

**ASSOCIATED STUDENTS, INC. OF
CALIFORNIA STATE UNIVERSITY,
SACRAMENTO**

Independent Auditor's Report,
Financial Statements and Supplemental Information

For the Fiscal Years Ended June 30, 2013 and 2012

**ASSOCIATED STUDENTS, INC. OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Associated Students, Inc. of
California State University, Sacramento

We have audited the accompanying financial statements of the Associated Students, Inc. of California State University, Sacramento (ASI), comprising the statements of financial position, as of June 30, 2013 and 2012, and the related statements of activities, functional expenses, and cash flows for the fiscal 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.

Auditor's 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 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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Associated Students, Inc. of California State University, Sacramento, as of June 30, 2013 and 2012, and the changes in its net assets and its cash flows for the fiscal 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 supplemental information on pages 17 through 26 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.

Maclean Meiri & O'Connell LLP

Sacramento, California
September 23, 2013

**ASSOCIATED STUDENTS, INC. OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2013 AND 2012**

	2013	2012
ASSETS		
Cash and cash equivalents	\$ 6,544,565	\$ 5,948,109
Accounts receivable, net	238,192	255,351
Interest receivable	3,856	4,666
Student activity fees receivable held by Sacramento State	522,327	572,854
Deposits and prepaid expenses	73,537	61,269
Inventory	45,994	61,511
Due from related parties	34,201	51,839
Capital assets, net	883,845	809,903
Total assets	\$ 8,346,517	\$ 7,765,502
LIABILITIES		
Accounts payable	\$ 141,900	\$ 132,725
Accrued payroll and related liabilities	284,374	255,696
Due to related parties	74,389	52,737
Funds held for campus organizations	205,444	208,592
Funds held for student organizations	464,858	449,767
Unearned revenue	1,095,980	1,024,050
Total liabilities	2,266,945	2,123,567
NET ASSETS, UNRESTRICTED	6,079,572	5,641,935
Total liabilities and net assets	\$ 8,346,517	\$ 7,765,502

See accompanying notes to the financial statements.

**ASSOCIATED STUDENTS, INC. OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
STATEMENTS OF ACTIVITIES
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
REVENUES		
Student activity fees	\$ 3,475,628	\$ 3,360,463
Program service fees	3,461,250	2,977,763
Government grants and contracts	655,332	545,365
Financial service fees	160,806	164,037
Investment income, net	17,274	18,231
Cash contributions	25,241	56,414
In-kind contributions	13,268	-
Gain on sale of capital assets	15,921	-
Other Income	8,330	44,535
Fundraising events	5,236	6,952
	<u>7,838,286</u>	<u>7,173,760</u>
Total revenues		
EXPENSES		
Programs	6,098,382	5,561,272
Administration	1,300,775	1,276,069
Fundraising	1,492	2,427
	<u>7,400,649</u>	<u>6,839,768</u>
Total expenses		
Change in net assets	437,637	333,992
Net assets, beginning of year	<u>5,641,935</u>	<u>5,307,943</u>
Net assets, end of year	<u>\$ 6,079,572</u>	<u>\$ 5,641,935</u>

See accompanying notes to the financial statements.

**ASSOCIATED STUDENTS, INC. OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Programs</u>	<u>Adminstration</u>	<u>Fundraising</u>	<u>Total</u>
Advertising and promotion	\$ 34,386	\$ 13,094	\$ -	\$ 47,480
Bank fees	59,030	17,172	-	76,202
Depreciation	110,676	382	-	111,058
Food	90,994	1,446	-	92,440
Fundraising	-	-	1,492	1,492
Grant expenses	211,759	-	-	211,759
Grants and other assistance	391,103	563	-	391,666
Insurance	126,116	4,560	-	130,676
Non-capital equipment purchases	146,715	22,069	-	168,784
Occupancy	193,009	47,422	-	240,431
Other expenses	255,857	96,002	-	351,859
Outside services	191,581	290,353	-	481,934
Printing	42,483	2,385	-	44,868
Program supplies and materials	276,254	14,248	-	290,502
Purchases for resale	198,910	-	-	198,910
Salaries and related expenses	3,562,999	782,233	-	4,345,232
Travel and meeting expense	93,747	8,116	-	101,863
Vehicle and equipment costs	112,763	730	-	113,493
Total functional expenses	<u><u>\$ 6,098,382</u></u>	<u><u>\$ 1,300,775</u></u>	<u><u>\$ 1,492</u></u>	<u><u>\$ 7,400,649</u></u>

See accompanying notes to the financial statements.

**ASSOCIATED STUDENTS, INC. OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Programs</u>	<u>Adminstration</u>	<u>Fundraising</u>	<u>Total</u>
Advertising and promotion	\$ 39,558	\$ 7,495	\$ -	\$ 47,053
Bank fees	49,580	27,034	-	76,614
Depreciation	120,999	1,208	-	122,207
Food	77,383	1,345	-	78,728
Fundraising	-	-	2,427	2,427
Grant expenses	90,128	-	-	90,128
Grants and other assistance	381,524	353	-	381,877
Insurance	130,086	4,984	-	135,070
Non-capital equipment purchases	80,679	25,449	-	106,128
Occupancy	195,837	44,540	-	240,377
Other expenses	236,353	66,768	-	303,121
Outside services	140,766	283,103	-	423,869
Printing	45,434	3,149	-	48,583
Program supplies and materials	239,627	20,003	-	259,630
Purchases for resale	195,709	-	-	195,709
Salaries and related expenses	3,367,824	781,483	-	4,149,307
Travel and meeting expense	70,685	7,145	-	77,830
Vehicle and equipment costs	99,100	2,010	-	101,110
Total functional expenses	<u>\$ 5,561,272</u>	<u>\$ 1,276,069</u>	<u>\$ 2,427</u>	<u>\$ 6,839,768</u>

See accompanying notes to the financial statements.

**ASSOCIATED STUDENTS, INC. OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 and 2012**

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 437,637	333,992
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation	111,058	122,207
In-kind contributions	(13,268)	-
Gain on sale of capital assets	20,630	-
(Increase) decrease in:		
Accounts receivable	17,159	71,485
Interest receivable	810	1,050
Student activity fees receivable	50,527	16,610
Deposits and prepaid expenses	(12,268)	2,745
Inventory	15,517	8,796
Due from related parties	17,638	(18,901)
Increase (decrease) in:		
Accounts payable	9,175	(44,386)
Accrued payroll and related liabilities	28,678	25,182
Due to related parties	10,821	(6,537)
Funds held for campus organizations	(3,148)	(10,852)
Funds held for student organizations	15,091	35,070
Unearned revenue	71,930	640
	777,987	537,101
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments related to the acquisition of capital assets	(181,531)	(57,303)
NET INCREASE IN CASH AND CASH EQUIVALENTS	596,456	479,798
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	5,948,109	5,468,311
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 6,544,565	\$ 5,948,109
SUPPLEMENTAL DATA		
Capital assets donated through in-kind contributions	\$ 13,268	\$ -
Capital assets acquired through related parties	\$ 10,831	\$ -

See accompanying notes to the financial statements.

**ASSOCIATED STUDENTS, INC. OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

NOTE 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. Programs include the student body leadership and government of Sacramento State, 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 various Student Life and Leadership programs.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Following the effective date of the Codification, FASB will not release new standards in the form of Statements, FASB Staff Positions, or Emerging Issues Task Force abstracts, but instead will issue Accounting Standards Updates (“ASU”). ASUs will not be considered authoritative in their own right, but will serve only to update the Codification, provide background information about the guidance in the Codification, and provide the basis for the conclusions on the changes in the Codification.

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 ASC Topic 958, *Not-for-Profit Entities*, which requires ASI to classify net assets and revenues, expenses, 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.
- 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, 2013 and 2012.

**ASSOCIATED STUDENTS, INC. OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 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, 2013 and 2012.

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.

Accounts Receivable

Accounts receivable is composed of uncollected revenue generated from program activities, grants 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 \$12,610 and \$13,300 as of June 30, 2013 and 2012, 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 2013 fall semester. These fees will be remitted to ASI during the subsequent fiscal year. As of June 30, 2013 and 2012, student fee receivable amounts were \$522,327 and \$572,854, 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. 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.

**ASSOCIATED STUDENTS, INC. OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, (the "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 and a useful life greater than two years. 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 the 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 account.

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.

Unearned Revenue

Unearned revenues represents the amount ASI programs have 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 2013 semester. Student activity fees are recognized over the period of service.

**ASSOCIATED STUDENTS, INC. OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 the Union WELL Inc., the University IRA's, the State Hornet and clubs and organizations.

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 23701d of the California Revenue and Taxation Code. These rulings provide that ASI is not subject to excise tax under Section 4940(a) of the Code. Income determined to be unrelated business income would be taxable.

ASI follows 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. The tax years ended 2008, 2009, 2010, 2011 and 2012 are still open to audit for both federal and state purposes. ASI has processes presently in place to ensure the maintenance of its tax-exempt status; its group exemption; to identify and report unrelated 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 there is no impact on the accompanying financial statements related to this standard.

**ASSOCIATED STUDENTS, INC. OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. 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.

NOTE 3 - CASH AND CASH EQUIVALENTS

As of June 30, 2013 and 2012, cash and cash equivalents represent short term investments in LAIF in the amounts of \$6,054,181 and \$5,336,044 and funds held at financial institutions in the amounts of \$490,384 and \$612,065, respectively. The cash balances reported by financial institution are \$690,512 and \$762,211, respectively. The amount for year ended June 30, 2012 was fully insured but the amount for year ended June 30, 2013 was in excess of the insured amount by \$440,512 based on the limits insured by the Federal Deposit Insurance Corporation.

NOTE 4 - FAIR VALUE MEASUREMENT

ASI reports its investments at fair value as described in ASC Topic 820, *Fair Value Measurement*. ASC Topic 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.

This standard establishes a framework for measuring fair value for the investments held by the 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 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under this standard are described below:

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

**ASSOCIATED STUDENTS, INC. OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

NOTE 4 - FAIR VALUE MEASUREMENT (CONTINUED)

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 quoted 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 the 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 non-reoccurring basis throughout the year and are based on level 2 inputs, or observable inputs.

The following table sets forth by level, within the fair value hierarchy, the ASI's assets at fair value as of June 30, 2013 and 2012.

	<u>June 30, 2013</u>			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
LAIF	\$ -	\$ 6,054,181	\$ -	\$ 6,054,181

**ASSOCIATED STUDENTS, INC. OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

NOTE 4 - FAIR VALUE MEASUREMENT (CONTINUED)

	<u>June 30, 2012</u>			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
LAIF	\$ -	\$ 5,336,044	\$ -	\$ 5,336,044

These 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 the 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, 2013 and 2012.

NOTE 5 - CAPITAL ASSETS

Capital assets consist of the following at June 30:

	<u>2013</u>	<u>2012</u>
Furniture and equipment	\$ 1,329,633	\$ 1,245,499
Leasehold improvements	2,176,426	2,153,137
Total	3,506,059	3,398,636
Less: accumulated depreciation	(2,622,214)	(2,588,733)
Capital assets – net	<u>\$ 883,845</u>	<u>\$ 809,903</u>

Depreciation expense for the fiscal years ended June 30, 2013 and 2012 was \$111,058 and \$122,207, 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.

NOTE 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 \$175,590 and \$169,460 for the fiscal years ended June 30, 2013 and 2012, respectively. ASI also leases various copiers under non-cancellable operating leases and the total lease payments were \$22,168 and \$22,700 for the fiscal years ended June 30, 2013 and 2012, respectively.

**ASSOCIATED STUDENTS, INC. OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

NOTE 6 – LEASE COMMITMENTS (CONTINUED)

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

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2014	\$ 198,979
2015	15,433
2016	3,902
2017	292
Total	<u>\$ 218,606</u>

NOTE 7 – LINE OF CREDIT

Currently, ASI does not require a line of credit and, hence, did not renew the \$375,000 revolving line of credit with First Bank of California which expired on May 11, 2013.

NOTE 8 - RELATED PARTY TRANSACTIONS

For fiscal years ended June 30, 2013 and 2012 ASI earned revenues of \$122,709 and \$120,400, respectively, for providing financial services to the Union WELL Inc., a component unit of Sacramento State.

For fiscal years ended June 30, 2013 and 2012 ASI earned revenues of \$38,097 and \$43,637, respectively, for providing financial services for Sacramento State organizations which include the State Hornet and the financial administration of Sacramento State's IRA grants.

Other than those disclosed elsewhere in these financial statements, transactions between ASI and related organizations during the fiscal years ended June 30, 2013 and 2012, included the payments by ASI to Sacramento State of \$176,096 and \$180,240, respectively, for campus cost recovery services that include administration, telephone, postage, IT support, and utilities, and \$229,843 and \$169,720, respectively, for personnel cost. Sacramento State made payments totaling \$172,982 and \$151,226 for services, space and programs for the fiscal years ended June 30, 2013 and 2012, respectively. For fiscal years ended June 30, 2013 and 2012, ASI donated \$35,800 and \$35,800 for gifts in-kind to Sacramento State. Public safety charges from the Union WELL Inc. to ASI for the fiscal years ending June 30, 2013 and 2012, totaled \$1,386 and \$1,178, respectively, for Peak Adventures to cover police calls in the Well building and \$3,526 for ASI to cover police calls in the University Union building for the fiscal year ending June 30, 2013. Peak Adventures also used the services of Capital Public Radio for advertising during the year ending June 30, 2013.

ASI incurred expenses primarily related to photo reproduction and catering services by UEI, a component unit of Sacramento State, in the amount of \$35,584 and \$40,780 for the years ended June 30, 2013 and 2012, respectively.

**ASSOCIATED STUDENTS, INC. OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

NOTE 8 - RELATED PARTY TRANSACTIONS (CONTINUED)

The amount due from related entities at June 30 is comprised of the following:

	<u>2013</u>	<u>2012</u>
Sacramento State	\$ 23,297	\$ 41,571
UEI	865	265
Union WELL Inc.	10,006	10,003
UFSS	33	-
Total	<u>\$ 34,201</u>	<u>\$ 51,839</u>

The amount due to related entities at June 30 is comprised of the following:

	<u>2013</u>	<u>2012</u>
Sacramento State	\$ 69,617	\$ 47,771
UEI	4,753	4,891
Union WELL Inc.	19	75
Total	<u>\$ 74,389</u>	<u>\$ 52,737</u>

NOTE 9 - PENSION PLAN

ASI sponsors a tax sheltered annuity defined contribution retirement plan (the "Plan") under Internal Revenue Code 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 \$177,416 and \$167,580 for fiscal years ended June 30, 2013 and 2012, respectively.

NOTE 10 – SUBSEQUENT EVENTS

In preparing these statements, ASI has evaluated events and transactions for potential recognition through September 23, 2013, the date the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

**ASSOCIATED STUDENTS, INC. OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
SCHEDULE OF MANAGED PROGRAMS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Managed Programs								
	<u>Business and Administration</u>	<u>Student Services</u>	<u>Government</u>	<u>Student Life and Services</u>	<u>Aquatic Center</u>	<u>Children's Center</u>	<u>Peak Adventures</u>	<u>ASI External Grants</u>	<u>Total managed programs</u>
REVENUES									
Student activity fees	\$ 1,313,892	\$ -	\$ 690,033	\$ 292,736	\$ 100,000	\$ 443,934	\$ 384,304	\$ 250,729	\$ 3,475,628
Program service fees	57,144	280,297	232	28,045	2,099,366	581,336	414,830	-	3,461,250
Government grants and contracts	-	-	-	-	229,870	425,462	-	-	655,332
Financial service fees	160,806	-	-	-	-	-	-	-	160,806
Investment income	17,251	-	-	-	23	-	-	-	17,274
Cash contributions	-	-	-	-	25,216	25	-	-	25,241
In-kind Contributions	-	-	-	-	13,268	-	-	-	13,268
Gain/ on sale of capital assets	-	-	-	-	15,921	-	-	-	15,921
Other Income	-	-	-	-	8,330	-	-	-	8,330
Fundraising events	-	-	-	-	2,500	2,736	-	-	5,236
Total Revenues	1,549,093	280,297	690,265	320,781	2,494,494	1,453,493	799,134	250,729	7,838,286
EXPENSES									
Salaries and related expenses	782,233	83,591	195,007	208,917	1,286,421	1,163,353	481,670	144,040	4,345,232
Services and supplies	518,160	142,586	432,376	111,864	1,120,307	265,336	245,549	106,689	2,942,867
Fundraising expenses	-	-	-	-	-	1,492	-	-	1,492
Depreciation	382	1,113	-	-	84,212	23,312	2,039	-	111,058
Total Expenses	1,300,775	227,290	627,383	320,781	2,490,940	1,453,493	729,258	250,729	7,400,649
CHANGE IN NET ASSETS	\$ 248,318	\$ 53,007	\$ 62,882	\$ -	\$ 3,554	\$ -	\$ 69,876	\$ -	\$ 437,637

See accompanying note to the supplementary schedules.

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, SACRAMENTO

Schedule of Net Position

June 30, 2013

(for inclusion in the California State University)

Assets:	
Current assets:	
Cash and cash equivalents	\$ 490,384
Short-term investments	6,054,181
Accounts receivable, net	764,375
Leases receivable, current portion	—
Notes receivable, current portion	—
Pledges receivable, net	—
Prepaid expenses and other assets	153,732
Total current assets	<u>7,462,672</u>
Noncurrent assets:	
Restricted cash and cash equivalents	—
Accounts receivable, net	—
Leases receivable, net of current portion	—
Notes receivable, net of current portion	—
Student loans receivable, net	—
Pledges receivable, net	—
Endowment investments	—
Other long-term investments	—
Capital assets, net	883,845
Other assets	—
Total noncurrent assets	<u>883,845</u>
Total assets	<u>8,346,517</u>
Deferred outflows of resources:	
Unamortized loss on refunding(s)	—
Total deferred outflows of resources	<u>—</u>
Liabilities:	
Current liabilities:	
Accounts payable	141,900
Accrued salaries and benefits payable	169,448
Accrued compensated absences— current portion	103,433
Unearned revenue	1,095,980
Capitalized lease obligations – current portion	—
Long-term debt obligations – current portion	—
Self-insurance claims liability - current portion	—
Depository accounts	670,302
Other liabilities	74,389
Total current liabilities	<u>2,255,452</u>
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	11,493
Unearned revenue	—
Grants refundable	—
Capitalized lease obligations, net of current portion	—
Long-term debt obligations, net of current portion	—
Self-insurance claims liabilities, net of current portion	—
Depository accounts	—
Other postemployment benefits obligation	—
Other liabilities	—
Total noncurrent liabilities	<u>11,493</u>
Total liabilities	<u>2,266,945</u>
Deferred inflows of resources:	
Deferred inflows from SCAs, grants, and others	—
Total deferred inflows of resources	<u>—</u>
Net Position:	
Net investment in capital assets	883,845
Restricted for:	
Nonexpendable – endowments	—
Expendable:	
Scholarships and fellowships	—
Research	—
Loans	—
Capital projects	—
Debt service	—
Other	—
Unrestricted	5,195,727
Total net position	<u>\$ 6,079,572</u>

See accompanying note to the supplementary schedules.

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, SACRAMENTO
Schedule of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2013
(for inclusion in the California State University)

Revenues:	
Operating revenues:	
Student tuition and fees (net of scholarship allowances of \$_____)	\$ 3,475,628
Grants and contracts, noncapital:	
Federal	332,572
State	237,760
Local	—
Nongovernmental	85,000
Sales and services of educational activities	—
Sales and services of auxiliary enterprises (net of scholarship allowances of \$_____)	3,461,250
Other operating revenues	166,042
Total operating revenues	<u>7,758,252</u>
Expenses:	
Operating expenses:	
Instruction	—
Research	—
Public service	—
Academic support	—
Student services	1,941,012
Institutional support	385,525
Operation and maintenance of plant	67,284
Student grants and scholarships	156,493
Auxiliary enterprise expenses	4,739,277
Depreciation and amortization	111,058
Total operating expenses	<u>7,400,649</u>
Operating income (loss)	<u>357,603</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	38,509
Investment income (loss), net	17,274
Endowment income (loss), net	—
Interest Expenses	—
Other nonoperating revenues (expenses)	24,251
Net nonoperating revenues (expenses)	<u>80,034</u>
Income (loss) before other additions	437,637
State appropriations, capital	—
Grants and gifts, capital	—
Additions (reductions) to permanent endowments	—
Increase (decrease) in net position	<u>437,637</u>
Net position:	
Net position at beginning of year, as previously reported	5,641,935
Restatements	—
Net position at beginning of year, as restated	<u>5,641,935</u>
Net position at end of year	<u>\$ 6,079,572</u>

See accompanying note to the supplementary schedules.

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, SACRAMENTO
Other Information
June 30, 2013
(for inclusion in the California State University)

3.2 Detail of depreciation and amortization expense for the year ended June 30, 2013:

Depreciation and amortization expense related to capital assets	\$ 111,058
Amortization expense related to other assets	—
Total depreciation and amortization	<u>\$ 111,058</u>

4 Long-term liabilities activity schedule:

	Balance June 30, 2012	Prior period adjustments	Reclassifications	Balance June 30, 2012 (restated)	Additions	Reductions	Balance June 30, 2013	Current portion	Long-term portion
Accrued compensated absences	\$ 125,503	—	—	125,503	118,708	(129,285)	114,926	103,433	11,493
Capitalized lease obligations:									
Gross balance	—	—	—	—	-	-	—	—	—
Unamortized premium / (discount) on capitalized lease obligations	—	—	—	—	-	-	—	—	—
Total capitalized lease obligations	—	—	—	—	-	-	—	—	—
Long-term debt obligations:									
Revenue Bonds	—	—	—	—	-	-	—	—	—
Other bonds (non-Revenue Bonds)	—	—	—	—	-	-	—	—	—
Commercial Paper	—	—	—	—	-	-	—	—	—
Note Payable related to SRB	—	—	—	—	-	-	—	—	—
Other:									
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Total long-term debt obligations	—	—	—	—	-	-	—	—	—
Unamortized bond premium / (discount)	—	—	—	—	-	-	—	—	—
Unamortized loss on refunding	—	—	—	—	-	-	—	—	—
Total long-term debt obligations, net	—	—	—	—	—	—	—	—	—
Total long-term liabilities	<u>\$ 125,503</u>	<u>—</u>	<u>—</u>	<u>125,503</u>	<u>118,708</u>	<u>(129,285)</u>	<u>114,926</u>	<u>103,433</u>	<u>11,493</u>

5 Future minimum lease payments - capital lease obligations:

	Principal	Interest	Principal and Interest
Year ending June 30:			
2014	-	-	—
2015	-	-	—
2016	-	-	—
2017	-	-	—
2018	-	-	—
2019 - 2023	-	-	—
2024 - 2028	-	-	—
2029 - 2033	-	-	—
2034 - 2038	-	-	—
2039 - 2043	-	-	—
2044 - 2048	-	-	—
2049 - 2053	-	-	—
2054 - 2058	-	-	—
2059 - 2063	-	-	—
Total minimum lease payments			—
Less amounts representing interest			—
Present value of future minimum lease payments			—
Less: current portion			—
Capitalized lease obligation, net of current portion			<u>\$ —</u>

See accompanying note to the supplementary schedules.

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, SACRAMENTO
 Other Information
 June 30, 2013
 (for inclusion in the California State University)

6 Long-term debt obligation schedule

	Revenue Bonds			All other long-term debt obligations			Total		
	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest
Year ending June 30:									
2014	\$ -	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-	-
2019 - 2023	-	-	-	-	-	-	-	-	-
2024 - 2028	-	-	-	-	-	-	-	-	-
2029 - 2033	-	-	-	-	-	-	-	-	-
2034 - 2038	-	-	-	-	-	-	-	-	-
2039 - 2043	-	-	-	-	-	-	-	-	-
2044 - 2048	-	-	-	-	-	-	-	-	-
2049 - 2053	-	-	-	-	-	-	-	-	-
2054 - 2058	-	-	-	-	-	-	-	-	-
2059 - 2063	-	-	-	-	-	-	-	-	-
Total	\$ -	-	-	-	-	-	-	-	-

7 Calculation of net position

	Auxiliary Organizations		Total
	GASB	FASB	Auxiliaries
7.1 Calculation of net position - Net investment in capital assets			
Capital assets, net of accumulated depreciation	\$ -	883,845	883,845
Capitalized lease obligations - current portion	-	-	-
Capitalized lease obligations, net of current portion	-	-	-
Long-term debt obligations - current portion	-	-	-
Long-term debt obligations, net of current portion	-	-	-
Portion of outstanding debt that is unspent at year-end	-	-	-
Other adjustments: (please list)			
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Net position - net investment in capital asset	\$ -	883,845	883,845
7.2 Calculation of net position - Restricted for nonexpendable - endowments			
Portion of restricted cash and cash equivalents related to endowments	\$ -	-	-
Endowment investments	-	-	-
Other adjustments: (please list)			
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Net position - Restricted for nonexpendable - endowments per SNP	\$ -	-	-

See accompanying note to the supplementary schedules.

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, SACRAMENTO

Other Information

June 30, 2013

(for inclusion in the California State University)

8 Transactions with Related Entities

	<u>Amount</u>
Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$ (229,843)
Payments to University for other than salaries of University personnel	(176,096)
Payments received from University for services, space, and programs	172,982
Gifts-in-kind to the University from Auxiliary Organizations	35,800
Gifts (cash or assets) to the University from recognized Auxiliary Organizations	—
Accounts (payable to) University (enter as negative number)	(69,617)
Other amounts (payable to) University (enter as negative number)	(205,444)
Accounts receivable from University	23,297
Other amounts receivable from University	522,327

9 Other Postemployment Benefits Obligation (OPEB)

Annual required contribution (ARC)	\$ —
Contributions during the year	—
Increase (decrease) in net OPEB obligation (NOO)	—
NOO - beginning of year	—
NOO - end of year	\$ —

10 Pollution remediation liabilities under GASB Statement No. 49:

<u>Description</u>	<u>Amount</u>
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

	<u>Net Position</u>	<u>Amount</u>
	<u>Class</u>	<u>Dr. (Cr.)</u>
Net position as of June 30, 2012, as previously reported	\$	5,641,935
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, 2012, as restated	\$	<u>5,641,935</u>

See accompanying note to the supplementary schedules.

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, SACRAMENTO
 Other Information
 June 30, 2013
 (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)	—	—

See accompanying note to the supplementary schedules.

**ASSOCIATED STUDENTS, INC. OF
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
NOTE TO SUPPLEMENTAL INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 – 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).