

ASSOCIATED STUDENTS, INC.
CALIFORNIA STATE UNIVERSITY, BAKERSFIELD

FINANCIAL REPORT
(Audited)

JUNE 30, 2011

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(Audited)

JUNE 30, 2011

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NANCY C. BELTON

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statements of financial position of the **Associated Students, Inc., California State University, Bakersfield** as of June 30, 2011 and 2010 and the related statements of activities and cash flows for the years then ended. These financial

ASSOCIATED STUDENTS, INC.
CALIFORNIA STATE UNIVERSTIY, BAKERSFIELD

STATEMENTS OF FINANCIAL POSITION
June 30, 2011 and 2010

	2011	2010
ASSETS		
Current Assets		
Investments (Note 3)	\$ 1,259,469	\$ 1,034,661
Student fees receivable	95,234	35,178
Prepaid expense	-	14,000
Total current assets	<u>1,354,703</u>	<u>1,083,839</u>
Property and Equipment		
Office equipment and furniture	56,162	87,371
Improvements	254,852	44,455
Construction in progress	-	89,017
	<u>311,014</u>	<u>220,843</u>
Less: accumulated depreciation	78,216	93,201
	<u>232,798</u>	<u>127,642</u>
	<u>\$ 1,587,501</u>	<u>\$ 1,211,481</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 417,523	\$ 101,282
Due to related parties (Note 6)	76,535	142,387
Deferred revenue	129,832	16,083
Total current liabilities	<u>623,890</u>	<u>259,752</u>
Net Assets		
Unrestricted	963,611	951,729
	<u>\$ 1,587,501</u>	<u>\$ 1,211,481</u>

See Notes to Financial Statements.

ASSOCIATED STUDENTS, INC.
 CALIFORNIA STATE UNIVERSITY, BAKERSFIELD

STATEMENTS OF ACTIVITIES
 Years Ended June 30, 2011 and 2010

	2011	2010
<hr/>		
Changes in Unrestricted Net Assets:		
Revenues		
Student activity fees	\$ 2,536,917	\$ 2,561,263
Miscellaneous	118,734	599
Interest	8,360	9,057
Total revenues	<u>2,664,011</u>	<u>2,570,919</u>
Expenses of auxiliary enterprises		
Program services	2,329,710	2,345,067
General and administrative	322,419	271,389
Total expenses of auxiliary enterprises	<u>2,652,129</u>	<u>2,616,456</u>
Increase (decrease) in net assets	11,882	(45,537)
Net assets, beginning of year	<u>951,729</u>	<u>997,266</u>
Net assets, end of year	<u>\$ 963,611</u>	<u>\$ 951,729</u>

See Notes to Financial Statements.

ASSOCIATED STUDENTS, INC.
CALIFORNIA STATE UNIVERSITY, BAKERSFIELD

STATEMENTS OF CASH FLOWS
Years Ended June 30, 2011 and 2010

	2011	2010
Cash Flows from Operating Activities		
Increase (decrease) in net assets	\$ 11,882	\$ (45,537)
Adjustments to reconcile increase (decrease) in unrestricted net assets to net cash provided by operating activities:		
Depreciation	22,638	9,684
(Increase) decrease in receivables	(60,056)	59,875
Increase (decrease) in prepaid expense	14,000	(14,000)
Increase (decrease) in accounts payable	316,241	(1,932)
Increase (decrease) in amounts due to related parties	(87,049)	120,927
Increase in accrued expenses	21,197	11,302
Increase (decrease) in deferred revenue	113,749	(94,906)
Net cash provided by operating activities	<u>352,602</u>	<u>45,413</u>
Cash Flows from Investing Activities		
Purchase of investments	(233,168)	(9,057)
Purchase of property and equipment	(127,794)	(92,203)
Proceeds from sale of investments	8,360	55,847
Net cash provided by (used in) investing activities	<u>(352,602)</u>	<u>(45,413)</u>
Net change in cash	-	-
Cash:		
Beginning	-	-
Ending	<u>\$ -</u>	<u>\$ -</u>

See Notes to Financial Statements.

ASSOCIATED STUDENTS, INC.
CALIFORNIA STATE UNIVERSITY, BAKERSFIELD

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: The Associated Students, Inc., California State University, Bakersfield, (“the Associated Students”), functions to benefit the student body of the California State University, Bakersfield by providing financial, cultural, educational, recreational and motivational support. Though in operation since 1976, it became a viable fiscal entity with the introduction of mandatory student fees by an election in October 1977.

A summary of the Associated Students’ significant accounting policies follows:

Accounting policies: The Associated Students accounts for its financial transactions in accordance with the policies and procedures of the California State University Auxiliary Organization’s Accounting and Reporting System. The accounting policies of the Associated

ASSOCIATED STUDENTS, INC.
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NOTES TO FINANCIAL STATEMENTS

only if it is more-likely-than-not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods.

Management evaluated the Associated Students' tax positions and concluded that they had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. With few exceptions, the Associated Students is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before 2007.

Student activity fees: Student activity fees of \$111 and \$109 per student, for the years ended June 30, 2011 and 2010, respectively, were collected from student tuition and recognized as revenue when the students enrolled.

Investments Valuation and Income Recognition: Financial statement presentation follows the guidance in FASB Accounting Standards Codification Not-for-Profit Entities. Accordingly, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 4 for further discussion of fair value measurements.

Compensated Absences: Employees of the Associated Students are entitled to paid vacation,

ASSOCIATED STUDENTS, INC.
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NOTES TO FINANCIAL STATEMENTS

Note 2. Cash and cash equivalents

At June 30, 2011 and 2010 the Associated Students' cash was pooled with the California State University, US Bank SWIFT account that resulted in share pooled cash of \$0 at June 30, 2011 and 2010. Refer to Note 3 below for Investments.

Note 3. Investments

The Associated Students' investments are pooled and invested with the California University, Bakersfield's US Bank SWIFT account to take advantage of an effective investment program. The Associated Students' share of pooled investments was \$1,259,469 and \$1,034,661 at June 30, 2011 and 2010, respectively. The SWIFT account consists of a variety of investments such as U.S. agency securities, corporate and fixed income securities, commercial paper and repurchase agreements.

Generally, credit risk is the risk that the issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assa

ASSOCIATED STUDENTS, INC.
CALIFORNIA STATE UNIVERSITY, BAKERSFIELD

NOTES TO FINANCIAL STATEMENTS

Note 6. Transactions With Related Parties

California State University, Bakersfield (the University) provides accounting services and leases office space to the Associated Students. See Note 5 regarding the leases.

California State University, Bakersfield, Founda

ASSOCIATED STUDENTS, INC.
 CALIFORNIA STATE UNIVERSITY, BAKERSFIELD

EXPENSES BY NATURAL CLASSIFICATION
 Years Ended June 30, 2011 and 2010

	2011		
	Program	General and Administrative	Total
Scholarships	\$ 1,608,682	\$ 935	\$ 1,609,617
Salaries	393,775	82,488	476,263
Supplies	211,731	19,917	231,648
Services from other agencies	52,839	10,372	63,211
Benefits	16,311	40,060	56,371
Stipends	1,000	37,133	38,133
Rent	1,444	30,941	32,385
Expendable equipment	10,305	20,164	30,469
Travel	4,570	21,389	25,959
Depreciation	-	22,638	22,638
Conference and meetings	16,838	3,858	20,696
Professional fees	5,041	8,500	13,541
Insurance	1,722	8,195	9,917
Dues and subscriptions	647	9,236	9,883
Printing and publications	3,630	1,453	5,083
Telephone	-	2,708	2,708
Repairs and maintenance	-	1,924	1,924
Advertising	1,175	508	1,683
	<u>\$ 2,329,710</u>	<u>\$ 322,419</u>	<u>\$ 2,652,129</u>

Program	General and Administrative	Total
\$ 1,266,974	\$ 5,834	\$ 1,272,808
62,490	81,694	144,184
268,578	\$ 26,813	4nd

Assets:

Current assets:

Cash and cash equivalents	\$	—
Short-term investments		1,259,469
Accounts receivable, net		95,234
Leases receivable, current portion		—
Notes receivable, current portion		—
Pledges receivable, net		—
Prepaid expenses and other assets		—
		1,354,703

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		232,798
Other assets		—
		232,798
		1,587,501 t

ASSOCIATED STUDENTS, INC. CALIFORNIA STATE UNIVERSITY, BAKERSFIELD

Schedule of Revenues, Expenses, and Changes in Net Assets

Year Ended June 30, 2011

(for inclusion in the California State University)

Revenues:	
Operating revenues:	
Student tuition and fees (net of scholarship allowances of \$0)	\$ 2,536,917
Grants and contracts, noncapital:	
Federal	—
State	—
Local	—
Nongovernmental	—
Sales and services of educational activities	—
Sales and services of auxiliary enterprises (net of scholarship allowances of \$0)	—
Other operating revenues	118,734
Total operating revenues	<u>2,655,651</u>
Expenses:	
Operating expenses:	
Instruction	—
Research	—
Public service	—
Academic support	—
Student services	1,020,408
Institutional support	—
Operation and maintenance of plant	—
Student grants and scholarships	1,609,083
Auxiliary enterprise expenses	—
Depreciation and amortization	22,638
Total operating expenses	<u>2,652,129</u>
Operating income (loss)	<u>3,522</u>
Nonoperating revenues (expenses):	
State appropriations, noncapital	—
Federal financial aid grants, noncapital	—
State financial aid grants, noncapital	—
Local financial aid grants, noncapital	—
Nongovernmental and other financial aid grants, noncapital	—
Other federal nonoperating grants, noncapital	—
Gifts, noncapital	—
Investment income (loss), net	8,360
Endowment income (loss), net	—
Interest Expenses	—
Other nonoperating revenues (expenses)	—
Net nonoperating revenues (expenses)	<u>8,360</u>
Income (loss) before other additions	11,882
State appropriations, capital	—
Grants and gifts, capital	—
Additions (reductions) to permanent endowments	—
Increase (decrease) in net assets	<u>11,882</u>
Net assets:	
Net assets at beginning of year, as previously reported	951,729
Restatements	—
Net assets at beginning of year, as restated	<u>951,729</u>
Net assets at end of year	<u>\$ 963,611</u>

ASSOCIATED STUDENTS, INC. CALIFORNIA STATE UNIVERSITY, BAKERSFIELD
 Other Information
 June 30, 2011
 (for inclusion in the California State University)

2.2 Investments held by the University under contractual agreements at June 30, 2011:

Portion of investments in note 2.1 held by the University under contractual agreements at June 30, 2011 :

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2.3 Restricted current investments at June 30, 2011 related to:

Total restricted current investments at June 30, 2011

Amount
\$ —

2.4 Restricted noncurrent investments at June 30, 2011 related to:

Endowment investment

Total restricted noncurrent investments at June 30, 2011

Amount
\$ —
\$ —

3.1 Composition of capital assets at June 30, 2011:

	Balance June 30, 2010	Prior period Adjustments	Reclassifications	Balance June 30, 2010 (restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2011
Nondepreciable/nonamortizable capital assets:								
Land and land improvements	\$ -	-	-	-	-	-	-	-
Works of art and historical treasures	-	-	-	-	-	-	-	-
Construction work in progress (CWIP)	89,017	-	-	89,017	-	(89,017)	-	-
Intangible assets:								
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-
Internally generated intangible assets in progress	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets:								
Total intangible assets	-	-	-	-	-	-	-	-
Total nondepreciable/nonamortizable capital assets	89,017	-	-	89,017	-	(89,017)	-	-
Depreciable/amortizable capital assets:								
Buildings and building improvements	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	44,455	-	-	44,455	210,397	-	-	254,852
Personal property:								
Equipment	87,371	-	-	87,371	6,416	(37,625)	-	56,162
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets:								
Software and websites	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyright and trademarks	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets:								
Total intangible assets	-	-	-	-	-	-	-	-

4 Long-term liabilities activity schedule

	Balance June 30, 2010	Prior period Adjustments	Reclassifications	Balance June 30, 2010 (restated)	Additions	Reductions	Balance June 30, 2011	Current Portion	Long-Term Portion
Accrued compensated absences	\$ 5,228	\$ -	\$ -	\$ 5,228	\$ 6,894	\$ (5,290)	\$ 6,832	\$ 6,832	\$ -
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	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total long-term debt obligation	-	-	-	-	-	-	-	-	-
Unamortized bond premium / (discount)	-	-	-	-	-	-	-	-	-
Unamortized loss on refunding	-	-	-	-	-	-	-	-	-
Total long-term debt obligations, net	-	-	-	-	-	-	-	-	-
Total long-term liabilities	\$ 5,228	\$ -	\$ -	\$ 5,228	\$ 6,894	\$ (5,290)	\$ 6,832	\$ 6,832	\$ -

ASSOCIATED STUDENTS, INC. CALIFORNIA STATE UNIVERSITY, BAKERSFIELD
OTHER INFORMATION (Continued)
JUNE 30, 2011
(for inclusion in the California State University)

5 Future minimum lease payments - capital lease obligations:

Year ending June 30:	Principal	Interest	Principal and Interest
2012	\$ -	\$ -	\$ -
2013	-	-	-
2014	-	-	-
2015	-	-	-
2016	-	-	-
2017-2021	-	-	-
2022-2026	-	-	-
2027-2031	-	-	-
2032-2036	-	-	-
2037-2041	-	-	-
2042-2046	-	-	-
2047-2051	-	-	-
2052-2056	-	-	-
2057-2061	-	-	-
Total minimum lease payments			-
Less amounts representing interest			-
Present value of future minimum lease payments			-
Less: current portion			-
Capitalized lease obligations, net of current portion			\$ -

ASSOCIATED STUDENTS, INC. CALIFORNIA STATE UNIVERSITY, BAKERSFIELD
 OTHER INFORMATION (Continued)
 JUNE 30, 2011
 (for inclusion in the California State University)

6 Long-term debt obligations schedule

Year Ending June 30:	Revenue Bonds			All Other Long-Term Debt Obligations			Total		
	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest
2012	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2013	-	-	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-	-
2017-2021	-	-	-	-	-	-	-	-	-
2022-2026	-	-	-	-	-	-	-	-	-
2027-2031	-	-	-	-	-	-	-	-	-
2032-2036	-	-	-	-	-	-	-	-	-
2037-2041	-	-	-	-	-	-	-	-	-
2042-2046	-	-	-	-	-	-	-	-	-
2047-2051	-	-	-	-	-	-	-	-	-
2052-2056	-	-	-	-	-	-	-	-	-
2057-2061	-	-	-	-	-	-	-	-	-
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

ASSOCIATED STUDENTS, INC. CALIFORNIA STATE UNIVERSITY, BAKERSFIELD
OTHER INFORMATION (Continued)
JUNE 30, 2011

7 Calculation of net assets

	Auxiliary Organizations		Total
	GASB	FASB	Auxiliaries
7.1 Calculation of net assets - Invested in capital assets, net of related debt			
Capital assets, net of accumulated depreciation	\$ -	\$ 232,798	\$ 232,798
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)	-	-	-
Net assets - invested in capital assets, net of related debt	\$ -	\$ 232,798	\$ 232,798
7.2 Calculation of net assets - Restricted for nonexpendable - endowments			
Portion of restricted cash and cash equivalents related to endowments	\$ -	\$ -	\$ -
Endowment investments	-	-	-
Other adjustments: (please list)			
Net assets - Restricted for nonexpendable - endowments per SNA	\$ -	\$ -	\$ -

8 Transactions with Related Entities

	Amount
Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$ 197,634
Payments to University for other than salaries of University personnel	483,016
Payments received from University for services, space, and programs	-
Gifts-in-kind to the University from Auxiliary Organizations	-
Gifts (cash or assets) to the University from recognized Auxiliary Organizations	-
Accounts (payable to) University (enter as negative number)	(61,319)
Other amounts (payable to) University (enter as negative number)	(346,597)
Accounts receivable from University	-
Other amounts receivable from University	-

