

**Associated Students of  
California State University, Sacramento**

Sacramento, California

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION  
WITH INDEPENDENT AUDITORS' REPORT

**June 30, 2018 and 2017**



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I S O M

# Associated Students of California State University, Sacramento

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June 30, 2018 and 2017

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Associated Students of  
California State University, Sacramento  
Sacramento, California

We have audited the accompanying financial statements of Associated Students of California State University, Sacramento, (ASI), a not-for-profit corporation and a component unit of California State University, Sacramento, which comprise the statements of financial position as of June 30, 2018 and 2017; the related statements of activities, functional expenses, 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 auditors' 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 ASI'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 ASI'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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **INDEPENDENT AUDITORS' REPORT**

(Continued)

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ASI as of June 30, 2018 and 2017, 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 audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information as listed in the table of contents is presented for purposes of additional analysis required by the California State University Chancellor's Office 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.

*KCoe Jrom, LLP*

September 7, 2018  
Chico, California

## **FINANCIAL SECTION**

# Associated Students of California State University, Sacramento

## STATEMENTS OF FINANCIAL POSITION

June 30	2018	2017
<b>ASSETS</b>		
Cash and cash equivalents	\$ 10,252,308	\$ 9,292,239
Accounts receivable - net	170,749	146,125
Interest receivable	41,825	20,193
Student activity fees receivable - held by Sacramento State	586,573	634,040
Deposits and prepaid expenses	130,128	95,660
Inventory	68,211	95,131
Due from related parties	189,517	149,823
Capital assets - net of accumulated depreciation	859,209	931,196
<b>TOTAL ASSETS</b>	<b>\$ 12,298,520</b>	<b>\$ 11,364,407</b>
<b>LIABILITIES</b>		
Accounts payable	\$ 156,779	\$ 196,411
Accrued payroll and related liabilities	271,556	227,182
Accrued tax liability	63,079	-
Due to related parties	61,232	156,860
Funds held for campus organizations	307,099	265,195
Funds held for student organizations	627,056	612,701
Unearned revenue	1,238,208	1,161,239
<b>TOTAL LIABILITIES</b>	<b>2,725,009</b>	<b>2,619,588</b>
<b>Net Assets - Unrestricted</b>	<b>9,573,511</b>	<b>8,744,819</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 12,298,520</b>	<b>\$ 11,364,407</b>

*The accompanying notes are an integral part of these financial statements.*

# Associated Students of California State University, Sacramento

## STATEMENTS OF ACTIVITIES

Years Ended June 30	2018	2017
<b>Revenues</b>		
Student activity fees	\$ 4,169,883	\$ 4,039,721
Program service fees	4,696,121	4,257,578
Government grants and contracts	814,955	689,153
Financial service fees	158,262	158,435
Investment income	123,526	60,011
Cash contributions	163,319	144,652
In-kind contributions	5,017	12,300
Gain on sale of capital assets	300	-
Other income	6,296	202
Fundraising events	9,610	2,220
<b>Total Revenues</b>	<b>10,147,289</b>	<b>9,364,272</b>
<b>Expenses</b>		
Programs	7,464,232	7,138,129
Administration	1,696,943	1,660,473
Fundraising	1,056	100
Loss on disposal of capital assets	-	20,925
<b>Total Expenses</b>	<b>9,162,231</b>	<b>8,819,627</b>
Change in net assets before taxes	985,058	544,645
Less: Unrelated business income taxes	156,366	179,929
<b>Change in Net Assets</b>	<b>828,692</b>	<b>364,716</b>
<b>Net Assets - Beginning of Year</b>	<b>8,744,819</b>	<b>8,380,103</b>
<b>Net Assets - End of Year</b>	<b>\$ 9,573,511</b>	<b>\$ 8,744,819</b>

*The accompanying notes are an integral part of these financial statements.*

# Associated Students of California State University, Sacramento

## STATEMENTS OF FUNCTIONAL EXPENSES

June 30, 2018	Programs	Administration	Fundraising	Total
Advertising and promotion	\$ 44,092	\$ 332	\$ -	\$ 44,424
Bank fees	82,329	13,093	-	95,422
Depreciation	105,399	84,613	-	190,012
Food	101,067	2,251	-	103,318
Fundraising	-	-	1,056	1,056
Grant expenses	46,385	-	-	46,385
Grants and other assistance	463,018	-	-	463,018
Insurance	113,523	4,304	-	117,827
Noncapital equipment purchases	108,096	30,113	-	138,209
Occupancy	212,128	44,889	-	257,017
Other expenses	217,774	201,097	-	418,871
Outside services	207,084	343,391	-	550,475
Printing	37,235	59	-	37,294
Program supplies and materials	349,000	6,520	-	355,520
Purchases for resale	264,553	360	-	264,913
Salaries and related expenses	4,865,282	933,896	-	5,799,178
Travel and meeting expense	143,786	17,646	-	161,432
Vehicle and equipment costs	103,481	14,379	-	117,860
<b>Subtotal</b>	<b>7,464,232</b>	<b>1,696,943</b>	<b>1,056</b>	<b>9,162,231</b>
Unrelated business income taxes	156,366	-	-	156,366
<b>Total Functional Expenses</b>	<b>\$ 7,620,598</b>	<b>\$ 1,696,943</b>	<b>\$ 1,056</b>	<b>\$ 9,318,597</b>

The accompanying notes are an integral part of these financial statements.



## Associated Students of California State University, Sacramento

### STATEMENTS OF FUNCTIONAL EXPENSES

(Continued)

June 30, 2017	Programs	Administration	Fundraising	Total
Advertising and promotion	\$ 45,484	\$ 17	\$ -	\$ 45,501
Bank fees	72,356	14,238	-	86,594
Depreciation	102,916	77,170	-	180,086
Food	92,162	1,286	-	93,448
Fundraising	-	-	100	100
Grant expenses	20,000	-	-	20,000
Grants and other assistance	415,981	-	-	415,981
Insurance	109,405	4,139	-	113,544
Noncapital equipment purchases	136,125	29,164	-	165,289
Occupancy	226,180	44,889	-	271,069
Other expenses	225,723	227,310	-	453,033
Outside services	215,324	325,366	-	540,690
Printing	36,465	25	-	36,490
Program supplies and materials	378,669	5,168	-	383,837
Purchases for resale	225,071	-	-	225,071
Salaries and related expenses	4,630,814	916,909	-	5,547,723
Travel and meeting expense	112,452	14,792	-	127,244
Vehicle and equipment costs	93,002	-	-	93,002
<b>Subtotal</b>	<b>7,138,129</b>	<b>1,660,473</b>	<b>100</b>	<b>8,798,702</b>
Loss on disposal of capital assets	2,040	18,885	-	20,925
Unrelated business income taxes	179,929	-	-	179,929
<b>Total Functional Expenses</b>	<b>\$ 7,320,098</b>	<b>\$ 1,679,358</b>	<b>\$ 100</b>	<b>\$ 8,999,556</b>

The accompanying notes are an integral part of these financial statements.

# Associated Students of California State University, Sacramento

## STATEMENTS OF CASH FLOWS

Years Ended June 30	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 828,692	\$ 364,716
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	190,012	180,086
Loss on disposal of capital assets	-	20,925
(Increase) Decrease in:		
Accounts receivable	(24,624)	203,866
Interest receivable	(21,633)	(9,327)
Student activity fees receivable	47,467	(752)
Deposits and prepaid expenses	(34,468)	(11,055)
Inventory	26,921	(7,430)
Due from related parties	(39,694)	(63,016)
Increase (Decrease) in:		
Accounts payable	(39,632)	17,573
Accrued payroll and related liabilities	44,375	6,625
Accrued tax liability	63,079	(109,300)
Due to related parties	(95,628)	93,408
Funds held for campus organizations	41,903	47,104
Funds held for student organizations	14,355	82,550
Unearned revenue	76,969	(28,429)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>1,078,094</b>	<b>787,544</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments related to the acquisition of capital assets	(118,025)	(102,652)
<b>Net Increase in Cash and Cash Equivalents</b>	<b>960,069</b>	<b>684,892</b>
<b>Cash and Cash Equivalents - Beginning of Year</b>	<b>9,292,239</b>	<b>8,607,347</b>
<b>Cash and Cash Equivalents - End of Year</b>	<b>\$ 10,252,308</b>	<b>\$ 9,292,239</b>
<b>DISCLOSURES OF SUPPLEMENTAL INFORMATION</b>		
Cash paid for unrelated business income taxes	\$ 93,287	\$ 289,229
Capital assets donated through in-kind contributions	\$ 5,017	\$ 12,300

The accompanying notes are an integral part of these financial statements.

# Associated Students of California State University, Sacramento

## NOTES TO THE FINANCIAL STATEMENTS

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### 1. NATURE OF THE ORGANIZATION

The Associated Students, Inc., of California State University, Sacramento (ASI), a component unit of California State University, Sacramento, is a nonprofit, tax-exempt auxiliary organization of California State University, Sacramento (Sacramento State), organized to administer various student programs and activities. Student activity fees and other program revenues are collected for the support of student related programs and activities. Managed programs include the student body leadership in the Government Office, the Aquatic Center, the ASI Office of Business and Administration, Student Services which includes cap and gown sales, the Children's Center, Peak Adventures, and the Student Engagement and Outreach department.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of Presentation** The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

The financial statements are presented in accordance with Financial Accounting Standards Board (FASB), Accounting Standards Codification (ASC) *Topic 958, Not-for-Profit Entities*. ASI is required to classify net assets and revenues, expenses, and gains and losses into three categories, based on the existence or absence of donor-imposed restrictions. The categories are unrestricted, temporarily restricted, and permanently restricted net assets.

- Unrestricted net assets are those with no donor restrictions. Within unrestricted net assets are locally restricted funds for the food pantry of \$11,622 and \$27,270 during the years ended June 30, 2018 and 2017, respectively.
- Temporarily restricted net assets include gifts, pledges, trusts, remainder interests, and income and gains which can be expended, but for which restrictions have not yet been met. Such restrictions include donor-imposed restrictions that have specified the purpose for which the net assets are spent, or time restrictions imposed by donors or implied by the nature of the gift. ASI has no temporarily restricted net assets at June 30, 2018 and 2017.
- Permanently restricted net assets are subject to donor-imposed stipulations that they be maintained permanently by ASI. Generally, the donors of these assets permit ASI to use all or part of the income earned on any related investments for general or specific purposes. ASI does not have permanently restricted net assets as of June 30, 2018 and 2017.

**Cash and Cash Equivalents** ASI invests its excess cash with the State of California Local Agency Investment Fund (LAIF). ASI reports its investment in LAIF at fair value. The balance is available for withdrawal on demand and is based on the accounting records maintained by LAIF, which are recorded on an amortized-cost basis, which is different from the fair value of ASI's position in the LAIF pool. ASI considers highly liquid investments with a maturity of three months or less to be cash and cash equivalents.

## Associated Students of California State University, Sacramento

### NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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**Fair Value Measurements** ASI reports its investments at fair value as described in FASB ASC 820, *Fair Value Measurements and Disclosures*. FASB ASC 820 established a single authoritative definition of fair value, sets out a framework of measuring fair value, and requires additional disclosure about fair value measurement of assets such as investments.

The standard establishes a framework for measuring fair value for the investments held by ASI. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

*Level 1:* Inputs to the valuation of methodology represent unadjusted quoted prices for identical assets or liabilities in active markets that ASI has the ability to access.

*Level 2:* Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quotes prices that are observable for the asset or liability;
- Inputs that are derived principally from, or corroborated by, observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

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

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Although ASI has funds held in LAIF, they are available for withdrawal on demand and are, therefore, recorded as cash equivalents. LAIF is sponsored by the California State Treasurer and prepares its market value report detailing the carrying cost and estimated fair value for the entire pool. ASI used the multiplier provided by LAIF to determine the estimated fair value of its investment in the pool. ASI's investments in LAIF are measured on a recurring basis throughout the year.

# Associated Students of California State University, Sacramento

## NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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**Accounts Receivable** Accounts receivable is composed of uncollected revenue generated from program activities, grant reimbursements, and administrative fees from ASI's funds held for others. ASI reviews accounts receivable on a monthly basis to determine if any receivables are potentially uncollectible. ASI has recorded an allowance for doubtful accounts in the amounts of \$2,400 and \$6,400 as of June 30, 2018 and 2017, respectively.

**Student Activity Fees Receivable – Held by Sacramento State** Student activity fees receivable consists of the fees collected by Sacramento State during student registration for the 2018 fall semester. These fees will be remitted to ASI during the subsequent fiscal year. As of June 30, 2018 and 2017, student fees receivable were \$586,573 and \$634,040, respectively.

**Deposits and Prepaid Expenses** These amounts are the result of payments made for goods and services to be utilized in future periods.

**Inventory** ASI inventory is reported at cost based on the first-in, first-out basis. Inventory consists of items such as caps, gowns, bike parts, retail clothing, and accessories for ASI internal programs including Student Services, Peak Adventures, and the Aquatic Center.

**Due From Related Parties** Due from related parties represents amounts owed to ASI from Sacramento State, University Enterprises, Inc. (UEI); the University Union Operation of California State University, Sacramento, (Union WELL Inc.); and The University Foundation at Sacramento State (UFSS) for goods and services provided by ASI program activities.

**Capital Assets** Capital assets are stated at cost. It is the policy of ASI to capitalize all furniture and equipment and leasehold improvements costing \$5,000 or more with a useful life greater than one year. Depreciation is recorded on the straight-line method over the estimated useful lives of the assets, typically between 3 and 30 years.

**Due to Related Parties** Due to related parties represents outstanding billings for administrative services, space management, and catering services provided to ASI programs from Sacramento State, UEI, and Union WELL, Inc.

**Funds Held for Campus Organizations** ASI acts as a collecting and disbursing agency for several Sacramento State organizations and departments. Funds held for campus organizations are related to deposits received from these organizations and departments. Currently, ASI holds only two of these accounts for Sacramento State, which include the State Hornet and the Jesse Snow accounts.

**Funds Held for Student Organizations** As a service to Sacramento State affiliated student organizations and programs, ASI acts as a collecting and disbursing agency for over 300 student organizations. These amounts are related to deposits received from these organizations.

# Associated Students of California State University, Sacramento

## NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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**Unearned Revenue** Unearned revenue represents the amount ASI has received in advance of providing the related services. To facilitate preparation for the many classes, camps, courses and trips provided by Peak Adventures and the Aquatic Center, ASI requires advance registration and payment. Revenue is recognized on the date of the service. Unearned revenue also consists of student activity fees collected by Sacramento State from students during student registration for the fall 2018 semester. Student activity fees are recognized over the period of service.

**Student Activity Fees** Student activity fees represent mandatory fees assessed by Sacramento State students each semester to support ASI programs. The fees are collected by Sacramento State and remitted to ASI.

**Program Service Fees** Program service fees are fees ASI receives for providing child care, cap and gown sales, recreational classes, student services, and other activities. The fees are collected by ASI and recognized when earned.

**Government Grants and Contracts** ASI receives grants primarily from the state of California and from federal agencies. Grants are generally received by ASI on a reimbursement basis and the related revenue is recognized as eligible expenses are incurred.

**Financial Service Fees** Financial service fees are received for providing accounting and financial services to Union WELL Inc., the University IRA's, the State Hornet, and clubs and organizations.

**Advertising** ASI expenses advertising costs as incurred. Advertising expenses for the years ended June 30, 2018 and 2017, were \$44,424 and \$45,501, respectively.

**Taxes** The Internal Revenue Service has granted ASI status as an exempt organization under section 501(c)(3) of the *Internal Revenue Code* (IRC). The ruling provides that ASI is not subject to excise tax under Section 4940(a). Income determined to be unrelated business income is taxable. For fiscal year ended June 30, 2018, ASI accrued \$49,833 federal and \$13,246 state tax liabilities for unrelated business income taxes. For the fiscal year ended June 30, 2017, there were no unrelated business income tax liabilities accrued due to payments of estimated taxes during the year.

# Associated Students of California State University, Sacramento

## NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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ASI follows FASB ASC *Topic 740-10-25, Accounting for Uncertainty in Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This standard provides that the tax effects from an uncertain tax position can be recognized in the financial statements only if the position is “more likely than not” to be sustained if the position were to be challenged by a taxing authority. The standard also provides guidance on measurement, classification, interest and penalties, and disclosure. ASI’s practice is to recognize interest and penalties, if any, related to uncertain tax positions in tax expense. ASI files exempt organization returns in the U.S. federal and California jurisdictions. The federal returns for tax years 2014 and beyond, and the California returns for 2013 and beyond, remain subject to examination by the taxing authorities. ASI has processes presently in place to ensure the maintenance of its tax-exempt status, its group exemption to identify and report unrelated business income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. ASI has determined that there is no impact on the accompanying financial statements related to this standard. There were no uncertain tax positions identified or related interest and penalties recorded as of June 30, 2018, and ASI does not expect this to change significantly over the next 12 months.

***Use of 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. Accordingly, actual results could differ from those estimates.

***Functional Allocation of Expenses*** The costs of providing the various programs and administration are summarized on a functional basis in the statement of activities. Program expenses are tracked on a department basis for ASI managed programs. Expenses that are not directly associated with a program are allocated to administration expenses.

### 3. CASH AND CASH EQUIVALENTS

As of June 30, 2018 and 2017, cash and cash equivalents represent short-term investments in LAIF in the amounts of \$8,814,515 and \$8,812,277, respectively; funds held at financial institutions in the amounts of \$1,405,791 and \$452,510, respectively; and cash on hand in the amount of \$32,002 and \$27,452, respectively. The cash balances reported by financial institutions for the years ended June 30, 2018 and 2017, were \$1,557,888 and \$680,189, respectively. The amounts for the years ended June 30, 2018, and June 30, 2017, were in excess of the insured amount by \$1,307,888 and \$430,189, respectively, based on the limits insured by the Federal Deposit Insurance Corporation.

# Associated Students of California State University, Sacramento

## NOTES TO THE FINANCIAL STATEMENTS

(Continued)

### 4. FAIR VALUE MEASUREMENT

As of June 30, 2018 and 2017, the LAIF pool included structured notes and asset-backed securities, which totaled 2.67% and 2.89%, respectively, of the total portfolio. These structured notes and asset-backed securities are subject to market risk as interest rates fluctuate. As of June 30, 2018 and 2017, the fair value of LAIF was 99.81% and 99.89%, respectively, of the carrying value. There are no LAIF funds invested in derivatives as of June 30, 2018. LAIF has oversight by the Local Investment Advisory Board (LIAB), which consists of five members as designated by statute. ASI is considered to be a voluntary participant in the LAIF investment pool.

The following table sets forth by level, within the fair value hierarchy, ASI's assets at fair value:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
June 30, 2018				
LAIF	\$ -	\$ 8,814,515	\$ -	\$ 8,814,515

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
June 30, 2017				
LAIF	\$ -	\$ 8,812,277	\$ -	\$ 8,812,277

The investments in LAIF are carried at amortized cost, which is deemed to not represent a material difference from fair value. The fair value methods may produce fair value calculations that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while ASI believes its valuation methods are appropriate and consistent with similar investments, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no changes in the methodologies used at June 30, 2018 and 2017.



# Associated Students of California State University, Sacramento

## NOTES TO THE FINANCIAL STATEMENTS

(Continued)

### 5. CAPITAL ASSETS

Capital assets consisted of the following:

June 30		2018		2017
Furniture and equipment	\$	1,754,172	\$	1,696,059
Leasehold improvements		2,270,778		2,235,539
<b>Totals</b>		4,024,950		3,931,598
Accumulated depreciation		(3,165,741)		(3,000,402)
<b>Capital Assets - Net</b>	\$	859,209	\$	931,196

Depreciation expense for the fiscal years ended June 30, 2018 and 2017, was \$190,012 and \$180,086, respectively.

ASI leases a parcel of land from the Trustees of the California State University, Sacramento (Trustees), located on its campus for the purpose of operating and maintaining a child care center (Facility). The Facility is required to be used primarily to provide day care services for the children of Sacramento State students, staff, and faculty. The lease agreement terminates on December 31, 2028. ASI has no monetary obligation to the Trustees for rental payments under the terms of the lease agreement; however, ASI financed the construction and operation of the Facility. The costs of construction of the Facility were capitalized as leasehold improvements.

### 6. LEASE COMMITMENTS

ASI has lease agreements that are renewed annually for office space located in the Union and the Wellness center (The Well). The total rent expense incurred under these operating leases was \$183,080 and \$183,080 for the fiscal years ended June 30, 2018 and 2017, respectively. ASI also leases various copiers under non-cancellable operating leases. The total lease payments were \$9,633 and \$10,073 for the fiscal years ended June 30, 2018 and 2017, respectively.

Future minimum lease payments under the operating leases are as follows:

Years Ending June 30		
2019	\$	192,713
2020		4,412
2021		1,738
<b>Total</b>	\$	198,863

# Associated Students of California State University, Sacramento

## NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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### 7. RELATED-PARTY TRANSACTIONS

For fiscal years ended June 30, 2018 and 2017, ASI earned revenues of \$123,838 and \$121,386, respectively, for providing financial services to the Union WELL Inc., a component unit of Sacramento State.

For fiscal years ended June 30, 2018 and 2017, ASI earned revenues of \$34,423 and \$37,049 respectively, for providing financial services to Sacramento State organizations which include the State Hornet, Alumni Center, and the financial administration of Sacramento State's IRA grants.

Other than those disclosed elsewhere in these financial statements, transactions between the ASI and related organizations during the fiscal years ended June 30, 2018 and 2017, included the payments by ASI to Sacramento State of \$218,982 and \$164,338, respectively, for campus cost recovery services that include administration, telephone, postage, IT support, and utilities; and \$198,188 and \$180,731, respectively, for personnel costs. Sacramento State made payments totaling \$172,284 and \$145,722 for services, space, and programs for the fiscal years ended June 30, 2018 and 2017, respectively. For fiscal years ended June 30, 2018 and 2017, ASI donated \$29,250 and \$29,250 for gifts in-kind to Sacramento State. Public safety charges from the Union WELL, Inc. to ASI for the fiscal years ended June 30, 2018 and 2017, with a charge of \$1,736 and \$1,719, respectively, for Peak Adventures to cover police calls in the Well building and \$4,055 and \$4,015, respectively, for ASI to cover police calls in the University Union building for the fiscal years ended June 30, 2018 and 2017. Peak Adventures also used the services of Capital Public Radio for advertising during the year ended June 30, 2018.

ASI incurred expenses primarily related to catering services by UEI, a component unit of Sacramento State, in the amount of \$45,763 and \$40,354 for the years ended June 30, 2018 and 2017, respectively.

# Associated Students of California State University, Sacramento

## NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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The amount due from related entities is comprised of the following:

June 30		2018		2017
Sacramento State	\$	178,825	\$	139,005
Union WELL, Inc.		10,692		10,151
UFSS		-		667
<b>Totals</b>	\$	189,517	\$	149,823

The amount due to related entities is comprised of the following:

June 30		2018		2017
Sacramento State	\$	46,272	\$	140,988
UEI		14,960		15,872
<b>Totals</b>	\$	61,232	\$	156,860

### 8. PENSION PLAN

ASI sponsors a tax-sheltered annuity defined contribution retirement plan (the plan) under IRC, Section 403(b). Participating employees are eligible to join the plan after 1,000 hours of service in each of two consecutive years. Upon joining the plan, employees are eligible for an employer contribution of 10% of gross salary, subject to certain statutory limits. The plan provides 100% immediate vesting. Employer contributions to the plan were \$196,372 and \$201,963 for fiscal years ended June 30, 2018 and 2017, respectively.

### 9. SUBSEQUENT EVENTS

In preparing these statements, ASI has evaluated events and transactions for potential recognition through September 7, 2018, the date the financial statements were available to be issued.

**SUPPLEMENTARY INFORMATION SECTION**

# Associated Students of California State University, Sacramento

## SCHEDULE OF MANAGED PROGRAMS

June 30, 2018

<b>Managed Programs</b>									
	Business and Administration	Student Services	Government	Student Engagement and Outreach	Aquatic Center	Children's Center	Peak Adventures	ASI External Grants	Total Managed Programs
<b>REVENUES</b>									
Student activity fees	\$ 1,829,239	\$ -	\$ 744,074	\$ 537,786	\$ -	\$ 253,344	\$ 433,119	\$ 372,321	\$ 4,169,883
Program service fees	44,974	452,327	-	32,180	3,008,585	634,564	522,519	972	4,696,121
Government grants and contracts	-	-	-	-	44,275	770,680	-	-	814,955
Financial service fees	158,262	-	-	-	-	-	-	-	158,262
Investment income	123,503	-	-	-	23	-	-	-	123,526
Cash contributions	-	-	2,000	49,694	111,315	310	-	-	163,319
In-kind contributions	-	-	-	1,222	3,795	-	-	-	5,017
Gain on sale of capital assets	-	-	-	-	300	-	-	-	300
Other income	-	-	-	-	6,296	-	-	-	6,296
Fundraising events	-	-	-	-	9,610	-	-	-	9,610
<b>Total revenues</b>	<b>2,155,978</b>	<b>452,327</b>	<b>746,074</b>	<b>620,882</b>	<b>3,184,199</b>	<b>1,658,898</b>	<b>955,638</b>	<b>373,293</b>	<b>10,147,289</b>
<b>EXPENSES</b>									
Salaries and related expenses	933,896	111,730	220,068	345,563	1,905,307	1,354,249	689,856	238,509	5,799,178
Services and supplies	678,434	221,256	446,769	153,044	1,019,154	285,005	233,539	134,784	3,171,985
Fundraising expenses	-	-	-	-	1,056	-	-	-	1,056
Depreciation	84,613	-	-	-	82,901	19,644	2,854	-	190,012
<b>Total expenses</b>	<b>1,696,943</b>	<b>332,986</b>	<b>666,837</b>	<b>498,607</b>	<b>3,008,418</b>	<b>1,658,898</b>	<b>926,249</b>	<b>373,293</b>	<b>9,162,231</b>
Change in net assets before taxes	459,035	119,341	79,237	122,275	175,781	-	29,389	-	985,058
Unrelated business income taxes	-	-	-	-	156,366	-	-	-	156,366
<b>Change in net assets</b>	<b>\$ 459,035</b>	<b>\$ 119,341</b>	<b>\$ 79,237</b>	<b>\$ 122,275</b>	<b>\$ 19,415</b>	<b>\$ -</b>	<b>\$ 29,389</b>	<b>\$ -</b>	<b>\$ 828,692</b>

**Associated Students of California State University, Sacramento**  
**SCHEDULE OF NET POSITION**  
**June 30, 2018**  
**(for inclusion in the California State University)**

Assets:	
Current assets:	
Cash and cash equivalents	\$ 1,437,793
Short-term investments	8,814,515
Accounts receivable, net	988,664
Capital lease receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	-
Prepaid expenses and other current assets	198,339
Total current assets	<u>11,439,311</u>
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	-
Capital assets, net	859,209
Other assets	-
Total noncurrent assets	<u>859,209</u>
Total assets	<u>12,298,520</u>
Deferred outflows of resources:	
Unamortized loss on debt refunding	-
Net pension liability	-
Net OPEB liability	-
Others	-
Total deferred outflows of resources	<u>-</u>
Liabilities:	
Current liabilities:	
Accounts payable	156,779
Accrued salaries and benefits	122,122
Accrued compensated absences, current portion	81,674
Unearned revenues	1,238,208
Capital lease obligations, current portion	-
Long-term debt obligations, current portion	-
Claims liability for losses and loss adjustment expenses, current portion	-
Depository accounts	934,155
Other liabilities	124,311
Total current liabilities	<u>2,657,249</u>
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	67,760
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	-
Net other postemployment benefits liability	-
Net pension liability	-
Other liabilities	-
Total noncurrent liabilities	<u>67,760</u>
Total liabilities	<u>2,725,009</u>
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	<u>-</u>
Net Position:	
Net investment in capital assets	859,209
Restricted for:	
Nonexpendable – endowments	-
Expendable:	
Scholarships and fellowships	-
Research	-
Loans	-
Capital projects	-
Debt service	-
Others	-
Unrestricted	<u>8,714,302</u>
Total net position	<u>\$ 9,573,511</u>

# Associated Students of California State University, Sacramento

## SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Year Ended June 30, 2018

(for inclusion in the California State University)

Revenues:	
Operating revenues:	
Student tuition and fees, gross	\$ 4,169,883
Scholarship allowances (enter as negative)	-
Grants and contracts, noncapital:	
Federal	303,553
State	424,567
Local	1,835
Nongovernmental	85,000
Sales and services of educational activities	-
Sales and services of auxiliary enterprises, gross	-
Scholarship allowances (enter as negative)	4,696,121
Other operating revenues	<u>168,172</u>
Total operating revenues	<u>9,849,131</u>
Expenses:	
Operating expenses:	
Instruction	-
Research	-
Public service	-
Academic support	-
Student services	2,516,547
Institutional support	436,828
Operation and maintenance of plant	65,426
Student grants and scholarships	234,796
Auxiliary enterprise expenses	5,874,988
Depreciation and amortization	<u>190,012</u>
Total operating expenses	<u>9,318,597</u>
Operating income (loss)	<u>530,534</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	168,336
Investment income (loss), net	123,526
Endowment income (loss), net	-
Interest expense	-
Other nonoperating revenues (expenses) - excl. interagency transfers	-
Other nonoperating revenues (expenses) - interagency transfers	<u>6,296</u>
Net nonoperating revenues (expenses)	<u>298,158</u>
Income (loss) before other revenues (expenses)	828,692
State appropriations, capital	-
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	<u>-</u>
Increase (decrease) in net position	<u>828,692</u>
Net position:	
Net position at beginning of year, as previously reported	8,744,819
Restatements	<u>-</u>
Net position at beginning of year, as restated	8,744,819
Net position at end of year	<u>\$ 9,573,511</u>





## Associated Students of California State University, Sacramento

### OTHER INFORMATION

June 30, 2018

(for inclusion in the California State University)

**2.5 Fair value hierarchy in investments at June 30, 2018:**

	Fair Value Measurements Using				Net Asset Value (NAV)
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
State of California Surplus Money Investment Fund (SMIF)	\$ -	-	-	-	-
State of California Local Agency Investment Fund (LAIF)	8,814,515	-	-	-	8,814,515
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	-	-	-	-	-
Add description	-	-	-	-	-
Other major investments:					
Add description	-	-	-	-	-
Add description	-	-	-	-	-
Add description	-	-	-	-	-
Add description	-	-	-	-	-
Add description	-	-	-	-	-
Add description	-	-	-	-	-
Total investments	8,814,515	-	-	-	8,814,515

# Associated Students of California State University, Sacramento

## OTHER INFORMATION

June 30, 2018

(for inclusion in the California State University)

**3.1 Composition of capital assets at June 30, 2018:**

	Balance June 30, 2017	Prior Period Adjustments	Reclassifications	Balance June 30, 2017 (restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2018
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	2,235,539	-	-	2,235,539	35,239	-	-	2,270,778
Personal property:								
Equipment	1,696,059	-	-	1,696,059	82,786	(24,673)	-	1,754,172
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	3,931,598	-	-	3,931,598	118,025	(24,673)	-	4,024,950
Total capital assets	3,931,598	-	-	3,931,598	118,025	(24,673)	-	4,024,950
Less accumulated depreciation/amortization:								
Buildings and building improvements	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	(1,796,256)	-	-	(1,796,256)	(44,933)	-	-	(1,841,189)
Personal property:								
Equipment	(1,204,146)	-	-	(1,204,146)	(145,079)	24,673	-	(1,324,552)
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	(3,000,402)	-	-	(3,000,402)	(190,012)	24,673	-	(3,165,741)
Total capital assets, net	\$ 931,196	-	-	931,196	(71,987)	-	-	859,209



**Associated Students of California State University, Sacramento**  
**OTHER INFORMATION**  
**June 30, 2018**  
**(for inclusion in the California State University)**

**6 Long-term debt obligations 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:								
2019	\$ -	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-
2024 - 2028	-	-	-	-	-	-	-	-	-
2029 - 2033	-	-	-	-	-	-	-	-	-
2034 - 2038	-	-	-	-	-	-	-	-	-
2039 - 2043	-	-	-	-	-	-	-	-	-
2044 - 2048	-	-	-	-	-	-	-	-	-
2049 - 2053	-	-	-	-	-	-	-	-	-
2054 - 2058	-	-	-	-	-	-	-	-	-
2059 - 2063	-	-	-	-	-	-	-	-	-
2064 - 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									-
<b>Long-term debt obligations, net of current portion</b>									<b>\$ -</b>

**7 Calculation of net position:**

<b>7.1 Calculation of net position - Net investment in capital assets</b>	
Capital assets, net of accumulated depreciation	\$ 859,209
Capital lease obligations, current portion	-
Capital 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 (enter as positive number)	-
Other adjustments: (please list)	
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
<b>Net position - Net investment in capital assets</b>	<b>\$ 859,209</b>

# Associated Students of California State University, Sacramento

## OTHER INFORMATION

June 30, 2018

(for inclusion in the California State University)

**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)		
Restricted expendable endowments		-
Add description		-
Add description		-
Add description		-
Add description		-
Add description		-
Add description		-
Add description		-
Add description		-
Add description		-
Add description		-
<b>Net position - Restricted for nonexpendable - endowments</b>	<b>\$</b>	<b>-</b>

**8 Transactions with related entities:**

	<b>Amount</b>
Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$ 198,188
Payments to University for other than salaries of University personnel	218,982
Payments received from University for services, space, and programs	172,284
Gifts-in-kind to the University from discretely presented component units	29,250
Gifts (cash or assets) to the University from discretely presented component units	-
Accounts (payable to) University (enter as negative number)	(673,329)
Other amounts (payable to) University (enter as negative number)	(307,098)
Accounts receivable from University (enter as positive number)	178,825
Other amounts receivable from University	586,573

**9 Other postemployment benefits (OPEB) liability**

Intentionally left blank - not required/applicable eff FY17/18

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

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

	Net Position	Amount
	Class	Dr. (Cr.)
Net position as of June 30, 2017, as previously reported	\$	8,744,819
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	\$	8,744,819

# Associated Students of California State University, Sacramento

## OTHER INFORMATION

June 30, 2018

(for inclusion in the California State University)

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)	-	-

**12 Natural Classifications of Operating Expenses:**

	Salaries	Benefits	Scholarships and Fellowships	Supplies and Other Services	Depreciation and amortization	Total Operating Expenses
Instruction	-	-	-	-	-	-
Research	-	-	-	-	-	-
Public service	-	-	-	-	-	-
Academic support	-	-	-	-	-	-
Student services	1,456,960	281,076	-	778,510	-	2,516,546
Institutional support	-	-	-	436,828	-	436,828
Operation and maintenance of plant	-	-	-	65,426	-	65,426
Student grants and scholarships	-	-	234,797	-	-	234,797
Auxiliary enterprise expenses	3,455,151	605,991	-	1,813,846	-	5,874,988
Depreciation and amortization	-	-	-	-	190,012	190,012
Total	4,912,111	887,067	234,797	3,094,610	190,012	9,318,597

# **Associated Students of California State University, Sacramento**

## **NOTE TO THE SUPPLEMENTARY INFORMATION**

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### **BASIS OF PRESENTATION**

These schedules are prepared in accordance with the instructions listed in an Administrative Directive, dated June 24, 2003, *Financial Reporting Requirements for Auxiliary Organizations*, from the California State University Office of the Chancellor. As a result, these schedules do not represent financial statements that are prepared in accordance with generally accepted accounting principles issued by the Financial Accounting Standards Board (FASB).