees during the period. The other components of net benefit cost are required to be presented in the statement of activities separately from the service cost component and outside a subtotal of change in net assets from operating activities, if one is presented.

Management has analyzed the provisions of the FASB's Topic 715, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*, and has adjusted the presentation of postretirement costs for the year ended June 30, 2020 to present service cost as a portion of employee benefits and taxes expense and all other components as pension and postretirement related changes other than service cost, as shown in the statement of function expenses.

Given ASI participates in a cost-sharing, multiple employer pension plan, the service cost per participating organization is not provided and therefore cannot be disclosed. Management has included all contributions to the pension plan in employee benefits and taxes and all other pension related costs are included in pension and postretirement related changes other than service cost, as shown in the statement of function expenses, for the year ended June 30, 2020.

Basis of Presentation

The financial statements of ASI have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP), which requires ASI to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of ASI. These net assets may be used at the discretion of ASI's management and the board of directors.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of ASI or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. ASI did not have any donor restrictions that were perpetual in nature for the year ended June 30, 2020.

Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value of Financial Instruments

ASI's financial instruments, none of which are held for trading purposes, include cash, receivables, and accounts payable. ASI estimates that the fair value of all of these nonderivative financial instruments at June 30, 2020 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position.

Accounts Receivable

Account receivables are stated at unpaid balances, less an allowance for doubtful accounts. ASI provides for losses on account receivables using the allowance method. The allowance is based on the length of time the receivable has been outstanding and management's estimate of collectability.

ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, FULLERTON

Notes to Financial Statements

Year Ended June 30, 2020

Note 2 - Summary of Significant Accounting Policies, continued

Investment Valuation and Income Recognition

ASI's investments are stated at fair value in the statement of financial position, with all gains and losses included in the statement of activities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the statement of financial position date. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Realized gains or losses on the sale of marketable securities are calculated using the specific-identification method. Unrealized gains and losses represent the change in the fair value of the individual investments for the year, or since the acquisition date, if acquired during the year.

Furniture and Equipment

Legal title to the Titan Student Union building, Recreational Center, and Children's Center building are retained by the California State University Board of Trustees. Initial furnishings and equipment were purchased by the University. Accordingly, the related assets and liabilities are excluded from ASI's financial statements. Any purchases following the opening that are for building or building improvements are paid for by ASI and subsequently transferred to the University for capitalization according to the University policy. Any purchases of equipment or furniture are purchased by ASI and recorded as furniture and equipment on ASI's financial statement according to ASI's capitalization policy.

ASI capitalizes all furniture and equipment with a normal useful life of at least one year and costing \$5,000 or more if purchased, or at fair value as of the date of receipt, if donated. Depreciation is provided for using the straight-line method over the estimated useful lives of the assets, which range from three to twenty years. Repairs and maintenance expenses are capitalized if they extend the useful life or enhance the value of the asset and are over \$5,000.

Funds Held for Others

Funds held for others consists of amounts that are included in cash and investments of ASI but belong to other related organizations. The amounts are reported as an asset and a liability for the same amount. No revenue or expenses are recognized for these activities.

Revenue Recognition

Student activity fees – Students are required to pay an Associated Student Body (ASB) fee each semester. Of these fees, specific amounts are designated for Associated Students, the Titan Student Center, and Athletics. The ASB fees are recognized as revenue when they are received from the University, net of any University fees and bond payments. 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 assets. The remaining funds are available for use in the operations of ASI. Any fees that are received in advance of the school year are recorded as deferred revenue.

In-kind contribution of facilities – As noted in Note 10, ASI is provided the use of the Titan Student Union, Recreation Center, and Children's Center at no cost. US GAAP requires an estimate of the value of the space contributed to ASI be recorded as revenue and expense. The amount recorded was based on the total square footage of each facility and a cost per square foot estimate.

Grants and Contributions – Grant revenue is recognized in the period in which the related work is performed in accordance with the terms of the grant. Grants receivable are recorded when revenue earned under a grant or contract exceeds the cash received. Deferred revenue is recorded when cash received under a grant or contract exceeds the revenue earned. No allowance for doubtful accounts has been recorded as management believes that all amounts are collectible.

ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, FULLERTON

Notes to Financial Statements

Year Ended June 30, 2020

Note 2 - Summary of Significant Accounting Policies, continued

Revenue Recognition, continued

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Functional Expense Allocations

The cost of providing program and other activities has been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefitted. Such allocations are determined by management on an equitable basis. All other expenses are directly charged to the programs or support services benefitted.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and benefits	Time and effort
Pension benefits	Full time salaries
Insurance and utilities	Square footage
Depreciation	Function usage
Custodial services (included in Professional Fees)	Square footage

Income Taxes

ASI is a qualified nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. However, ASI remains subject to taxes on any net income, which is derived from a trade or business regularly carried on and unrelated to its exempt purpose.

ASI follows accounting standards generally accepted in the United States of America related to the recognition of uncertain tax positions. ASI recognizes accrued interest and penalties associated with uncertain tax positions as part of the statement of activities, when applicable. Management has determined that ASI has no uncertain tax positions at June 30, 2020 and therefore, no amounts have been accrued.

Subsequent Events

ASI has evaluated subsequent events through September 17, 2020, which is the date the financial statements were available to be issued.

ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, FULLERTON

Notes to Financial Statements

Year Ended June 30, 2020

Note 3 - Liquidity and Availability

The following reflects ASI's financial assets at June 30, 2020, less amounts not available for general use due to donor or board restrictions.

Financial assets at year end:

Cash	\$ 1,127,992
Accounts receivable	1,002,061
Investments	<u>11,906,894</u>
Total financial assets	14,036,947

Less amounts not available for general use:

Donor restricted for non-operating purposes	(64,808)
IRA receivables	(540,695)
Board designated funds	<u>(2,680,943)</u>

Financial assets available to meet cash needs for general expenditures within one year

\$ 10,750,501

ASI reserve funds are maintained to address the long-term financial needs of the organization and include Undesignated, Children Center, Working Capital, and Restricted (Scholarships) Funds. In addition, ASI continues to meet the need to fund ASI's unfunded pension obligations through the maintenance of the reserve funds. ASI has a goal to have the working capital reserve fund balance equal to 15% of the operating budget. These funds can be re-designated upon the approval of the board of directors should the funds be needed for other purposes. There are also funds held by the University that can be used for repairs and maintenance of ASI's facilities.

Note 4 - Investments

Fair Value Measurements

ASI defines fair value as the exchange price that would be received for an asset or paid for a liability in the principal or most advantageous market. ASI applies fair value measurements to assets and liabilities that are required to be recorded at fair value under generally accepted accounting principles. Fair value measurement techniques maximize the use of observable inputs and minimize the use of unobservable inputs, and are categorized in a fair value hierarchy based on the transparency of inputs. The three levels are defined as follows:

Level 1 - Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the same term of the financial instrument.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

As a practical expedient, certain financial instruments may be valued using net asset value (NAV) per share. NAV is the amount of net assets attributable to each share of outstanding capital stock at the end of the period.

ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, FULLERTON

Notes to Financial Statements

Year Ended June 30, 2020

Note 4 - Investments, continued

Following is a description of the valuation methodologies used for assets measured at fair value:

Local Agency Investment Fund (LAIF) – Invested with the State of California which pools these funds with other governmental agencies and invests in various investment vehicles. These pooled funds approximate fair value and are carried at net asset value. Regulatory oversight is provided by the State Pooled Money Investment Board and the Local Investment Advisory Board.

Cash and Equivalents – Includes cash and money market funds valued at cost plus accrued interest.

Mutual Funds – Valued at quoted market prices in active markets, which approximates fair value.

Fixed Income – Valued at cost plus interest, which approximates fair value.

	Assets at Fair Value as of June 30, 2020				
	Level 1	Level 2	Level 3	NAV	Total
Cash and cash equivalents	\$ 257,744	\$ -	\$ -	\$ -	257,744
Fixed income:					
U.S. government and agency bonds	676,572	-	-	-	676,572
Municipal bonds	26,268	-	-	-	26,268
Corporate bonds	370,384	-	-	-	370,384
Foreign bonds	95,413	-	-	-	95,413
Equities:					
Technology	426,228	-	-	-	426,228
Healthcare	279,214	-	-	-	279,214
Communication services	231,571	-	-	-	231,571
Financial	170,294	-	-	-	170,294
Industrial	151,255	-	-	-	151,255
Consumer staples	138,664	-	-	-	138,664
Consumer discretionary	72,179	-	-	-	72,179
Utilities	67,275	-	-	-	67,275
Other	49,200	-	-	-	49,200
Mutual funds:					
Large blend	306,239	-	-	-	306,239
Money market fund	10,627	-	-	-	10,627
LAIF	-	-	-	8,577,767	8,577,767
	<u>\$ 3,329,127</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,577,767</u>	<u>\$ 11,906,894</u>

Commitments and redemption schedules for those investments' value based on net assets are as follows:

Description	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice
Local Agency Investment Fund	\$ 8,577,767	\$ -	n/a	n/a

ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, FULLERTON

Notes to Financial Statements

Year Ended June 30, 2020

Note 5 - Furniture and Equipment

The following is a summary of furniture and equipment as of June 30, 2020:

Furniture and equipment	\$ 3,070,979
Less accumulated depreciation	<u>(2,047,750)</u>
	<u>\$ 1,023,229</u>

Note 6 - Pension Plan

ASI participates in a cost sharing multiple-employer defined benefit plan through the California Public Employees' Retirement System (CalPERS), which covers substantially all regular full-time employees of ASI. CalPERS acts as a common investment and administrative agent for participating public entities with the state of California and reports information to ASI.

CalPERS released information providing ASI with a net pension liability measured as of June 30, 2019. This estimate was used to record the unfunded liability at June 30, 2020.

Qualified employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Plan under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The Public Agency Cost-Sharing Multiple-Employer Plan is comprised of a Miscellaneous Risk Pool and a Safety Risk Pool. Individual employers may sponsor more than one Miscellaneous or Safety plan. ASI sponsors three Miscellaneous Risk Pool plans, however, the information presented represents the sum of the allocated pension amounts for each of ASI's respective plans (the Plan). The Plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

Benefits Provided

The Plan provides service retirement and disability benefits, annual cost of living adjustments and death benefits to eligible plan members. Benefits are based on years of service credit, a benefit factor and the member's final compensation. All members are eligible for employment related disability benefits regardless of length of service and non-duty disability benefits after 5 years of service. Disability benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. The Post-Retirement Death Benefit is a one-time payment made to a retiree's designated survivor or estate upon the retiree's death. The Basic Death Benefit is a lump sum paid to any member's beneficiary if the member dies while actively employed. The spouse or registered domestic partner of a deceased member, who was eligible to retire for service at the time of death, may elect to receive the Pre-Retirement Option 2W Death Benefit in lieu of the Basic Death Benefit lump sum. The Pre-Retirement Option 2W Death Benefit is a monthly allowance equal to the amount the member would have received if he/she had retired for service on the date of death and elected Option 2W, the highest monthly allowance a member can leave a spouse or domestic partner. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The First Tier Plan closed to new entrants on or after June 26, 2011. The Second Tier Plan was closed to new entrants on or after December 31, 2012.

ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, FULLERTON

Notes to Financial Statements

Year Ended June 30, 2020

Note 6 - Pension Plan, continued

The Plan provisions and benefits in effect at June 30, 2020, are summarized as follows:

	Miscellaneous Risk Pool		
	First Tier Plan	Second Tier Plan	PEPRA Misc. Plan
Hire date	On or before June 25, 2011	June 26, 2011 - December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 55	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	55	60	62
Required employee contribution rate	5.000%	5.000%	7.000%
Required employer contribution rate	13.381%	11.668%	7.831%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are determined annually through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

ASI is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2020 are presented above and the total ASI contributions were \$713,984, which are not included in the unfunded liability as they were made after the valuation date.

Pension Liabilities and Pension Expense

As of June 30, 2020, ASI reported net pension liabilities totaling \$8,330,527. The net pension liability was measured as of June 30, 2019. ASI's net pension liability was based on a projection of ASI's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019 ASI's proportion was 0.13%.

Actuarial Methods and Assumptions

The collective total pension liability for the June 30, 2019 measurement period was determined by an actuarial valuation as of June 30, 2018. The June 30, 2018 total pension liability was based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount rate	7.00%
Consumer price inflation	2.50%
Salary increases	Varies by Entry Age and Service
Mortality rate table	Derived using CalPERS' Membership Data for all Funds

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS experience study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include 15 years of mortality improvement using Scale BB published by the Society of Actuaries.

ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, FULLERTON

Notes to Financial Statements

Year Ended June 30, 2020

Note 6 - Pension Plan, continued

In determining the long-term expected rate of return, CalPERS considered both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The target allocation and best estimates of long-term expected real rate of return by asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Real Return Years 1-10	Real Return Years 10+
Global equity	50%	4.80%	5.98%
Fixed income	28%	1.00%	2.62%
Inflation assets	0%	0.77%	1.81%
Private equity	8%	6.30%	7.23%
Real assets	13%	3.75%	4.93%
Liquidity	1%	0.00%	-0.92%

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

The following presents ASI's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% decrease (6.00%)	\$ 11,991,583
Current discount rate (7.00%)	\$ 8,330,527
1% increase (8.00%)	\$ 5,322,281

Plan Fiduciary Net Position

Detailed information about CalPERS Miscellaneous Risk Plan fiduciary net position is available in a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, FULLERTON

Notes to Financial Statements

Year Ended June 30, 2020

Note 7 - Post Retirement Health Benefit Plan

In addition to providing pension benefits, ASI sponsors a defined benefit postretirement medical plan. Employees are eligible for certain medical benefits under the plan if they meet certain age and service requirements at the time of retirement. ASI accrues actuarially determined costs ratably to the date an employee becomes eligible for such benefits. The following tables set forth further information about ASI's postretirement health benefit plan obligation and funded status as of June 30, 2020.

Projected benefit obligation at June 30, 2020	\$ (6,429,583)
Plan assets at fair value at June 30, 2020	<u>4,430,132</u>
Funded status at end of year	<u>\$ (1,999,451)</u>
Employer contributions	<u>\$ -</u>
Benefits paid	<u>\$ (246,927)</u>
Postretirement benefit payable	<u>\$ 1,999,451</u>

Amounts recognized in the statement of activities at June 30, 2020 consist of:

Service cost	\$ 296,762
Interest cost	189,486
Actuarial gain	641,218
Asset return	<u>(199,710)</u>
	<u>\$ 927,756</u>

The components of net periodic postretirement benefit cost other than the service cost component are included in the line item pension and postretirement related changes other than service cost in the statement of activities and functional expenses.

Discount rate	2.50%
Expected long-term return on plan assets	6.00%
Rate of compensation	N/A
Health care cost trend rate assumed for next year	2.00%
Rate to which the cost trend rate is assumed to decline (ultimate trend rate)	0.40%
Year that the rate reaches the ultimate trend rate	2025

ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, FULLERTON

Notes to Financial Statements

Year Ended June 30, 2020

Note 7 - Post Retirement Health Benefit Plan, continued

Expected future benefit payments expected to be paid during the year ending June 30:

June 30,	
2021	\$ 273,116
2022	291,696
2023	295,078
2024	296,926
2025	303,741
2026	310,605
2027	310,176
2028	295,740
2029	294,302
2030	302,397

The following presents ASI's accrued postretirement benefit obligation calculated using the current medical cost trend rate as well as what the accrued postretirement benefit obligation would be if it were calculated using a rate that is one percent lower or higher than the current rate:

Discount Rate	Projected Benefit Obligation
1% decrease (1.50%)	\$ (6,285,286)
Current discount rate (2.50%)	\$ (6,429,583)
1% increase (3.50%)	\$ (6,576,977)

Note 8 - Net Assets

Included in ASI's net assets without donor restrictions are board designated reserve funds. Reserve funds are accounts that have been created by the board of directors for specific purposes.

The following are net assets without donor restrictions that are reserved for a specific purpose by the Board of Directors as of June 30, 2020:

Children's Center Building Fund	\$ 2,000,000
Working Capital Reserve	680,943
Total Designations	\$ <u>2,680,943</u>

The Children's Center Building Fund was established by ASI's Board of Directors to address the future repairs and equipment replacement needs of the Children's Center. Funds in this reserve are invested according to ASI policy and governed by ASI's Board of Directors and Investment Committee. The minimum fund balance is set at \$2,000,000.

The Board of Directors and management have established a working capital reserve fund that has been built up over prior years. As of June 30, 2020, this has resulted in a deficit balance in undesignated net assets. Management and the Board of Directors are re-evaluating their reserve policy and will be addressing this in the coming year.

ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, FULLERTON

Notes to Financial Statements

Year Ended June 30, 2020

Note 8 - Net Assets, continued

Net assets with donor restrictions consist of contributions that have been restricted to the following purposes as of June 30, 2020:

Camp Titan	\$	31,303
Scholarships		28,432
Children's Center		5,073
	\$	<u>64,808</u>

Note 9 - Related Parties

ASI entered into transactions during the fiscal year with the University, which is considered a related party. Total receipts, disbursements, receivables, and payables for these activities for the year ended June 30, 2020 were:

<u>Related Party</u>	<u>Description</u>	
Revenues from:		
University	Services, space, and programs	\$ <u>2,542,157</u>
CSU Fullerton Auxiliary Services Corporation	Rent and commissions	\$ <u>108,006</u>
Expenses to:		
University	Salaries of University personnel	\$ 353,464
University	Other than salaries	<u>1,321,938</u>
		\$ <u>1,675,402</u>
Transfers to University for IRA		\$ <u>751,737</u>
Due from:		
CSU Fullerton Auxiliary Services Corporation	Various services	\$ 110,353
University	Various services	<u>312,355</u>
		\$ <u>422,708</u>
Due to:		
University	IRA activities	\$ 238,423
University	Various services	<u>293,463</u>
		\$ <u>531,886</u>

Any difference in receivables and payables balances between ASI and the University's independent accounting records are a result of timing differences.

ASI has entered into a contractual agreement with the University to provide promotional, operational, and general services and materials for IRA accounts. Such services and materials include budget preparation and coordination, accounting services, administrative and fiscal support to IRA and the campus IRA Advisory Committee. ASI receives an administrative fee from the University for managing the IRA funds. For the year ended June 30, 2020 this fee was \$213,026 and is included in the statement of activities.

ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, FULLERTON

Notes to Financial Statements

Year Ended June 30, 2020

Note 10 - Commitments and Contingencies

ASI leases the Titan Student Union, Student Recreation Center, and the Children's Center facilities from the University and acts as its operator under a lease in effect through June 30, 2025. Rent is not charged to ASI and ASI reimburses the University for utilities and certain other costs. ASI will also pay for building maintenance and improvements which are expensed as assets transferred to campus in the statement of activities.

From time to time, ASI becomes involved in legal proceedings incidental to ASI. If and when a loss is deemed probable and reasonably estimable, ASI records the liability or expense in the financial statements.

Note 11 - Lease Receivable

ASI leases space to ASC, banks for ATMs, and to Amazon for its lockers. The leases generate approximately \$7,750 in lease revenue per month and expire on dates ranging from 2020 through 2025.

Note 12 - Concentration of Credit Risk

ASI maintains bank accounts which may, at times, exceed depository insurance limits and therefore expose ASI to credit risk. ASI maintains its cash in bank deposit accounts that are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000 per depositor. ASI monitors the cash balances regularly and evaluates the risk due to balances in excess of insurance limits.

ASI is exposed to credit loss for the amount of investments in the event of nonperformance by LAIF or the state investment pools. However, management of ASI does not anticipate nonperformance by LAIF or the state investment pools. In accordance with ASI's cash management policy, all excess cash is invested in LAIF or state investment pools.

ASI has some exposure to investment risk, including interest rate, market, and credit risk for both marketable and non-marketable securities. Due to the level of risk exposure, it is possible that near-term valuation changes for investment securities may occur to an extent that could materially affect the amounts reported in the accompanying financial statements.

Note 13 - Economic Uncertainty

In December 2019, a novel strain of coronavirus (COVID-19) was reported in Wuhan, China. On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses and shelter in place orders.

Due to the pandemic, California State University, Fullerton moved to virtual instruction and operations effective March 15, 2020. Associated Students complied by ceasing on-campus onsite operations for the ASI Children's Center, Student Recreation Center, and Titan Student Union, resulting in unrealized revenue in each area totaling approximately \$249,000. The loss of income was predominantly offset by a reduction in program expenses. In addition, the majority of part-time student employees were furloughed at the end of the Spring 2020 semester.

While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of business closures, shelter-in-place orders, and the ultimate impact of the CARES Act and other governmental initiatives. It is at least reasonably possible that this matter will negatively impact ASI. However, the future financial impact and duration cannot be reasonably estimated at this time.

SUPPLEMENTAL INFORMATION

ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, FULLERTON

Schedule of Financial Position by Unit

June 30, 2020

ASSETS	ASI	Titan Student Center	IRA	Eliminations	Total
Cash	\$ 996,172	\$ 131,820	\$ -	\$ -	\$ 1,127,992
Accounts receivable, net	106,012	53,001	420,340	-	579,353
Interfund receivables	151,880	125,807	-	(277,687)	-
Related party receivables	242,981	59,372	120,355	-	422,708
Investments	8,329,036	3,577,858	-	-	11,906,894
Furniture and equipment, net	71,347	951,882	-	-	1,023,229
Other assets	20,898	34,280	-	-	55,178
Total Assets	\$ 9,918,326	\$ 4,934,020	\$ 540,695	\$ (277,687)	\$ 15,115,354
LIABILITIES AND NET ASSETS					
Liabilities:					
Accounts payable	\$ 59,841	\$ 96,975	\$ 85,164	\$ -	\$ 241,980
Interfund payable	125,807	-	151,880	(277,687)	-
Related party payable	293,463	-	238,423	-	531,886
Accrued expenses	507,861	527,421	-	-	1,035,282
Deferred revenue	31,775	-	-	-	31,775
Funds held for others	643,862	-	65,228	-	709,090
Unfunded pension obligation	3,674,698	4,655,829	-	-	8,330,527
Unfunded post-retirement liability	1,286,545	712,906	-	-	1,999,451
Total Liabilities	6,623,852	5,993,131	540,695	(277,687)	12,879,991
Net Assets:					
Without donor restrictions:					
Undesignated	548,723	(1,059,111)	-	-	(510,388)
Board designated	2,680,943	-	-	-	2,680,943
Total Without Donor Restrictions	3,229,666	(1,059,111)	-	-	2,170,555
With donor restrictions:					
	64,808	-	-	-	64,808
Total Net Assets	3,294,474	(1,059,111)	-	-	2,235,363
Total Liabilities and Net Assets	\$ 9,918,326	\$ 4,934,020	\$ 540,695	\$ (277,687)	\$ 15,115,354

See independent auditors' report.

ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, FULLERTON

Schedule of Activities by Unit

Year Ended June 30, 2020

	ASI	Titan Student Center	Eliminations	Total
Revenue and Support:				
Student activity fees	\$ 6,328,983	\$ 8,169,560	\$ -	\$ 14,498,543
In-kind contribution of facilities	4,508,470	2,168,244	-	6,676,714
Student center fees	-	1,196,817	(171,020)	1,025,797
Children's Center tuition	541,265	-	-	541,265
Grants and contributions	868,501	-	-	868,501
Administrative fees	1,937,325	-	(1,724,299)	213,026
Other	109,957	52,575	-	162,532
Total Revenue and Support	14,294,501	11,587,196	(1,895,319)	23,986,378
Expenses:				
Program services:				
Student services	7,927,386	4,121,793	-	12,049,179
Student recreation center	-	3,195,583	-	3,195,583
Children's Center	2,861,125	-	-	2,861,125
Total Program Expenses	10,788,511	7,317,376	-	18,105,887
Supporting services:				
Building services	-	1,822,002	(171,020)	1,650,982
Public services	51,248	98,154	-	149,402
General and administrative	3,181,931	2,465,060	(1,724,299)	3,922,692
Total Supporting Services	3,233,179	4,385,216	(1,895,319)	5,723,076
Total Operating Expenses	14,021,690	11,702,592	(1,895,319)	23,828,963
Change in Net Assets from Operations	272,811	(115,396)	-	157,415
Non-Operating Income (Expense):				
Pension and postretirement related changes other than service cost	(336,538)	(437,049)	-	(773,587)
Investment income	255,288	70,925	-	326,213
Total Non-Operating Expense	(81,250)	(366,124)	-	(447,374)
Change in Net Assets	191,561	(481,520)	-	(289,959)
Net Assets, beginning	3,102,913	(577,591)	-	2,525,322
Net Assets, ending	\$ 3,294,474	\$ (1,059,111)	\$ -	\$ 2,235,363

See independent auditors' report.

ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, FULLERTON

Schedule of Net Position

June 30, 2020

(for inclusion in the California State University)

Assets:

Current assets:

Cash and cash equivalents	1,127,992
Short-term investments	9,906,894
Accounts receivable, net	1,002,061
Capital lease receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	-
Prepaid expenses and other current assets	55,178
Total current assets	12,092,125

Noncurrent assets:

Restricted cash and cash equivalents	-
Accounts receivable, net	-
Capital lease receivable, net of current portion	-
Notes receivable, net of current portion	-
Student loans receivable, net	-
Pledges receivable, net	-
Endowment investments	-
Other long-term investments	2,000,000
Capital assets, net	1,023,229
Other assets	-
Total noncurrent assets	3,023,229
Total assets	15,115,354

Deferred outflows of resources:

Unamortized loss on debt refunding	-
Net pension liability	-
Net OPEB liability	-
Others	-
Total deferred outflows of resources	-

ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, FULLERTON

Schedule of Net Position

June 30, 2020

(for inclusion in the California State University)

Liabilities:

Current liabilities:

Accounts payable	773,866
Accrued salaries and benefits	160,816
Accrued compensated absences, current portion	329,411
Unearned revenues	31,775
Capital lease obligations, current portion	-
Long-term debt obligations, current portion	-
Claims liability for losses and loss adjustment expenses, current portion	-
Depository accounts	-
Other liabilities	338,700
Total current liabilities	1,634,568

Noncurrent liabilities:

Accrued compensated absences, net of current portion	206,355
Unearned revenues	-
Grants refundable	-
Capital 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	709,090
Net other postemployment benefits liability	1,999,451
Net pension liability	8,330,527
Other liabilities	-
Total noncurrent liabilities	11,245,423
Total liabilities	12,879,991

Deferred inflows of resources:

Service concession arrangements	-
Net pension liability	-
Net OPEB liability	-
Unamortized gain on debt refunding	-
Nonexchange transactions	-
Others	-
Total deferred inflows of resources	-

Net position:

Net investment in capital assets	1,023,229
Restricted for:	
Nonexpendable – endowments	-
Expendable:	
Scholarships and fellowships	64,808
Research	-
Loans	-
Capital projects	-
Debt service	-
Others	-
Unrestricted	1,147,326
Total net position	2,235,363

ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, FULLERTON

Schedule of Revenues, Expenses, and Changes in Net Position

June 30, 2020

(for inclusion in the California State University)

Revenues:	
Operating revenues:	
Student tuition and fees, gross	14,498,543
Scholarship allowances (enter as negative)	-
Grants and contracts, noncapital:	
Federal	-
State	729,776
Local	12,427
Nongovernmental	126,298
Sales and services of educational activities	-
Sales and services of auxiliary enterprises, gross	1,567,062
Scholarship allowances (enter as negative)	-
Other operating revenues	7,052,272
Total operating revenues	23,986,378
Expenses:	
Operating expenses:	
Instruction	-
Research	-
Public service	149,402
Academic support	-
Student services	9,700,169
Institutional support	-
Operation and maintenance of plant	1,647,393
Student grants and scholarships	2,296,768
Auxiliary enterprise expenses	9,842,296
Depreciation and amortization	192,935
Total operating expenses	23,828,963
Operating income (loss)	157,415
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	326,213
Endowment income (loss), net	-
Interest expense	-
Other nonoperating revenues (expenses) - excl. interagency transfers	(773,587)
Net nonoperating revenues (expenses)	(447,374)
Income (loss) before other revenues (expenses)	(289,959)
State appropriations, capital	-
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	-
Increase (decrease) in net position	(289,959)
Net position:	
Net position at beginning of year, as previously reported	2,525,322
Restatements	-
Net position at beginning of year, as restated	2,525,322
Net position at end of year	2,235,363

ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, FULLERTON

Other Information

Year Ended June 30, 2020

(for inclusion in the California State University)

1 Cash and cash equivalents:

Portion of restricted cash and cash equivalents related to endowments

\$ -

All other restricted cash and cash equivalents

-

Noncurrent restricted cash and cash equivalents

-

Current cash and cash equivalents

1,127,992

Total

\$ 1,127,992

ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, FULLERTON

Other Information

Year Ended June 30, 2020

(for inclusion in the California State University)

2.1 Composition of investments:

Investment Type	Current	Noncurrent	Fair Value
Money market funds	\$ 257,744		257,744.00
Repurchase agreements			-
Certificates of deposit			-
U.S. agency securities	676,572		676,572
U.S. treasury securities			-
Municipal bonds	26,268		26,268
Corporate bonds	370,384		370,384
Asset backed securities			-
Mortgage backed securities			-
Commercial paper			-
Mutual funds	316,866		316,866
Exchange traded funds			-
Equity securities	1,585,880		1,585,880
Alternative investments:			
Private equity (including limited partnerships)			-
Hedge funds			-
Managed futures			-
Real estate investments (including REITs)			-
Commodities			-
Derivatives			-
Other alternative investment			-
Other external investment pools			-
CSU Consolidated Investment Pool (formerly SWIFT)			-
State of California Local Agency Investment Fund (LAIF)	6,577,767	2,000,000	8,577,767
State of California Surplus Money Investment Fund (SMIF)			-
Other investments:			
Foreign bonds	95,413		95,413
			-
			-
			-
			-
Total Other investments	95,413	-	95,413
Total investments	9,906,894	2,000,000	11,906,894
Less endowment investments (enter as negative number)			-
Total investments, net of endowments	\$ 9,906,894	2,000,000	11,906,894

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2.2 Fair value hierarchy in investments:

Investment Type	Fair Value	Quoted Prices in	Significant Other	Significant	Net Asset Value (NAV)
		Active Markets for Identical Assets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	
Money market funds	\$ 257,744	257,744			
Repurchase agreements	-	-			
Certificates of deposit	-	-			
U.S. agency securities	676,572	676,572			
U.S. treasury securities	-	-			
Municipal bonds	26,268	26,268			
Corporate bonds	370,384	370,384			
Asset backed securities	-	-			
Mortgage backed securities	-	-			
Commercial paper	-	-			
Mutual funds	316,866	316,866			
Exchange traded funds	-	-			
Equity securities	1,585,880	1,585,880			
Alternative investments:					
Private equity (including limited partnerships)	-	-			
Hedge funds	-	-			
Managed futures	-	-			
Real estate investments (including REITs)	-	-			
Commodities	-	-			
Derivatives	-	-			
Other alternative investment	-	-			
Other external investment pools	-	-			
CSU Consolidated Investment Pool (formerly SWIFT)	-	-			
State of California Local Agency Investment Fund (LAIF)	8,577,767				8,577,767
State of California Surplus Money Investment Fund (SMIF)	-				
Other investments:					
Foreign bonds	95,413	95,413			
	-				
	-				
	-				
	-				
Total Other investments	\$ 95,413	95,413	-	-	-
Total investments	11,906,894	3,329,127	-	-	8,577,767

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2.3 Investments held by the University under contractual agreements:

Instruction: Amounts should agree with University's investments held on behalf of Discretely Presented Component Units.

	Current	Noncurrent	Total
Investments held by the University under contractual agreements e.g. - CSU Consolidated Investment Pool (formerly SWIFT):			\$ -

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3.1 Composition of capital assets:

	Balance June 30, 2019	Reclassif- ications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2019 (Restated)	Additions	Retirements	Transfer of completed CWIP/PWIP	Balance June 30, 2020
Non-depreciable/Non-amortizable 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					-				-
Intangible assets in progress (PWIP)					-				-
Licenses and permits					-				-
Other intangible assets:									
					-				-
Total Other intangible assets	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total non-depreciable/non-amortizable capital assets	\$ -	-	-	-	\$ -	-	-	-	\$ -
Depreciable/Amortizable capital assets:									
Buildings and building improvements					-				-
Improvements, other than buildings					-				-
Infrastructure					-				-
Leasehold improvements					-				-
Personal property:									
Equipment	2,804,959				2,804,959	266,020			3,070,979
Library books and materials					-				-
Intangible assets:									
Software and websites					-				-
Rights and easements					-				-
Patents, copyrights and trademarks					-				-
Licenses and permits					-				-
Other intangible assets:									
					-				-
Total Other intangible assets:	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total depreciable/amortizable capital assets	2,804,959	-	-	-	2,804,959	266,020	-	-	3,070,979
Total capital assets	\$ 2,804,959	-	-	-	\$ 2,804,959	266,020.0	-	-	\$ 3,070,979

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Less accumulated depreciation/amortization: (enter as negative number, except for reductions enter as positive number)

Buildings and building improvements		-		-
Improvements, other than buildings		-		-
Infrastructure		-		-
Leasehold improvements		-		-
Personal property:				
Equipment	(1,854,815)	(1,854,815)	(192,935)	(2,047,750)
Library books and materials		-		-
Intangible assets:				
Software and websites		-		-
Rights and easements		-		-
Patents, copyrights and trademarks		-		-
Licenses and permits		-		-
Other intangible assets:		-		-
Total Other intangible assets:	-	-	-	-
Total intangible assets	-	-	-	-
Total accumulated depreciation/amortization	(1,854,815)	(1,854,815)	(192,935)	(2,047,750)
Total capital assets, net	\$ 950,144	-	-	\$ 950,144 73,085

3.2 Detail of depreciation and amortization expense:

Depreciation and amortization expense related to capital assets	\$ 192,935
Amortization expense related to other assets	
Total depreciation and amortization	\$ 192,935

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4 Long-term liabilities:

	Balance June 30, 2019	Prior Period Adjustments/ Reclassifications	Balance June 30, 2019 (Restated)	Additions	Reductions	Balance June 30, 2020	Current Portion	Noncurrent Portion
1. Accrued compensated absences	\$ 463,107		463,107	320,178	(247,519)	\$ 535,766	\$ 329,411	\$ 206,355
2. Claims liability for losses and loss adjustment expenses	-		-			-		-
3. Capital lease obligations:								
Gross balance	-		-			-	-	-
Unamortized net premium/(discount)	-		-			-	-	-
Total capital lease obligations	\$ -	-	-	-	-	-	-	-
4. Long-term debt obligations:								
4.1 Auxiliary revenue bonds (non-SRB related)	\$ -		-			\$ -	-	-
4.2 Commercial paper	-		-			-	-	-
4.3 Notes payable (SRB related)	-		-			-	-	-
4.4 Others:								
	-		-			-	-	-
	-		-			-	-	-
	-		-			-	-	-
	-		-			-	-	-
Total others	-	-	-	-	-	-	-	-
Sub-total long-term debt	\$ -	-	-	-	-	\$ -	-	-
4.5 Unamortized net bond premium/(discount)	-		-			-	-	-
Total long-term debt obligations	-	-	-	-	-	-	-	-
Total long-term liabilities	\$ 463,107	-	463,107	320,178	(247,519)	\$ 535,766	329,411	\$ 206,355

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5 Capital lease obligations schedule:

	Capital lease obligations related to SRB			All other capital lease obligations			Total capital lease 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:									
2021			-			-	-	-	-
2022			-			-	-	-	-
2023			-			-	-	-	-
2024			-			-	-	-	-
2025			-			-	-	-	-
2026 - 2030			-			-	-	-	-
2031 - 2035			-			-	-	-	-
2036 - 2040			-			-	-	-	-
2041 - 2045			-			-	-	-	-
2046 - 2050			-			-	-	-	-
Thereafter			-			-	-	-	-
Total minimum lease payments	\$	-	-	-	-	-	-	-	-
Less: amounts representing interest									-
Present value of future minimum lease payments									-
Unamortized net premium/(discount)									-
Total capital lease obligations									-
Less: current portion									-
Capital lease obligations, net of current portion									\$ -

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6 Long-term debt obligations schedule:

	Auxiliary revenue bonds (non-SRB related)			All other long-term debt obligations			Total long-term debt obligations		
	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest
Year ending June 30:									
2021			-			-	-	-	-
2022			-			-	-	-	-
2023			-			-	-	-	-
2024			-			-	-	-	-
2025			-			-	-	-	-
2026 - 2030			-			-	-	-	-
2031 - 2035			-			-	-	-	-
2036 - 2040			-			-	-	-	-
2041 - 2045			-			-	-	-	-
2046 - 2050			-			-	-	-	-
Thereafter			-			-	-	-	-
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 Transactions with related entities:

Payments to University for salaries of University personnel working on contracts, grants, and other programs	353,464
Payments to University for other than salaries of University personnel	1,321,938
Payments received from University for services, space, and programs	2,542,157
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)	(531,886)
Other amounts (payable to) University (enter as negative number)	-
Accounts receivable from University (enter as positive number)	312,355
Other amounts receivable from University (enter as positive number)	-

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8 Restatements

Provide a detailed breakdown of the journal entries (at the financial statement line items level) booked to record each restatement:

	Debit/(Credit)
Restatement #1	-
Restatement #2	-

9 Natural classifications of operating expenses:

	Salaries	Benefits - Other	Benefits - Pension	Benefits - OPEB	Scholarships and	Supplies and other	Depreciation and	Total operating
Instruction	-	-	-	-		-		-
Research	-	-	-	-		-		-
Public service	68,898	4,635	-	-		75,869		149,402
Academic support	-	-	-	-		-		-
Student services	1,793,067	498,964	176,446	78,490		7,153,202		9,700,169
Institutional support	-	-	-	-		-		-
Operation and maintenance of plant	576,454	284,972	118,915	57,129		609,923		1,647,393
Student grants and scholarships					2,296,768			2,296,768
Auxiliary enterprise expenses	4,647,041	1,131,434	418,623	161,143		3,484,055		9,842,296
Depreciation and amortization							192,935	192,935
Total operating expenses	\$ 7,085,460	1,920,005	713,984	296,762	2,296,768	11,323,049	192,935	23,828,963

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10 Deferred outflows/inflows of resources:

1. Deferred Outflows of Resources

Deferred outflows - unamortized loss on refunding(s)

Deferred outflows - net pension liability

Deferred outflows - net OPEB liability

Deferred outflows - others:

Sales/intra-entity transfers of future revenues

Gain/loss on sale leaseback

Loan origination fees and costs

Change in fair value of hedging derivative

Irrevocable split-interest agreements

Total deferred outflows - others	-
Total deferred outflows of resources	\$ -

2. Deferred Inflows of Resources

Deferred inflows - service concession arrangements

Deferred inflows - net pension liability

Deferred inflows - net OPEB liability

Deferred inflows - unamortized gain on debt

Deferred inflows - nonexchange transactions

Deferred inflows - others:

Sales/intra-entity transfers of future revenues

Gain/loss on sale leaseback

Loan origination fees and costs

Change in fair value of hedging derivative

Irrevocable split-interest agreements

Total deferred inflows - others	-
Total deferred inflows of resources	\$ -