

**Associated Students, Inc.
of
California State University, Fresno**

**2010-11
Annual Report**

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, FRESNO
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2010 and 2011

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PRICE PAIGE & COMPANY

ACCOUNTANCY CORPORATION

INDEPENDENT AUDITOR'S REPORT

To the Student Senate of the
Associated Students, Inc. of
California State University, Fresno
Fresno, California

We have audited the accompanying statements of financial position of Associated Students, Inc. of California State University, Fresno (Associated Students), a nonprofit organization, as of June 30, 2010 and 2011, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Associated Students as of June 30, 2010 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Additional Information for California State University, Fresno which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Additional Information was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements and 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 Additional Information is fairly stated in all material respects in relation to the financial statements as a whole.

Price Paige & Company

Clovis, California
August 25, 2011

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, FRESNO
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2010 AND 2011

ASSETS	<u>2010</u>	<u>2011</u>
Current Assets:		
Cash (Note 3)	\$ 737,505	\$ 895,785
Accounts Receivable	60,558	857
Prepaid Deposits (Note 4)	<u>84</u>	<u>3,713</u>
Total Current Assets	798,147	900,355
Fixed Assets	176,155	133,530
Less Accumulated Depreciation	<u>(108,745)</u>	<u>(74,439)</u>
Total Fixed Assets	<u>67,410</u>	<u>59,091</u>
TOTAL ASSETS	<u><u>\$ 865,557</u></u>	<u><u>\$ 959,446</u></u>
 LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable and Accrued Expenses	\$ 28,615	\$ 38,361
Agency Fund Deposits (Note 6)	<u>164,187</u>	<u>159,696</u>
Total Current Liabilities	192,802	198,057
Net Assets:		
General:		
Surplus - Unappropriated	<u>672,755</u>	<u>761,389</u>
Total Unrestricted Net Assets	<u>672,755</u>	<u>761,389</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 865,557</u></u>	<u><u>\$ 959,446</u></u>

The accompanying notes are an integral part of the financial statements

**ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, FRESNO
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2010 AND 2011**

	2010	2011
CHANGES IN UNRESTRICTED NET ASSETS:		
Revenues:		
Student Body Fees	\$ 648,780	\$ 612,042
Interest Income	4,314	3,110
Insurance Refund	0	1,314
Other Income	2,997	2,058
Total Revenues	656,091	618,524
Expenses:		
Salaries/Wages	134,745	125,742
Employee Benefits	21,566	21,942
Advertising/Publicity	11,647	12,007
Audit Fees	10,800	15,727
Corporate Services Fee	51,000	53,600
Depreciation	17,432	16,171
Dues/Subscriptions	54,248	52,058
Insurance	17,749	17,662
Legal Fees	3,287	18,093
Miscellaneous	23,238	23,586
Office Supplies/Postage	13,688	6,427
Office/Equipment Rental	25,848	19,872
Repairs/Maintenance	13	28
Student Programs	57,092	59,637
Supplies	13,045	22,396
Telephone	1,161	1,136
Travel	7,273	7,489
University Donations	77,126	56,317
Total Expenses	540,958	529,890
Increase (Decrease) in Net Assets	115,133	88,634
Net Assets at Beginning of Year	557,622	672,755
Net Assets at End of Year	\$ 672,755	\$ 761,389

The accompanying notes are an integral part of the financial statements

**ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, FRESNO
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2010 AND 2011**

	<u>2010</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets	\$ 115,133	\$ 88,634
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided from (used by) Operating Activities:		
Depreciation	17,432	16,171
Changes in:		
Accounts Receivable	(44,828)	59,701
Prepaid Deposits	223	(3,629)
Accounts Payable and Accrued Expenses	(36,007)	9,746
Agency Fund Deposits	<u>19,232</u>	<u>(4,491)</u>
Net Cash Provided from (Used by) Operating Activities	<u>71,185</u>	<u>166,132</u>
Cash Flows From Investing Activities		
Acquisition of Fixed Assets	<u>0</u>	<u>(7,852)</u>
Net Cash Provided from (Used by) Investing Activities	0	(7,852)
Cash Flows From Financing Activities		
	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash	71,185	158,280
Cash at Beginning of Year	<u>666,320</u>	<u>737,505</u>
Cash at End of Year	<u>\$ 737,505</u>	<u>\$ 895,785</u>

The accompanying notes are an integral part of the financial statements

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, FRESNO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2011

Note 1 – General Information

The Associated Students, Inc. of California State University, Fresno (Associated Students), is a not-for-profit organization whose specific purpose is to provide students of California State University, Fresno with a means of responsible and effective participation in the governance of the campus. The programs included in the Associated Students' budget are campus programs and student government.

Note 2 – Summary of Significant Accounting Policies

- A. Accounting Policies - The accounting policies of the Associated Students conform to generally accepted accounting principles (GAAP).
- B. Organization - The Associated Students incorporated as a nonprofit public benefit corporation on December 22, 1986. It is a tax-exempt corporation under section 501(c)(3) of the Internal Revenue Code.
- C. Basis of Accounting - Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. The accounting records of the Associated Students are maintained using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when goods or services are received.
- D. Fixed Assets - Equipment is recorded at cost and depreciation is computed using straight-line rates based upon estimated useful lives. The organization capitalizes all expenditures for equipment in excess of \$750. Estimated useful lives for assets range from three to ten years. Fully depreciated assets, which have economic value, are retained on the books although fully depreciated.
- E. Cash and Cash Equivalents – Cash and cash equivalents consist of demand deposit accounts and money market funds with financial institutions. The Associated Students considers all highly liquid investments with maturities of three months or less, when purchased, to be cash equivalents. At June 30, 2011, cash and equivalents included \$528,359 held in a commercial bank. Of that amount, \$314,851 was in an interest-bearing account that was subject to the Federal Deposit Insurance Corporation (FDIC) regulations of which \$250,000 was insured. The remaining \$213,508 was held in a noninterest-bearing account that was fully insured by the FDIC at June 30, 2011.
- F. Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- G. Accounts Receivable – Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. At June 30, 2010 and 2011, the organization considers all amounts to be fully collectible; therefore, no allowance for doubtful accounts is reflected.

Note 2 – Summary of Significant Accounting Policies, continued

- H. Contributions - All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Associated Students had no temporarily or permanently restricted net assets in 2010 or 2011.
- I. General Net Assets (or Fund) – This category is maintained to account for those transactions related to all activities not covered in a specific fund and which relate in general to the full scope of operations of the auxiliary organization. These funds are appropriated in accordance with the policies established by the Trustees of The California State University (Trustees), the campus, and the auxiliary organization.
- J. Designated Net Assets – When appropriations from the General Fund are made by the Board of Directors for a specific purpose, they are classified as designated net assets.
- K. Expense Allocation – The costs of providing various programs and other activities have been summarized on a functional basis in Note 8 – Expenses by Natural Classification. Accordingly, certain costs have been allocated among programs and supporting services.

Note 3 – Cash and Cash Equivalents

Cash and cash equivalents at June 30 consisted of the following:

	<u>2010</u>	<u>2011</u>
Deposits:		
Cash in Bank	\$221,434	\$176,525
Money Market	113,710	314,851
Pooled Funds:		
Cash in State of California Local Agency Investment Fund	<u>402,361</u>	<u>404,408</u>
Total	<u>\$737,505</u>	<u>\$895,785</u>

The Associated Students maintains most of its cash in the State of California Local Agency Investment Fund. The State pools these funds with those of other organizations and invests the cash. These pooled funds are carried at cost which approximates market value. Interest earned is remitted quarterly to the Associated Students. Any investment losses are proportionately shared by all funds in the pool.

Cash and cash equivalents include agency funds of \$164,187 and \$159,696 at June 30, 2010 and 2011, respectively. (See Note 6)

Note 4 – Prepaid Deposits

Prepaid deposits are comprised of the amount on deposit with the State Compensation Insurance Fund.

Note 5 – Fair Value Measurements

Effective May 1, 2008, The Associated Students adopted Statement No. 157, *Fair Value Measurements*, Statement of Financial Accounting Standards No. 157 (FAS 157), subsequently included in the Codification as ASC 820. ASC 820 applies to all financial statements that are being measured and reported on a fair value basis.

ASC 820 defines fair value as 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. ASC 820 establishes 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 measurements involving significant observable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 – Inputs are quoted market prices (unadjusted) in active markets for identical assets or liabilities. Valuations for assets and liabilities traded in active exchange markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Inputs other than quoted prices within Level 1 that are observable, either directly or indirectly. Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.

Level 3 – Inputs are unobservable. Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounts cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

The table below presents the balance of assets measured at fair value (Level 1 Inputs) on a recurring basis at June 30:

	Fair Value	Level 1
<u>2010</u>		
Cash and Cash Equivalents	\$737,505	\$737,505
Totals	<u>\$737,505</u>	<u>\$737,505</u>
<u>2011</u>		
Cash and Cash Equivalents	\$895,785	\$895,785
Totals	<u>\$895,785</u>	<u>\$895,785</u>

Note 6 – Agency Fund Deposits

This liability account was established to reflect funds held in trust for various sponsored programs on campus. These consist of student clubs for which the Associated Students processes transactions only and does not monitor the use of funds.

Note 7 – Related Parties

The Associated Students have transactions with California State University, Fresno during the years ended June 30 as follows:

Donation to Kinesiology (operational expenses for open use of North Gym swimming pool) of \$6,700 and \$0 for the years ended June 30, 2010 and 2011, respectively.

Donation of laptops to the Henry Madden Library valued at \$31,126 per year for the years ended June 30, 2010 and 2011, respectively.

The Associated Students have transactions with the California State University, Fresno Association, Inc. (the Association) during the years ended June 30 as follows:

Donation to Intramural Sports (student officials) of \$6,000 and \$5,000 for the years ended June 30, 2010 and 2011, respectively.

Administrative fees paid to the Association for management services were \$51,000 and \$53,600 for the years ending June 30, 2010 and 2011, respectively, based on a flat fee arrangement.

Annual rent of the Associated Students office space of \$10,876 and \$0 for the years ended June 30, 2010 and 2011, respectively.

Donation to University Student Union for the laptop program of \$7,800 and \$17,881 for the years ended June 30, 2010 and 2011, respectively.

The amounts due the Association from the Associated Students were \$125 and \$2,574 at June 30, 2010 and 2011, respectively.

The Associated Students have transactions with California State University, Fresno Foundation during the years ended June 30 as follows:

Donation to the CSU Summer Arts Program of \$500 and \$0 for the years ended June 30, 2010 and 2011, respectively.

Donation to the Centennial Endowed Scholarship Fund of \$25,000 and \$0 for the years ended June 30, 2010 and 2011, respectively.

The amounts due the CSU, Fresno Foundation from the Associated Students were \$0 and \$1,550 at June 30, 2010 and 2011, respectively.

Note 8 – Expenses by Natural Classification

The following is a detailed list of expenses by natural classification for the years ended June 30:

	2010			2011		
	Program	General & Administrative	Total	Program	General & Administrative	Total
Salaries/Wages	\$0	\$134,746	\$134,746	\$0	\$125,742	\$125,742
Employee Benefits	0	21,566	21,566	0	21,942	21,942
Advertising/Publicity	6,322	5,325	11,647	8,137	3,870	12,007
Audit Fees	0	10,800	10,800	0	15,727	15,727
Corporate Services Fee	0	51,000	51,000	0	53,600	53,600
Depreciation	0	17,432	17,432	0	16,171	16,171
Dues/Subscriptions	40,355	13,893	54,248	38,752	13,306	52,058
Insurance	12,878	4,871	17,749	12,474	5,188	17,662
Legal Fees	0	3,287	3,287	0	18,093	18,093
Miscellaneous	18,583	4,654	23,237	13,656	9,930	23,586
Office Supplies/Postage	8,943	4,745	13,688	0	6,427	6,427
Office/Equipment Rental	9,038	16,810	25,848	13,329	6,543	19,872
Repairs/Maintenance	0	13	13	0	28	28
Student Programs	55,466	1,626	57,092	56,852	2,785	59,637
Supplies	10,468	2,577	13,045	19,565	2,831	22,396
Telephone	0	1,161	1,161	0	1,136	1,136
Travel	0	7,273	7,273	0	7,489	7,489
University Donations	77,126	0	77,126	56,317	0	56,317
Totals	<u>\$239,179</u>	<u>\$301,779</u>	<u>\$540,958</u>	<u>\$219,082</u>	<u>\$310,808</u>	<u>\$529,890</u>

Note 9 – Lease

Office space lease agreement was renewed July 1, 2011 in the amount of \$16,450 per year expiring June 30, 2012. Rent expense for the years ended June 30, 2010 and 2011 was \$10,876 and \$0 per year. See Note 7.

Associated Students has a 3 year, non-cancelable operating lease agreement with Caltronics Business Systems for office equipment that expires in 2012. The future minimum lease payments are as follows:

Year Ended June 30, 2012	\$3,016
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Note 10 – Subsequent Events

Subsequent events have been evaluated through August 25, 2011, (date financial statements available to be issued) noting no matters requiring disclosure in the financial statements for the year ended June 30, 2011.

ADDITIONAL INFORMATION
FOR CALIFORNIA STATE UNIVERSITY, FRESNO

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, FRESNO
SCHEDULE OF NET ASSETS
JUNE 30, 2011
(for inclusion in the California State University)

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 491,377
Short-Term Investments	404,408
Accounts Receivable, Net	857
Prepaid Expenses and Other Assets	3,713
Total Current Assets	900,355

Noncurrent Assets:

Capital Assets, Net	59,091
Total Noncurrent Assets	59,091

TOTAL ASSETS

\$ 959,446

LIABILITIES

Current Liabilities:

Accounts Payable	\$ 34,563
Accrued Salaries and Benefits Payable	1,713
Accrued Compensated Absences-Current Portion	250
Total Current Liabilities	36,526

Noncurrent Liabilities:

Accrued Compensated Absences, Net of Current Portion	1,835
Depository Accounts	159,696
Total Noncurrent Liabilities	161,531

Total Liabilities

198,057

NET ASSETS

Invested in Capital Assets, Net of Related Debt	59,091
Unrestricted	702,298
Total Net Assets	761,389

TOTAL LIABILITIES AND NET ASSETS

\$ 959,446

See Accompanying Independent Auditor's Report

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, FRESNO
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 Allowance of \$0)	\$ 612,042
Other Operating Revenues	<u>3,372</u>
Total Operating Revenues	<u>615,414</u>
Expenses:	
Operating Expenses:	
Academic Support	56,317
Student Services	162,765
Auxiliary Enterprises Expenses	294,637
Depreciation	<u>16,171</u>
Total Operating Expenses	<u>529,890</u>
Operating Income (Loss)	<u>85,524</u>
Nonoperating Revenues (Expenses):	
Investment Income, Net	<u>3,110</u>
Increase in Net Assets	88,634
Net Assets:	
Net Assets at Beginning of Year	<u>672,755</u>
Net Assets at End of Year	<u>\$ 761,389</u>

See Accompanying Independent Auditor's Report

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

1. Restricted Cash and Cash Equivalents at June 30, 2011:

Not applicable

2.1 Composition of Investments at June 30, 2011:

	Current Unrestricted	Current Restricted	Total Current	Noncurrent Unrestricted	Noncurrent Restricted	Total Noncurrent	Total
State of California Local Agency Investment Fund (LAIF)	404,408	0	404,408	0	0	0	404,408
Equity Securities	0	0	0	0	0	0	0
Total Investments	404,408	0	404,408	0	0	0	404,408

2.3 Restricted Current Investments at June 30, 2011 related to:

Not Applicable

2.4 Restricted Noncurrent Investments at June 30, 2011 related to:

Not applicable

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 Completed CWIP	Balance June 30, 2011
Depreciable Capital Assets								
Personal Property:								
Equipment	176,155	0	0	176,155	7,852	(50,477)	0	133,530
Total Depreciable Capital Assets	176,155	0	0	176,155	7,852	(50,477)	0	133,530
Less Accumulated Depreciation:								
Personal Property:								
Equipment	(108,745)	0	0	(108,745)	(16,171)	50,477	0	(74,439)
Total Accumulated Depreciation	(108,745)	0	0	(108,745)	(16,171)	50,477	0	(74,439)
Total Capital Assets, Net	67,410	0	0	67,410	(8,319)	0	0	59,091

See Accompanying Independent Auditor's Report.

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

3.2 Detail of Depreciation and Amortization Expense at June 30,2011:

Depreciation and Amortization Expense Related to Capital Assets	16,171
Amortization Related to Other Assets	0
Total Depreciation and Amortization	16,171

4. Long-Term Liabilities Activity Schedule:

	Balance June 30, 2010	Prior Period Adjustments	Reclassifications	Balance June 30, 2010	Additions	Reductions	Balance June 30, 2011	Current Portion	Long Term Portion
Accrued Compensated Absences	920	0	0	920	1,165	0	2,085	250	1,835

5. Future Minimum Lease Payments:

Not Applicable

6. Long Term Debt Obligation Schedule:

Not Applicable

7. Calculation of Net Assets:

7.1 Calculation of Net Assets - Invested in Capital Assets, Net of Related Debt:

	Auxiliary Organizations	
	GASB	FASB
Capital Assets, Net of Accumulated Depreciation	0	59,091

7.2 Calculation of Net Assets - Restricted for Nonexpendable Endowments:

Not Applicable

8. Transactions with Related Entities:

	Amount
Payments to University for other than salaries of University personnel	0
Gifts (cash or assets) to the University from recognized Auxiliary Organizations	31,126

9. Other Postemployment Benefits Obligation (OPEB):

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

Not Applicable

10. Pollution Remediation Liabilities under GASB Statement No. 49:

Not Applicable

11. The Nature and Amount of the Prior Period Adjustment(s) Recorded to Beginning Net Assets:

Not Applicable