


Associated Students,
California State University,
Bakersfield, Inc.

Financial Statements and Supplemental Information

Years Ended June 30, 2014 and 2013



ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.
Financial Statements and Supplemental Information
Years Ended June 30, 2014 and 2013

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Associated Students, California State University, Bakersfield, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.
 Statements of Financial Position
 June 30, 2014 and 2013

ASSETS	2014	2013
Current Assets:		
Cash	\$ 12,883	\$ 73,941
Investments	811,502	1,352,507
Accounts receivable	59,577	34,552
Due from related parties	344,929	5,079
Other receivables	-	2,093
Prepaid expenses and other current assets	81	-
Total Current Assets	1,228,972	1,468,172
Property and Equipment, net of accumulated depreciation	155,581	175,160
Total Assets	\$ 1,384,553	\$ 1,643,332
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 80,029	\$ 37,681
Deferred revenue	97,217	13,931
Due to related parties	233,909	223,192
Deposits in excess of withdrawals for agency accounts	135,382	122,259
Total Current Liabilities	546,537	397,063
Net Assets - Unrestricted	838,016	1,246,269
Total Liabilities and Net Assets	\$ 1,384,553	\$ 1,643,332

See accompanying notes to financial statements.

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.

Statements of Cash Flows

Years Ended June 30, 2014 and 2013

	2014	2013
Cash Flows from Operating Activities:		
Change in net assets	\$ (408,253)	\$ 458,940
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	27,357	27,946
Changes in operating assets and liabilities:		
Accounts receivable	(22,932)	62,345
Due from related parties	(339,850)	(5,079)
Prepaid expenses and other assets	(81)	-
Accounts payable and accrued expenses	42,348	(3,766)
Deferred revenue	83,286	(94,781)
Due to related parties	10,717	194,239
Deposits in excess of withdrawals for agency accounts	13,123	21,698
Increase (decrease) in outstanding checks in excess of bank balance	-	(47,149)
Net Cash Provided (Used) by Operating Activities	(594,285)	614,393
Cash Flows from Investing Activities:		
Purchases of property and equipment	(7,778)	-
Net proceeds (purchases) from sale of investments	541,005	(540,452)
Net Cash Provided (Used) by Investing Activities	533,227	(540,452)
Net Increase (Decrease) in Cash	(61,058)	73,941
Cash, beginning	73,941	-
Cash, ending	\$ 12,883	\$ 73,941

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.

Notes to Financial Statements
Years Ended June 30, 2014 and 2013

Note 1 – Organization and Summary of Significant Accounting Policies, continued

Accounts Receivable

The accounts receivable arise in the normal course of operations. It is the policy of management to review the outstanding accounts receivable at year end, as well as the bad debt write-offs experienced in the past, and establish an allowance for doubtful accounts for uncollectible amounts. A provision for doubtful accounts has not been established as management considers all accounts to be collectible based upon a favorable history over a substantial period of time. If amounts become uncollectible, they will be charged to operations when that determination is made.

Property and Equipment

The Organization capitalizes all expenditures for property and equipment in excess of \$5,000. Equipment and improvements are recorded at cost or at estimated fair value at date of gift if donated. Expenditures for maintenance and repairs are charged against operations. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets of 3 to 10 years.

Deferred Revenue

Deferred revenue represents the portion of student activity fees collected for the summer session applicable to the next fiscal year.

Deposits in Excess of Withdrawals for Agency Accounts

The Organization holds funds for on-campus clubs to fund club activities. These monies can be drawn upon at any time.

Student Fees

Each matriculated student of the University is required to pay \$119 and \$117 per quarter for student body fees for each of the years ended June 30, 2014 and 2013, respectively. These payments support the Organization's operations and are recognized as revenue when the students enroll.

Fair Value Measurements

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

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

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

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

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

The fair value of the investments held by the pooled SWIFT account explained in Note 3 reflect the Organization's pro rata share of the market value of the underlying assets in the account.

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.

Notes to Financial Statements

Years Ended June 30, 2014 and 2013

Note 1 – Organization and Summary of Significant Accounting Policies, continued

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation method is appropriate and consistent with other market participants, 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.

The carrying value of cash, receivables, and payables approximates fair value as of June 30, 2014 and 2013, due to the relative short maturities of these instruments.

Subsequent Events

The Organization has evaluated subsequent events through September 18, 2014, which is the date the financial statements were available to be issued.

Note 2 – Concentrations of Credit Risk

The Organization maintains its cash in bank deposit accounts that are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000 per depositor per financial institution. At June 30, 2014, the Organization's deposits with financial institutions were fully insured. In addition, the Organization has deposited cash pooled with the California State University, US Bank SWIFT account.

Note 3 – Investments and Fair Value Measurement

The Organization's investments are pooled and invested with

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.
Notes to Financial Statements
Years Ended June 30, 2014 and 2013

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.

Notes to Financial Statements
 Years Ended June 30, 2014 and 2013

Note 7 – Related Party Transactions, continued

Related party transactions as of and for the years ended June 30, 2014 and 2013 are as follows:

	<u>2014</u>	<u>2013</u>
Expenses:		
Program fees		
University	\$ 2,770,364	\$ 1,923,520
Foundation	133,521	-
Student Union	29,671	-
	<u>\$ 2,933,556</u>	<u>\$ 1,923,520</u>
Due from:		
University	\$ 221,830	\$ 2,616
Foundation	123,099	2,460
Student Union	-	3
	<u>\$ 344,929</u>	<u>\$ 5,076</u>
Due to:		
University	\$ 162,289	\$ 222,612
Foundation	71,620	-
Student Union	-	580
	<u>\$ 233,909</u>	<u>\$ 223,192</u>

SUPPLEMENTAL INFORMATION

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.
Schedule of Expenses by Natural Classification
Year Ended June 30, 2014

See independent auditors' report.

Supplies	348,051	70,278
Salaries	14,649	100,420
Services from other agencies	22,222	21,215

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.
 Schedule of Expenses by Natural Classification
 Year Ended June 30, 2013

	Program Services	General and Administrative	Total
Scholarships	\$ 1,755,375	\$ 30,225	\$ 1,785,600
Supplies	177,426	23,859	201,285
Services from other agencies	104,121	28,705	132,826
Salaries	11,500	94,155	105,655
Benefits	4,465	45,525	49,990
Depreciation	-	27,946	27,946
Rent	1,362	22,602	23,964
Professional fees	6,080	10,869	16,949
Travel	530	16,187	16,717
Insurance	2,279	6,930	9,209
Conference and meetings	6,099	510	6,609
Dues and subscriptions	-	4,029	4,029
Stipends	-	3,050	3,050
Telephone	399	2,392	2,791
Advertising	-	2,055	2,055
Printing and publications	1,038	941	1,979
Repairs and maintenance	-	53	53
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Total Expenses	\$ 2,070,674	\$ 320,033	\$ 2,390,707

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.

Schedule of Activities by Fund

Year Ended June 30, 2014

	ASI Administration	Athletic Referendum	Children's Center Referendum	NCAA Referendum	Club Referendum	AVC Referendum	Total
Unrestricted Revenue and Other Support:							
Fees	\$ 343,493	\$ 339,484	\$ 121,232	\$ 1,892,298	\$ 91,351	\$ 48,555	\$ 2,836,413
Miscellaneous	241	(4,269)	-	-	-	8,565	4,537
Interest	2,363	641	87	1,344	283	155	4,873
Total Unrestricted Revenue and Other Support	346,097	335,856	121,319	1,893,642	91,634	57,275	2,845,823
Expenses:							
Program services	-	467,045	135,225	2,188,605	36,199	66,348	2,893,422
General and administrative	360,654	-	-	-	-	-	360,654
Total Expenses	360,654	467,045	135,225	2,188,605	36,199	66,348	3,254,076
Change in net assets	(14,557)	(131,189)	(13,906)	(294,963)	55,435	(9,073)	(408,253)
Net Assets, beginning	570,501	139,605	15,246	300,073	57,106	163,738	1,246,269
Net Assets, ending	\$ 555,944	\$ 8,416	\$ 1,340	\$ 5,110	\$ 112,541	\$ 154,665	\$ 838,016

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.

Schedule of Activities by Fund

Year Ended June 30, 2013

	ASI Administration	Athletic Referendum	Children's Center Referendum	NCAA Referendum	Club Referendum	AVC Referendum	Total
Unrestricted Revenue and Other Support:							
Fees	\$ 338,385	\$ 335,739	\$ 120,215	\$ 1,921,974	\$ 72,844	\$ 48,386	\$ 2,837,543
Miscellaneous	3,390	-	-	-	30	485	3,905
Interest	4,215	906	119	2,533	312	114	8,199
Total	345,990	336,645	120,334	1,924,507	73,186	48,985	2,839,647

Assets:

Current assets:

Cash and cash equivalents	\$ 12,883
Short-term investments	811,502
Accounts receivable, net	404,506
Leases receivable, current portion	—
Notes receivable, current portion	—
Pledges receivable, net	—
Prepaid expenses and other assets	81
	<hr/>
Total current assets	1,228,972

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	155,581
Other assets	—
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Total noncurrent assets	155,581

Total assets	1,384,553
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Deferred outflows of resources:

Unamortized loss on refunding(s)	—
	<hr/>
Total deferred outflows of resources	—

Liabilities:

Current liabilities:

Accounts payable	263,853
Accrued salaries and benefits payable	—
Accrued compensated absences— current portion	13,330
Unearned revenue	97,217
Capitalized lease obligations – current portion	—
Long-term debt obligations – current portion	—
Claims Liability for losses and LAE - current portion	—
Depository accounts	—
Other liabilities	172,137
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Total current liabilities	546,537

Noncurrent liabilities:

Accrued compensated absences, net of current portion	—
Unearned revenue	—
Grants refundable	—
Capitalized lease obligations, net of current portion	—
Long-term debt obligations, net of current portion	—
Claims Liability for losses and LAE, net of current portion	—

Net investment in
Unrestricted

<hr/>	Total
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Revenues:

Operating revenues:

Student tuition and fees (net of scholarship allowances of \$0)	\$	2,836,413
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1	Restricted cash and cash equivalents at June 30, 2014:	
	Portion of restricted cash and cash equivalents related to endowments	\$ -
	All other restricted cash and cash equivalents	-
	Total restricted cash and cash equivalents	\$ -

2.1 Composition of investments at June 30, 2014:

	Current Unrestricted	Current Restricted	Total Current	Noncurrent Unrestricted	Noncurrent Restricted	Total Noncurrent	Total
State of California Surplus Money Investment Fund (SMIF)	\$ -	-	-	-	-	-	-
State of California Local Agency Investment Fund (LAIF)	-	-	-	-	-	-	-
Wachovia Short Term Fund	-	-	-	-	-	-	-
Wachovia Medium Term Fund	-	-	-	-	-	-	-
Wachovia Equity Fund	-	-	-	-	-	-	-
CSU Consolidated Investment Pool (includes SWIFT and 0948 SMIF)	811,502	-	811,502	-	-	-	811,502
Common Fund - Short Term Fund	-	-	-	-	-	-	-
Common Fund - Others	-	-	-	-	-	-	-
Debt securities	-	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-	-
Fixed income securities (Treasury notes, GNMA's)	-	-	-	-	-	-	-

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.
 Other Information
 June 30, 2014
 (for inclusion in the California State University)

3.2 Detail of depreciation and amortization expense for the year ended June 30, 2014:

Depreciation and amortization expense related to capital assets	\$	27,357
Amortization expense related to other assets		—
Total depreciation and amortization	\$	27,357

4 Long-term liabilities activity schedule:

	Balance June 30, 2013	Prior period adjustments	Reclassifications	Balance June 30, 2013 (restated)	Additions	Reductions	Balance June 30, 2014	Current portion	Long-term portion
Capitalized lease obligations:	\$ 7,821	—	—	7,821	12,221	(6,712)	13,330	13,330	—
Gross balance	—	—	—	—	-	-			

ASSOCIATED STUDENTS, CALIFORNIA STATE UNIVERSITY, BAKERSFIELD, INC.

Other Information

June 30, 2014

(for inclusion in the California State University)

8 Transactions with Related Entities

Payments to University for salaries of University personnel working on contracts, grants, and other programs
Payments to University for other than salaries of University personnel

Amount
\$ 157,563
2,612,801

11	The nature and amount of the prior period adjustment(s) recorded to beginning net position		
		Net Position Class	Amount Dr. (Cr.)
	Net position as of June 30, 2013, as previously reported		\$ 1,246,269
	Prior period adjustments:		
	1 (list description of each adjustment)		—
	Net position as of June 30, 2013, as restated		\$ 1,246,269

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)	—	—