

****SPECIAL MEETING****
Associated Students Council
Humboldt State University
Meeting on Friday, September 12, 2014
University Center Banquet Room
12:30 p.m.
Agenda #5

Public Comments (As per the Gloria Romero Open Meeting Act of 2000 authorized by Section 89306.)

Every A. S. Council agenda for special meetings shall provide an opportunity for members of the public to directly address the legislative body concerning any item that has been described in the notice for the meeting before consideration of that item.

Persons recognized by the Chair should first identify themselves by name. Time limits will be established by the Chair depending on the number of people wishing to speak and the length of the Agenda. The maximum amount of time per speaker shall not exceed 10 minutes. Public comments regarding items on the agenda will be taken prior to each agenda item.

- I. Call to Order
- II. Roll Call
- III. Approval of Agenda #5 dated September 12, 2014 – **Action Item**
- IV. Chair's Report
- V. Old Business
 - A. 2013-14 Independent Audit Report Draft – **Action Item**
Each auxiliary is required to have an annual audit performed by a certified public accountant selected by the governing board. The Associated Students Council will receive a presentation on the Associated Students 2013-14 Independent Audit from the audit firm CliftonLarsonAllen LLP. After the presentation the AS Council will take action to accept the 2013-14 Independent Audit Report.
- VI. Appointments to Committees and Council
 - A. A. S. President
 - B. A. S. Administrative Vice President
 - C. A. S. Legislative Vice President
 - D. A. S. Student Affairs Vice President
- VII. Adjournment

**ASSOCIATED STUDENTS OF
HUMBOLDT STATE UNIVERSITY**

(707) 826-3771

MEMORANDUM

September 9, 2014

TO: Associated Students Council

FROM: Joan Tyson 
General Manager

RE: Associated Students Audit--Year Ended June 30, 2014

Each auxiliary organization is required to have an annual fiscal audit performed by a certified public accountant selected by the governing board. When completed, the audit shall be furnished to the governing board. Attached is the 2013-14 audit report as provided by the accounting firm CliftonLarsonAllen. The Board of Finance is the board designated to deal with audit-related items and recommend audit acceptance to the full governing board. However, the Board of Finance has not been seated in time to accomplish this task so it is being forwarded to the AS Council for review and acceptance.

There were no current year findings or recommendations by our auditors. This is the highest audit opinion an organization can receive.

At the September 12, 2014 meeting of the Associated Students Council, the audit is on your agenda as an action item. Our auditors will be present to review the audit document with you and answer any questions. Please feel free to stop by in advance of this meeting if you have any questions regarding any of this information.

The Associated Students Council
Associated Students of Humboldt State University
Arcata, California

We have audited the financial statements of the business-type activities of Associated Students of Humboldt State University, a component unit of Humboldt State University (HSU), as of and for the year ended June 30, 2014, and have issued our report thereon dated Report Date. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Associated Students of Humboldt State University are described in Note 1 to the financial statements.

No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year.

We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of the allowance for doubtful accounts is based on historical sales, historical loss levels, and an analysis of the collectibility of individual accounts. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of depreciation is based on the estimated useful lives of the leasehold improvements and equipment. We evaluated the key factors and assumptions used to develop depreciation in determining that it is reasonable in relation to the combined financial statements taken as a whole.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- Related party transactions with Humboldt State University and other auxiliaries and ancillaries of Humboldt State University.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties encountered in performing the audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

Corrected misstatements

None of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

The attached schedule summarizes all misstatements (material and immaterial) detected as a result of audit procedures that were corrected by management.

Disagreements with management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit. ***Management representations***

We have requested certain representations from management that are included in the management representation letter dated at the financial statement's issuance Report Date.

Management consultations with other independent accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Significant findings or issues that were discussed, or the subject of correspondence, with management

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

Other information in documents containing audited financial statements

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

With respect to supplementary information accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated Report Date.

The supplementary information accompanying the financial statements of Associated Students of Humboldt State University, which is the responsibility of management, was prepared for purposes of additional analysis and is not a required part of the financial statements. Such information was not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we did not express an opinion or provide any assurance on it.

Our auditors' opinion, the audited financial statements, and the notes to financial statements should only be used in their entirety. Inclusion of the audited financial statements in a document you prepare, such as an annual report, should be done only with our prior approval and review of the document.

* * *

This communication is intended solely for the information and use of the Associated Students Council and management of Associated Students of Humboldt State University and is not intended to be, and should not be, used by anyone other than these specified parties.

CliftonLarsonAllen LLP

Bellevue, Washington
Report Date

Client: **032-20400500 - Humboldt State University Associated Students**
Engagement: **AUD2014 - Associated Students of Humboldt State University**
Period Ending: **6/30/2014**
Trial Balance: **0900 - TB**
Workpaper: **0921 - Adjusting Journal Entries Report**

<u>Account</u>	<u>Description</u>	<u>W/P Ref</u>	<u>Debit</u>	<u>Credit</u>
Adjusting Journal Entries JE # 1		4000.03		
To adjust deferred revenue to calculated balance.				
2302-09	DEFERRED REVENUES		6,154.00	
3710-09	ASB FEES			6,154.00
Total			<u><u>6,154.00</u></u>	<u><u>6,154.00</u></u>

DRAFT

**ASSOCIATED STUDENTS OF
HUMBOLDT STATE UNIVERSITY**

**BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

**Including Schedules Prepared for Inclusion
in the Financial Statements of the
California State University**

Year Ended June 30, 2014

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MANAGEMENT'S DISCUSSION AND ANALYSIS

ASSOCIATED STUDENTS OF HUMBOLDT STATE UNIVERSITY

Management's Discussion and Analysis

Year Ended June 30, 2014

This section of Associated Students of Humboldt State University (Associated Students) annual financial report presents management's overview and analysis of the financial activities of the Associated Students for the year ended June 30, 2014. This discussion has been prepared by management and should be read in conjunction with the financial statements and notes.

Introduction to the Basic Financial Statements

The annual report consists of a series of financial statements, prepared in accordance with the Governmental Accounting Standard Board (GASB) Statement No. 35, Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities. This standard is applicable to Associated Students because it is a component unit of Humboldt State University (HSU). Consistent with HSU, Associated Students has adopted the business-type activity (BT) reporting model to represent its activities.

The financial statements include: the Statement of Net Position, the Statements of Revenues, Expenses, and Changes in Net Position and the Statements of Cash Flows. These statements are supported in the annual report by the notes to the financial statements and this section. All sections should be considered together to obtain complete understanding of the financial picture of Associated Students.

Statement of Net Position: The Statement of Net Position includes all assets, liabilities and net position. Assets and liabilities are reported on an accrual basis as of the statement date. They also identify major categories of restrictions on the net assets of Associated Students.

Statement of Revenues, Expenses, and Changes in Net Position: The Statement of Revenues, Expenses, and Changes in Net Position presents the revenues earned and expenses incurred during the year on an accrual basis.

Statement of Cash Flows: The Statement of Cash Flow presents the inflows and outflows of cash, summarized by operating, noncapital financing, capital and related financing, and investing activities. The statement is prepared using the direct method of cash flows, and therefore, present gross rather than net amounts for the year's operating activities.

Statement of Fiduciary Net Assets: The Statement of Fiduciary Net Assets is used to account for resources held for the benefit of parties separate from Associated Students. Fiduciary funds are not reflected in the business-type activity financial statements because resources in those funds are not available to support the Associated Student's programs.

Reporting Entity: The financial statements of HSU will be separated between HSU and its component units. The latter are separate I.R.C. 501(c)(3) non-profit auxiliary organizations whose financial information will be presented in a discrete column and in the footnotes of HSU's financial statements. Consequently, these auxiliaries must comply with the same governmental rulings and present their individual separate audited financial statements in the same format.

Analytical Overview

A summary of key financial statement information is presented below:

	<u>2014</u>	<u>2013</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Assets:				
Current assets	\$ 490,970	\$ 486,069	\$ 4,901	1.01%
Capital assets, net of accumulated depreciation	453	790	(337)	(42.66%)
Total Assets	<u>491,423</u>	<u>486,859</u>	<u>4,564</u>	<u>0.94%</u>
Liabilities:				
Current liabilities	35,765	35,817	(52)	(0.15%)
Non-current liabilities	-	-	-	-
Total Liabilities	<u>35,765</u>	<u>35,817</u>	<u>(52)</u>	<u>(0.15%)</u>
Net Position:				
Net invested in capital assets	453	790	(337)	(42.66%)
Unrestricted	455,205	450,252	4,953	1.10%
Total Net Position	<u>\$ 455,658</u>	<u>\$ 451,042</u>	<u>\$4,616</u>	<u>1.02%</u>

Statement of Net Position Variance Analysis between 2014 and 2013

Current assets increased by \$4,901. Current assets include: cash and cash equivalents, unreserved cash in LAIF, accounts receivable, prepaid expenses, and other current assets. Current assets increased due to outstanding accounts receivable.

Capital assets, net, decreased by \$337, which was the result of the depreciation. There was no new capital equipment additions.

The Associated Students has a cash balance of \$132,919 in the checking account and \$273,848 held in LAIF, Local Agency Investment Fund. This combined total of unrestricted cash is \$406,767. The remaining cash balance is 30.27% of the operating revenue of the 2013-14 fiscal year. This balance allows the Associated Students the ability to fund ongoing repair and maintenance projects, the ability to weather an unforeseen circumstance or expense, and provides adequate operating capital.

Current liabilities decreased by \$52. Current liabilities include: accounts payable, unearned revenue, liability to campus programs, and other accrued liabilities. There was only a slight increase in current liabilities.

Net position increased by \$4,616 reflecting the cumulative net change in assets and liabilities for the year.

Operating Results
Years Ended June 30, 2014 and 2013

	2014	2013	Change	Percent Change
Operating Revenues:				
Instructionally Related Activities Fee	\$ 455,579	\$ 417,640	\$ 37,939	9.08%
Associated Student Body Fee	812,451	781,928	30,523	3.90%
Other Revenues	62,894	86,850	(23,956)	(27.58%)
Total Operating Revenues	1,330,924	1,286,418	44,506	3.46%
Operating Expenses:				
Operating Expenses	1,328,265	1,336,729	(8,464)	(.63%)
Depreciation Expense	337	1,017	(680)	(68.66%)
Total Operating Expenses	1,328,602	1,337,746	(9,144)	(.68%)
Operating (Loss) Income	2,322	(51,328)	53,650	(104.52%)
Non-Operating Revenues (Expenses)				
Investment Income	2,294	3,294	(1,000)	(30.36%)
Total Non-Operating Revenues (Expenses)	2,294	3,294	(1,000)	(30.36%)
Increase (Decrease) in Net Position	4,616	(48,034)	52,650	(109.61%)
Net Position at Beginning of Year	451,042	499,076	(48,034)	(9.62%)
Net Position at End of Year	\$ 455,658	\$ 451,042	\$ 4,616	1.02%

Revenue and Expense Variance Analysis between 2014 and 2013

Operating revenues are from Instructionally Related Activities (IRA) and Associated Students student body organization fees. Other revenues are from student programming entry fees and festival attendance. Revenues increased by \$44,506, mostly due to the increase of instructionally related activities and Associated Student Body Fee when compared to the prior year. Other revenues decreased by \$23,956, mainly due to the decreased revenue from festival attendance. AS increased general subsidy to concerts and Quad events, as a result there were additional free and/or reduced ticket prices for concert attendance.

Operating expenses decreased by \$8,464. Program expenditure savings were mostly incurred in the area of Artist honorarium in concerts. The payment per agreement expenses increased by \$23,210 and was partly the result of an increase in the agreement with the University Center for administrative services.

Investment income was \$2,294 which was a decrease of \$1,000 over the prior year. Investment income is comprised of interest from LAIF, monies held with Local Agency Investment Fund. The decrease from the prior year is primarily due to market fluctuation.

Net assets increased by \$4,616 for the year ended June 30, 2014, as a result of an increase in student body fee revenues outpacing the decrease in operating expenditures.

Factors Impacting Future Periods

The California State University continues to face reduced funding due to the budget situation in the State of California. As such, Humboldt State University continues to face potential challenges in managing its enrollment, especially in areas of recruitment and retention. Lower enrollment numbers would likely have a negative impact on the revenue of Associated Students. Management continues to monitor operating costs in Associated Students and review its operations and make adjustments accordingly.

BASIC FINANCIAL STATEMENTS

ASSOCIATED STUDENTS OF
HUMBOLDT STATE UNIVERSITY
STATEMENT OF NET POSITION
JUNE 30, 2014

ASSETS

Current Assets:

Cash on Hand and Commercial Accts	\$ 132,919
Cash Invested in LAIF	<u>273,848</u>
Total Cash	406,767

Accounts and Other Receivables, net	83,645
Prepaid Expenses	<u>558</u>
Total Current Assets	490,970

Capital Assets, net	<u>453</u>
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TOTAL ASSETS	<u>491,423</u>
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LIABILITIES

Current Liabilities:

Accounts Payable	5,688
Accrued Liabilities	13,201
Unearned Revenue	<u>16,876</u>
Total Current Liabilities	35,765

TOTAL LIABILITIES	<u>35,765</u>
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NET POSITION

Net Investment in Capital Assets	453
Unrestricted	<u>455,205</u>

TOTAL NET POSITION	<u>\$ 455,658</u>
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See Accompanying Notes.

ASSOCIATED STUDENTS OF
HUMBOLDT STATE UNIVERSITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2014

Operating Revenues:

Student Activity Fees	\$ 812,451
Programs Revenue	62,894
Instructional Related Activities	<u>455,579</u>
Total Operating Revenues	<u>#####</u>

Operating Expenses:

Salaries and Wages	99,210
Employee Benefits	5,207
Payment per Agreement/Contract	421,033
Reimbursement to Other Agencies	65,634
Repairs and Maintenance	5,888
Communications	2,997
Travel	50,998
Insurance	9,367
Audit	9,390
Program Expenditures	202,962
Instructional Related Activities	455,579
Depreciation	<u>337</u>
Total Operating Expenses	<u>#####</u>

Operating (Loss) Income	<u>2,322</u>
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Non-operating Revenues (Expenses):

Investment Income	<u>2,294</u>
Non-operating Revenues (Expenses), Net	<u>2,294</u>

Increase (Decrease) in Net Position	4,616
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Net Position:

Net Position at Beginning of Year	<u>451,042</u>
Net Position at End of Year	<u><u>\$ 455,658</u></u>

See Accompanying Notes.

ASSOCIATED STUDENTS OF HUMBOLDT STATE UNIVERSITY
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2014

Cash flows from operating activities	
Cash received from customers	\$ 1,292,597
Cash payments to suppliers for operations	(931,232)
Cash payments to employees for services	(104,417)
Cash payments for general and administrative expenses	<u>(289,552)</u>
Net cash provided (used) by operating activities	<u>(32,604)</u>
 Cash flows from capital financing activities	
Acquisition of capital assets	<u>-</u>
Net cash provided (used) by capital activities	<u>-</u>
 Cash flows from investing activities	
Investment income	<u>2,294</u>
Net cash provided (used) by investing activities	<u>2,294</u>
Net increase (decrease) in cash and cash equivalents	(30,310)
Cash and cash equivalents, beginning of the year	<u>437,077</u>
Cash and cash equivalents, end of the year	<u><u>\$ 406,767</u></u>
 Reconciliation to cash per Statement of Net Position	
Cash on hand and commercial accts	\$ 132,919
Cash invested in LAIF	<u>273,848</u>
Total cash and cash equivalents, end of year	<u><u>\$ 406,767</u></u>
 Reconciliation of operating income to net cash provided by operating activities:	
Operating income (loss)	<u>\$ 2,322</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	337
Changes in operating assets and liabilities:	
Accounts receivable	(35,210)
Prepaid expenses	(1)
Accounts payable	(839)
Unearned revenue	(3,117)
Other liabilities	3,904
Total adjustments	<u>(34,926)</u>
Net cash provided (used) by operating activities	<u><u>\$ (32,604)</u></u>

See Accompanying Notes.

ASSOCIATED STUDENTS OF
HUMBOLDT STATE UNIVERSITY
STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
JUNE 30, 2014

ASSETS

Current Assets:

Cash Invested in LAIF	\$ 331,590
Total Cash	<u>331,590</u>
Accounts and Other Receivables	6,904
Less Allowance for Doubtful Accounts	<u>(1,307)</u>
Total Current Assets	<u>337,187</u>

TOTAL ASSETS 337,187

LIABILITIES

Current Liabilities:

Accounts Payable	1,124
Accrued Liabilities	565
Campus Programs	<u>335,498</u>
Total Current Liabilities	<u>337,187</u>

TOTAL LIABILITIES \$ 337,187

See Accompanying Notes.

**ASSOCIATED STUDENTS OF
HUMBOLDT STATE UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Associated Students of Humboldt State University (AS) have been prepared to conform with Accounting Principles Generally Accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The summary of significant accounting policies is presented to assist in understanding the AS financial statements. The financial statements and notes are representations of management, who is responsible for their integrity and objectivity. These accounting policies have been consistently applied in the preparation of the financial statements.

Nature of Operations

AS is an auxiliary organization of Humboldt State University (HSU) and a component unit of the California State University (CSU) organized and operated in accordance with the Education Code of the State of California and the California Code of Regulations. The function of the Organization is to provide essential activities which are an integral part of the Humboldt State University Campus Programs. Such activities include student government, cultural programs and various other services.

Related Organizations

The Organization is related to other auxiliaries of Humboldt State University, including the Humboldt State University Center, the Humboldt State University Sponsored Programs Foundation, and the Humboldt State University Advancement Foundation. These auxiliaries and the University periodically provide various services for one another.

Basis of Presentation

After reassessing its articles of incorporation and bylaws, and considering that AS is a component unit of Humboldt State University, AS determined that it should apply generally accepted accounting principles applicable to governmental entities.

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with U.S. generally accepted accounting principles, as prescribed by the GASB. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The financial statements required by GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended by GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities* include a statement of net position, a statement of revenues, expenses, and changes in net position, and a statement of cash flows. AS has elected to use the proprietary fund reporting model for special-purpose governments engaged only in business-type activities. Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. In accordance with the business-type activities reporting model, AS prepares its statement of cash flows using the direct method.

**ASSOCIATED STUDENTS OF
HUMBOLDT STATE UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

Agency funds account for assets held by Associated Students as an agent for other funds. The primary purpose of the fund is to hold the fiduciary net assets for student organizations that are chartered and recognized by HSU.

Revenue Recognition

Student fees, investment income and revenues are recorded when earned.

Allowance for Doubtful Accounts

The organization has established an allowance for bad debt based upon management's estimate as to the collectability of accounts receivable.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Capital Assets

Capital assets are recorded at cost less depreciation calculated by the straight-line method over the assets' estimated useful lives. AS capitalizes purchases over \$5,000. However, sensitive property, defined as any highly desirable and portable item, will be capitalized if the cost is \$1,000 or greater.

In addition, AS uses office facilities and equipment that are the property of the California State University. No lease payments are required for the use of these facilities.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, all cash on hand, commercial accounts, and cash invested in LAIF, are considered cash and cash equivalents.

Income Taxes

AS qualifies as a tax exempt organization under the applicable sections of the Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d.

Classification of Revenues and Expenses

AS considers operating revenues and expenses in the statement of revenues, expenses, and changes in net position to be those revenues and expenses that result from exchange transactions or from other activities that are connected directly to the primary functions of AS. Exchange transactions include charges for services rendered and the acquisition of goods and services.

Certain other transactions are reported as nonoperating revenues and expenses in accordance with GASB Statement No. 35. These nonoperating activities include net investment income and changes in campus program fund liabilities.

Net Position

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. AS reports two categories of net position, as follows:

**ASSOCIATED STUDENTS OF
HUMBOLDT STATE UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

Net Investment in Capital Assets - consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increase by balances of deferred outflows of resources related to those assets.

Unrestricted Net Position - consists of all other net position that does not meet the definition of the above component and is available for general use by AS.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, management applies unrestricted net position first, unless a determination is made to use restricted net position.

NOTE 2 - CASH INVESTMENTS

AS maintains cash in the State of California Local Agency Investment Fund (LAIF), an investment pool. The investment is not insured. However, these funds are invested in accordance with California Government Code Sections 16430 and 16480, the stated investment authority for the Pooled Money Investment Account. At June 30, 2014, the uninsured and uncollateralized cash balance was \$605,438.

Custodial credit risk is the risk that in the event of the failure of a counterparty, AS would not be able to recover the value of its investments that are in the possession of an outside party. Financial instruments that potentially subject AS to custodial risk are investments in excess of amounts insured by the FDIC. No policy exists related to custodial risk specifically. The AS investment policy does not prohibit deposits in single institutions that expose AS to custodial credit risk. Management believes the organization is not exposed to any significant credit risk related to cash.

The AS cash investment portfolio consists entirely of investments in LAIF, a voluntary program created by statute as an alternative for California's local governments and special districts that allow affiliates to participate in a major investment portfolio. It is under the administration of the California State Treasurer's Office. There are no significant interest rate risks or credit risks to be disclosed in accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures - an amendment of GASB Statement No. 3*.

NOTE 3 - EXEMPT STATUS

AS is exempt from federal income tax under Internal Revenue Code 501(c)(3), and California franchise tax under California Revenue and Taxation Code Section 23701. Accordingly, no provision for income taxes has been reflected in these financial statements.

Unrelated business income tax: The Tax Reform Act of 1969 imposes a corporate income tax on the unrelated business taxable income (UBIT) of an otherwise tax-exempt organization. A provision, if necessary, for applicable federal and state income taxes is made in accordance with these statutes. There was no income tax expense related to UBIT for the year ended June 30, 2014.

**ASSOCIATED STUDENTS OF
HUMBOLDT STATE UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

NOTE 4 - CAPITAL ASSETS

The change in capital assets for the year ended June 30, 2014, is as follows:

	Balance <u>6/30/13</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>6/30/14</u>
Improvements	\$ 35,418	\$ -	\$ -	\$ 35,418
Equipment	29,013		(9,641)	19,372
Accumulated Depreciation	<u>(63,641)</u>	<u>(337)</u>	<u>9,641</u>	<u>(54,337)</u>
Capital Assets, net	<u>\$ 790</u>	<u>\$ 337</u>	<u>\$ -</u>	<u>\$ 453</u>

Total depreciation expense of \$337 for 2014 has been charged to operations.

NOTE 5 - STUDENT LOAN FUNDS

Humboldt State University, Office of Financial Aid, administers two student loan funds that were originally funded by the AS in 1972 and 1973. The balances of these loan funds as of June 30, 2014 are as follows:

Loan Fund	\$ 20,217
EOP Loan Fund	<u>7,930</u>
Total Loan Funds	<u>\$ 28,147</u>

These loan funds were removed from the books of the AS effective July 1, 1993. In the unlikely event that the Office of Financial Aid ceases to use the funds for their intended purpose, they must be returned to the AS.

**ASSOCIATED STUDENTS OF
HUMBOLDT STATE UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

NOTE 6 - FUNCTIONAL ALLOCATION OF EXPENSES

Expenses by functional classification are as follows:

AS Program Expenses:	
Cultural Affairs	\$ 31,488
Student Services	344,867
Community Services	55,301
Intramural Recreation	46,008
Student Government	<u>96,111</u>
Total AS Program Expenses	573,775
Instructional Related Activities (IRA) Expenses	<u>455,579</u>
Total Program Expenses	1,029,354
General and Administrative Expenses	<u>299,248</u>
Total Operating Expenses	<u>\$ 1,328,602</u>

NOTE 7 - UNRESTRICTED NET POSITION

Unrestricted net position consists of the following board designated classifications as of June 30, 2014:

General Operating Reserve	\$ 345,306
Facilities/Special Projects Reserve	55,687
Capital Purchase Reserve	<u>54,212</u>
Subtotal	<u>\$ 455,205</u>

The AS Council approved an expenditure of up to \$11,540 from the Special Projects/Facilities Reserve fund in May 2012 for costs associated with purchase of supplies and materials for a campus community garden shed, bedding materials, fencing and a rainwater catchment system. The funds were not expended as of June 30, 2014.

NOTE 8 - ACCOUNTS AND OTHER RECEIVABLES

Accounts and Other Receivables, as of June 30, 2014, of \$83,645 include unspent student body organization's funds of \$68,898. Statutes 89301-89302 of the Education Code state that the chief fiscal officer of each campus of the California State University shall be custodian of these monies. These funds may be expended by the custodian only upon the submission of an appropriate claim schedule. Accounts and other receivables also include accrued interest of \$334 and other accounts receivable of \$14,413.

**ASSOCIATED STUDENTS OF
HUMBOLDT STATE UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

NOTE 9 - RELATED PARTY TRANSACTIONS

AS has an agreement with the University Center (UC) for the UC to provide accounting and administrative services. Payment per the agreement/contract includes \$167,410 under this agreement for the year ended June 30, 2014. AS owes UC \$100 as of June 30, 2014, which is included in accounts payable.

For the year ending June 30, 2014, AS paid HSU \$328,691 for a wide range of services, including business management, reimbursement of salary and benefits of HSU personnel working for AS, and other services. AS accounts payable includes \$-0- to HSU as of June 30, 2014.

HSU administers student activity fees and instructional related activities fees and remits them to AS throughout the year. AS accounts receivable includes \$14,477 from HSU as of June 30, 2014. For the year ending June 30, 2014, HSU also paid AS \$12,874 for AS services, space and programs.

OTHER SUPPLEMENTARY INFORMATION

ASSOCIATED STUDENTS OF HUMBOLDT STATE UNIVERSITY

Schedule of Net Position

June 30, 2014

(for inclusion in the California State University)

Assets:	
Current assets:	
Cash and cash equivalents	\$ 132,919
Short-term investments	273,848
Accounts receivable, net	83,645
Leases receivable, current portion	—
Notes receivable, current portion	—
Pledges receivable, net	—
Prepaid expenses and other assets	558
Total current assets	<u>490,970</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	453
Other assets	—
Total noncurrent assets	<u>453</u>
Total assets	<u>491,423</u>
Deferred outflows of resources:	
Unamortized loss on refunding(s)	—
Total deferred outflows of resources	<u>—</u>
Liabilities:	
Current liabilities:	
Accounts payable	18,889
Accrued salaries and benefits payable	—
Accrued compensated absences— current portion	—
Unearned revenue	—
Capitalized lease obligations – current portion	—
Long-term debt obligations – current portion	—
Self-insurance claims liability - current portion	—
Depository accounts	—
Other liabilities	—
Total current liabilities	<u>18,889</u>
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	—
Unearned revenue	16,876
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>16,876</u>
Total liabilities	<u>35,765</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	453
Restricted for:	
Nonexpendable – endowments	
Expendable:	
Scholarships and fellowships	—
Research	—
Loans	—
Capital projects	—
Debt service	—
Other	—
Unrestricted	<u>455,205</u>
Total net position	<u>\$ 455,658</u>
	OK

See the accompanying auditors' report and note to supplementary information.

ASSOCIATED STUDENTS OF HUMBOLDT STATE UNIVERSITY

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 \$ _____)	\$ 812,451
Grants and contracts, noncapital:	518,473
Federal	—
State	—
Local	—
Nongovernmental	—
Sales and services of educational activities	—
Sales and services of auxiliary enterprises (net of scholarship allowances of \$ _____)	—
Other operating revenues	—
Total operating revenues	<u>1,330,924</u>

Expenses:

Operating expenses:

Instruction	—
Research	—
Public service	—
Academic support	—
Student services	—
Institutional support	—
Operation and maintenance of plant	—
Student grants and scholarships	—
Auxiliary enterprise expenses	1,328,265
Depreciation and amortization	337
Total operating expenses	<u>1,328,602</u>
Operating income (loss)	<u>2,322</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	2,294
Endowment income (loss), net	—
Interest Expenses	—
Other nonoperating revenues (expenses)	—
Net nonoperating revenues (expenses)	<u>2,294</u>

Income (loss) before other additions 4,616

State appropriations, capital	—
Grants and gifts, capital	—
Additions (reductions) to permanent endowments	—
Increase (decrease) in net position	<u>4,616</u>

Net position:

Net position at beginning of year, as previously reported	451,042
Restatements	—
Net position at beginning of year, as restated	<u>451,042</u>
Net position at end of year	<u>\$ 455,658</u>

OK

See the accompanying auditors' report and note to supplementary information.

ASSOCIATED STUDENTS OF HUMBOLDT STATE UNIVERSITY

Other Information

June 30, 2014

(for inclusion in the California State University)

3.1 Composition of capital assets at June 30, 2014

	Balance June 30, 2013	Prior period Adjustments	Reclassifications	Balance June 30, 2013 (restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2014
Nondepreciable/nonamortizable capital assets:								
Land and land improvements	-	-	-	-	-	-	-	-
Works of art and historical treasures	-	-	-	-	-	-	-	-
Construction work in progress (CWIP)	-	-	-	-	-	-	-	-
Intangible assets:								
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-
Intangible assets in progress	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets:								
Total intangible assets								
Total nondepreciable/nonamortizable capital assets								
Depreciable/amortizable capital assets:								
Buildings and building improvements	35,418	-	-	35,418	-	-	-	35,418
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	-	-	-	-	-	-	-	-
Personal property:								
Equipment	29,013	-	-	29,013	-	(9,641)	-	19,372
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								
Total depreciable/amortizable capital assets								
Total capital assets	64,431	-	-	64,431	-	(9,641)	-	54,790
	64,431	-	-	64,431	-	(9,641)	-	54,790
Less accumulated depreciation/amortization:								
Buildings and building improvements	(35,418)	-	-	(35,418)	-	-	-	(35,418)
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	-	-	-	-	-	-	-	-
Personal property:								
Equipment	(28,223)	-	-	(28,223)	(337)	9,641	-	(18,919)
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								
Total accumulated depreciation/amortization	(63,641)	-	-	(63,641)	(337)	9,641	-	(54,337)
Total capital assets, net	790	-	-	790	(337)	-	-	453

OK

OK

OK

See accompanying auditors' report and note to supplementary information

ASSOCIATED STUDENTS OF HUMBOLDT STATE UNIVERSITY
 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 \$ 337
 Amortization expense related to other assets —
 Total depreciation and amortization \$ 337 OK

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	
Accrued compensated absences	—	—	—	—	—	—	—	—	—	OK
Capitalized lease obligations:										OK
Gross balance	—	—	—	—	—	—	—	—	—	OK
Unamortized premium / (discount) on capitalized lease obligations	—	—	—	—	—	—	—	—	—	OK
Total capitalized lease obligations	—	—	—	—	—	—	—	—	—	OK
Long-term debt obligations:										OK
Revenue Bonds	—	—	—	—	—	—	—	—	—	OK
Other bonds (non-Revenue Bonds)	—	—	—	—	—	—	—	—	—	OK
Commercial Paper	—	—	—	—	—	—	—	—	—	OK
Note Payable related to SRB	—	—	—	—	—	—	—	—	—	OK
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	—	—	—	—	—	—	—	—	—	OK

5 **Future minimum lease payments - capital lease obligations:**

Year ending June 30:	Principal	Interest	Principal and Interest
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	\$ —	—	\$ —

ASSOCIATED STUDENTS OF HUMBOLDT STATE UNIVERSITY

Other Information

June 30, 2014

(for inclusion in the California State University)

	Amount
8 Transactions with Related Entities	
Payments to University for salaries of University personnel working on contracts, grants, and other programs	105,045
Payments to University for other than salaries of University personnel	223,646
Payments received from University for services, space, and programs	12,874
Gifts-in-kind to the University from Auxiliary Organizations	—
Gifts (cash or assets) to the University from recognized Auxiliary Organizations	—
Assets (primarily real estate) donated to the University	(7,816)
Other assets (net of liabilities) donated to the University	—
Accounts receivable from University	—
Other amounts receivable from University	14,477

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	\$	OK

10 Pollution remediation liabilities under GASB Statement No. 49:

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

ASSOCIATED STUDENTS OF HUMBOLDT STATE UNIVERSITY

Other Information

June 30, 2014

(for inclusion in the California State University)

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

Net Position Class	Amount		OK
	Dr.	Cr.	
Net position as of June 30, 2013, as previously reported	\$	451,042	
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, 2013, as restated	\$	451,042	

Provide a detailed breakdown of the journal entries (at the financial statement line item level) booked to record each prior period adjustment:

Net position class:	Debit	Credit	
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)			

OK

**ASSOCIATED STUDENTS OF
HUMBOLDT STATE UNIVERSITY
NOTE TO SUPPLEMENTARY INFORMATION
June 30, 2014**

NOTE 1 – SUPPLEMENTARY SCHEDULES

As an auxiliary organization of the California State University (CSU), Associated Students of Humboldt State University (AS) is required to include audited supplementary information in its financial statements in the form and content specified by CSU. As a result, there are differences in reporting format between the AS financial statements and the supplementary schedules for CSU.

ADDITIONAL INFORMATION